(c) From and after the Effective Time, the Resulting Company will honor all accrued and vested benefit obligations to and contractual rights of current and former employees of Sprint and Nextel and their respective Subsidiaries under the Sprint Benefit Plans or Nextel Benefit Plans, as applicable, to the extent accrued and vested as of the Effective Time.

(d) Nothing in this Section 6.7 will prohibit the Resulting Company from amending, modifying or terminating any Sprint Benefit Plan or Nextel Benefit Plan pursuant to, and in accordance with, the terms thereof.

(e) At the Effective Time, Sprint will assume the employment agreement referred to in Section 6.7(e) of the Nextel Disclosure Schedule.

6.8 Indemnification; Directors and Officers Insurance. (a) From and after the Effective Time, Sprint will indemnify and hold harmless, as and to the fullest extent permitted by applicable Law, each individual who is now, or has been at any time prior to the date of this Agreement, or who becomes prior to the Effective Time, a director or officer of Nextel or any of the Nextel Subsidiaries or who is or was serving at the request of Nextel or any of the Nextel Subsidiaries as a director or officer of another Person (the Nextel Indemnified Parties) against any losses, claims, damages, liabilities, costs, expenses (including reimbursement for reasonable fees and expenses incurred in advance of the final disposition of any claim, suit, proceeding or investigation to each Nextel Indemnified Party), judgments, fines and, subject to approval by Sprint, amounts paid in settlement in connection with any threatened or actual claim, action, suit, proceeding or investigation to which such Nextel Indemnified Party is, or is threatened to be, made a party based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that such individual is or was a director or officer of Nextel or any of the Nextel Subsidiaries or is or was serving at the request of Nextel or any of the Nextel Subsidiaries as a director or officer of another Person or is named as a director of the Resulting Company in the Form S-4 or (ii) this Agreement or any of the transactions contemplated by this Agreement, whether asserted or arising before or after the Effective Time.

(b) Sprint will cause to be maintained in effect for a period of six years from the Effective Time the directors and officers liability insurance policy maintained at the Effective Time by Nextel (provided that Sprint may substitute therefor policies of at least the same coverage and amounts containing terms and conditions that are not less advantageous than any such policy), with respect to claims arising from facts, events,

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---------- acts or omissions occurring prior to the Effective Time; provided, however, that in no event will Sprint be required to expend in any year an amount in excess of 250% of the annual aggregate premiums currently paid by Nextel for such insurance (the Maximum Premium). If such insurance coverage cannot be obtained at all, or can only be obtained at an annual premium in excess of the Maximum Premium, Sprint will cause to be maintained the most advantageous policies of directors and officers insurance obtainable for an annual premium equal to the Maximum Premium.

(c) The provisions of this Section 6.8 will survive the Effective Time and are intended to be for the benefit of, and will be enforceable by, each Nextel Indemnified Party and his or her heirs and representatives. Sprint will pay or cause to be paid (as incurred) all expenses, including reasonable fees and expenses of counsel, that a Nextel Indemnified Party may incur in enforcing the indemnity and other obligations provided for in this Section 6.8 (subject to reimbursement if the Nextel Indemnified Party is subsequently determined not to be entitled to indemnification under Section 6.8(a)).

(d) If Sprint or any of its successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision will be made so that the successors and assigns of Sprint, as the case may be, will assume the obligations set forth in this Section 6.8.

6.9 Advice of Changes. Each of Nextel and Sprint will promptly advise the other of any change or event (i) having or reasonably expected to result in a Material Adverse Effect on Nextel or a Material Adverse Effect on Sprint, as the case may be, or (ii) that it believes results or would be reasonably expected to result in a failure of any condition set forth in Section 7.2(a), 7.2(b), 7.3(a) or 7.3(b); provided, however, that no such notification will affect the representations, warranties, covenants or agreements of the parties (or remedies with respect thereto) or the conditions to the obligations of the parties under this Agreement; provided, further, however, that a failure to comply with this Section 6.9 will not constitute the failure of any condition set forth in Article VII to be satisfied unless the underlying Material Adverse Effect or breach would independently result in the failure of a condition set forth in Article VII to be satisfied.

6.10 Exemption from Liability Under Section 16(b). Nextel and Sprint agree that, in order to most effectively compensate and retain Insiders (as defined below) in connection with the Merger, both prior to and after the Effective Time, it is desirable that Insiders be relieved of the risk of liability under Section 16(b) of the Exchange Act to the fullest extent permitted by applicable

Law in connection with the conversion of shares of Nextel Common Stock, Nextel Stock Options, Nextel Stock-Based Awards into shares of Sprint Series 1 Common Stock and Nextel Rollover Options and other awards denominated in shares of Sprint Series 1 Common Stock in the Merger, and for that compensatory and retentive purpose agree to the provisions of this Section 6.10. Following the delivery to Sprint of the Section 16 Information (as defined below) in a timely fashion, the Sprint Board, or a committee of Non-Employee Directors thereof

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(as such term is defined for purposes of Rule 16b-3(d) under the Exchange Act), will adopt a resolution providing that the receipt by Insiders of Sprint Series 1 Common Stock in exchange for or satisfaction of shares of Nextel Common Stock or Nextel Stock-Based Awards, and of Nextel Rollover Options upon conversion of Nextel Stock Options, in each case, pursuant to the transactions contemplated by this Agreement and to the extent such securities are listed in the Section 16 Information, are intended to be exempt from liability pursuant to Section 16
(b) under the Exchange Act. Section 16 Information will mean information accurate in all material respects regarding Insiders, the number of shares of Nextel Common Stock held by each such Insider and expected to be exchanged for Sprint Series 1 Common Stock in the Merger, and the number and description of Nextel Stock Options and Nextel Stock-Based Awards held by each such Insider and expected to be converted into Nextel Rollover Options and exchanged for Sprint Series 1 Common Stock or awards denominated therein in connection with the Merger; provided, however, that the requirement for a description of any Nextel Stock Options and Nextel Stock-Based Awards will be deemed to be satisfied if copies of all Nextel Stock Plans and other Nextel Benefit Plans, and forms of agreements evidencing grants thereunder, under which such Nextel Stock Options and Nextel Stock-Based Awards, respectively, have been granted to Insiders, have been made available to Sprint. Insiders will mean those officers and directors of Nextel who are subject to the reporting requirements of Section 16(a) of the Exchange Act and who are listed in the Section 16 Information.

6.11 No Solicitation. (a) Sprint will not, and will cause the Sprint Subsidiaries and each officer, director, employee, agent or representative (including any financial or legal advisor or other retained representative) of Sprint or any Sprint Subsidiaries not to, directly or indirectly, (i) solicit, initiate or encourage or facilitate (including by way of furnishing information) or take any other action designed to facilitate any inquiries or proposals regarding any merger, share exchange, consolidation, sale of assets, sale of shares of capital stock (including by way of a tender offer or exchange offer) or similar transactions involving Sprint or any of the Sprint Subsidiaries that, if consummated, would constitute an Alternative Transaction (as defined in paragraph (c) below) (any of the foregoing inquiries or proposals being referred to herein as a Sprint Acquisition Proposal), (ii) participate in any discussions or negotiations regarding, or furnish to any Person any information in connection with, or otherwise cooperate in any way with any Person in connection with, an Alternative Transaction, or (iii) enter into any agreement regarding any Alternative Transaction.

(b) Nextel will not, and will cause the Nextel Subsidiaries and each officer, director, employee, agent or representative (including any financial or legal advisor or other retained representative) of Nextel or any Nextel Subsidiaries not to, directly or indirectly, (i) solicit, initiate or encourage or facilitate (including by way of furnishing information) or take any other action designed to facilitate any inquiries or proposals regarding any merger, share exchange, consolidation, sale of assets, sale of shares of capital stock (including by way of a tender offer or exchange offer) or similar transactions involving Nextel or any of the Nextel Subsidiaries that, if consummated, would constitute an Alternative Transaction (any of the foregoing inquiries or proposals being referred to herein as a Nextel Acquisition Proposal and, with a Sprint Acquisition

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Proposal, an Acquisition Proposal), (ii) participate in any discussions or negotiations regarding, or furnish to any Person any information in connection with, or otherwise cooperate in any way with any Person in connection with, an Alternative Transaction, or (iii) enter into any agreement regarding any Alternative Transaction.

(c) As used in this Agreement, Alternative Transaction means, with respect to Nextel or Sprint, as the case may be (for this purpose, the Target Party), any of (i) a transaction pursuant to which any third Person (or group of Persons) other than the other party to this Agreement (the Non-Target Party) or its affiliates, directly or indirectly, acquires or would acquire more than 20% of the outstanding shares of common stock of the Target Party or of the outstanding voting power of the Target Party, whether from the Target Party or pursuant to a tender offer or exchange offer or otherwise, (ii) a merger, share exchange, consolidation, business combination, recapitalization or any other transaction involving the Target Party (other than the Merger) or any of its Subsidiaries pursuant to which any third Person or group of Persons (other than the Non-Target Party or its affiliates) party thereto, or its stockholders, owns or would own more than 20% of the outstanding shares of common stock or the outstanding voting power of the Target Party or, if applicable, the parent entity resulting from any such transaction immediately upon

consummation thereof, or (iii) any transaction pursuant to which any third Person (or group of Persons) other than the Non-Target Party or its affiliates acquires or would acquire control of assets (including for this purpose the outstanding equity securities of the Subsidiaries of the Target Party and securities of the entity surviving any merger or business combination involving any of the Subsidiaries of the Target Party) of the Target Party or any of its Subsidiaries representing more than 20% of the fair market value of all the assets of the Target Party and its Subsidiaries, taken as a whole, immediately prior to such transaction; provided, however, that no transaction involving the acquisition of capital stock or assets of Nextel Partners by Nextel, or of any third party provider of Sprint wireless services or of a Sprint Subsidiary by Sprint, will be deemed to be an Alternative Transaction.

(d) The Target Party will notify the Non-Target Party promptly (but in no event later than 24 hours) after receipt of any Acquisition Proposal, or any material modification of or material amendment to any Acquisition Proposal, or any request for non-public information relating to the Target Party or any of its Subsidiaries or for access to the properties, books or records of the Target Party or any of its Subsidiaries by any Person that informs the Board of Directors of the Target Party or any of its Subsidiaries that it is considering making, or has made, an Acquisition Proposal. Such notice to the Non-Target Party will be made orally and in writing and will indicate the identity of the Person making the Acquisition Proposal or intending to make or considering making an Acquisition Proposal or requesting non-public information or access to the properties, books or records of the Target Party or any of its Subsidiaries, and the material terms of any such Acquisition Proposal or modification or amendment to an Acquisition Proposal. The Target Party will (i) keep the Non-Target Party fully informed, on a current basis, of any material changes in the status and any material changes or modifications in the terms of any such Acquisition Proposal, indication or request and (ii) provide to the Non-Target Party as soon as practicable after receipt or

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---------- delivery thereof with copies of all correspondence and other written material sent or provided to the Target Party from any third party in connection with any Acquisition Proposal or sent or provided by the Target Party to any third party in connection with any Acquisition Proposal.

(e) Notwithstanding anything to the contrary in this Section 6.11, at any time prior to obtaining the Sprint Stockholder Approval or the Nextel Stockholder Approval, as applicable, the Target Party may furnish or cause to be furnished information to, and enter or cause to be entered into discussions with, a Person who has made an unsolicited bona fide written proposal or offer regarding an Acquisition Proposal which did not result from a breach of Section 6.11(a) or 6.11(b), as applicable, if the Target Party s Board of Directors (the Target Board) has (i) determined in good faith (after consultation with its outside legal counsel and financial advisor or advisors) that such proposal or offer constitutes or is reasonably likely to lead to a Superior Proposal, (ii) provided prior or contemporaneous notice to the Non-Target Party of its intent to furnish information to or enter into discussions with such Person, and (iii) obtained from such Person an executed confidentiality agreement containing terms with respect to confidentiality that are determined by the Target Party to be substantially similar to and not less favorable to the Target Party in the aggregate than those contained in the Confidentiality Agreement (it being understood that such confidentiality agreement and any related agreements will not include any provision calling for any exclusive right to negotiate with such party or having the effect of prohibiting the Target Party from satisfying its obligations under this Agreement). The Target Party will provide the Non-Target Party with all information regarding the Target Party with which the Non-Target Party has not previously been provided that is provided to any Person making any such Acquisition Proposal.

(f) As used in this Agreement, Superior Proposal means a bona fide written proposal or offer made by a third Person (or group of Persons) to consummate any of the following transactions: (i) a merger, share exchange, consolidation, business combination or other similar transaction involving the Target Party pursuant to which the stockholders of the Target Party immediately preceding such transaction would hold less than 50% of the outstanding shares of common stock of, and less than 50% of the outstanding voting power of, the Target Party or the parent entity resulting from any such transaction immediately upon consummation thereof, (ii) the acquisition by any third Person or group of Persons (including by means of a tender offer or an exchange offer or a two-step transaction involving a tender offer followed with reasonable promptness by a cash-out merger involving the Target Party), directly or indirectly, of ownership of more than 50% of the outstanding shares of common stock of, and more than 50% of the outstanding voting power of, the Target Party, or (iii) the acquisition by any third Person (or group of Persons) of more than 50% of the fair market value of all the assets of the Target Party and its Subsidiaries, taken as a whole, immediately prior to such transaction, in each case that the Target Board determines in good faith (after consultation with its outside legal counsel and its financial advisor or advisors) to be more favorable from a financial point of view to the Target Party stockholders than the Merger, taking into account all relevant factors.

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(g) Except as permitted by this Section 6.11(g), neither the Target Board nor any committee thereof will (A) withdraw or modify in a manner adverse to the Non-Target Party the recommendation by the Target Board, or any such committee, of this Agreement and the Merger (in the case of Nextel) or the Charter Amendment and the NYSE Stock Issuance (in the case of Sprint), (B) recommend the approval or adoption of any Acquisition Proposal, or (C) resolve, agree or propose publicly to take any such actions (each such action set forth in this sentence of this Section 6.11(g) being referred to herein as an Adverse Recommendation Change) or approve, adopt or recommend, or cause or permit the Target Party to enter into, any letter of intent, agreement or obligation with respect to, any Alternative Transaction (other than a confidentiality agreement as referred to in Section 6.11(e)). Notwithstanding anything to the contrary in this Section 6.11, if, at any time prior to obtaining the Sprint Stockholder Approval or the Nextel Stockholder Approval, as applicable, (i) the Target Board, in the exercise of its fiduciary duties, determines in good faith, after consultation with outside legal counsel and financial advisor or advisors, that to do otherwise would be inconsistent with its fiduciary duties under applicable Law, then the Target Board may make an Adverse Recommendation Change and (ii) the Target Board may terminate this Agreement pursuant to Section 8.1
(h) or Section 8.1(i), if applicable; provided, however, that in the case of clause (ii), the Target Board may only terminate this Agreement pursuant to such applicable section if (A) the Target Party has provided written notice to the Non-Target Party (a Notice of Superior Proposal) advising the Non-Target Party that the Target Board has received a Superior Proposal, specifying the material terms and conditions of such Superior Proposal, identifying the Person making such Superior Proposal and indicating that the Target Board intends to consider whether to terminate this Agreement pursuant to such applicable section and (B) the Non-Target Party has not, within three business days of the Non-Target Party s receipt of the Notice of Superior Proposal, made an offer that the Target Board determines (after consultation with its outside legal counsel and its financial advisor or advisors) at a meeting of the Target Board held for such purpose to be at least as favorable from a financial point of view to the Target Party s stockholders as such Superior Proposal. The Target Party will not submit to the vote of its stockholders any Acquisition Proposal, or propose to do so, except as permitted herein.

(h) Nothing contained in this Section 6.11 will prohibit the Target Party or its Subsidiaries from taking and disclosing to its stockholders a position required by Rule 14e-2(a) or Rule 14d-9 promulgated under the Exchange Act. Notwithstanding any other provision hereof, no disclosure that the Sprint Board or the Nextel Board may determine (after consultation with counsel) that it or Sprint or Nextel, as applicable, is required to make under applicable Law will constitute a violation of this Agreement.

(i) Each of Sprint and Nextel and their respective Subsidiaries will immediately cease and cause to be terminated any existing discussions or negotiations with any Persons (other than the other party) conducted heretofore with respect to any Alternative Transaction, and will use reasonable best efforts to cause all Persons, other than the other party hereto, who have been furnished confidential information regarding such party in connection with the solicitation of or discussions regarding an Acquisition Proposal within the 12 months prior to the date hereof promptly to return or destroy

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---------- such information. Each of Sprint and Nextel will, as soon as practicable after the date hereof, take all steps necessary to terminate any approval that may have been heretofore given under any provisions of any standstill or similar agreements authorizing any Person to make an Acquisition Proposal.

(j) It is understood that any violation of the restrictions set forth in this Section 6.11 by any officer, director, employee, agent or representative (including financial or legal advisor or other retained representative) of either party or any of its Subsidiaries, at the direction or with the consent of such party or any of its Subsidiaries, will be deemed to be a breach of this Section 6.11 by such party.

6.12 800MHz Rebanding. (a) From and after the Effective Time, the Surviving Company will assume and honor all obligations accepted by Nextel pursuant to the FCC s 800 MHz rebanding proceeding, Improving Public Safety in the 800 MHz Band, Report and Order, Fourth Memorandum Opinion and Order, and Order, 33 CR 457, WT Docket No. 02-55 (rel. August 6, 2004) (the Consensus Plan).

(b) Nextel will keep Sprint apprised of all material developments with respect to matters relating to the Consensus Plan, and will provide Sprint with copies of all material correspondence, filings and written communications between Nextel and any third party or Governmental Entity relating to the Consensus Plan, including with respect to any proposed modifications to the Consensus Plan.

ARTICLE VII CONDITIONS PRECEDENT

7.1 Conditions to Each Party s Obligation To Effect the Merger. The respective obligations of the parties to effect the Merger shall be subject to the satisfaction, or waiver by each of the parties, at or prior to the Effective Time of the following conditions:

(a) Stockholder Approvals. The approval of the holders of capital stock of Nextel and Sprint required for the consummation of the Merger and the transactions contemplated hereby shall have been obtained, and the Amended and Restated Articles of Incorporation of Sprint in the form attached as Exhibit B shall have been duly filed with the Secretary of State of the State of Kansas.

(b) Listing. The shares of Sprint Series 1 Common Stock to be issued to holders of Nextel Class A Common Stock shall have been authorized for listing on the NYSE, subject to official notice of issuance.

(c) Regulatory Approvals. (i) The waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been earlier terminated, (ii) the authorization required to be obtained from the FCC for the consummation of the Merger shall have been obtained, and (iii) all approvals, if any, required to be obtained (A) with or from any state public service or public utility commissions or similar state regulatory bodies or (B) under any foreign antitrust, competition or similar Laws, in each case in connection with the consummation of the Merger and the transactions contemplated by this Agreement, shall have been

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---------- obtained, except for those, in the case of this clause (iii), the failure of which to obtain would not, individually or in the aggregate, reasonably be expected to (y) materially impair the parties ability to achieve the overall benefits expected, as of the date hereof, to be realized from the transactions contemplated by this Agreement or (z) provide a reasonable basis to conclude that Sprint or Nextel or their respective directors or officers would be subject to the risk of criminal liability.

(d) Form S-4. The Form S-4 shall have become effective under the Securities Act, and no stop order suspending the effectiveness of the Form S-4 shall have been issued and no proceedings for that purpose shall have been initiated or be threatened by the SEC.

(e) No Injunctions or Restraints; Illegality. No Injunction preventing the consummation of the Merger or any of the other transactions contemplated by this Agreement shall be in effect. No statute, rule, regulation, order, Injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Entity that prohibits or makes illegal consummation of the Merger.

7.2 Conditions to Obligations of Nextel. The obligation of Nextel to effect the Nextel Merger is also subject to the satisfaction, or waiver by Nextel, at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) Each of the representations and warranties (other than as set forth in Sections 3.2(a) and (b), Sections 3.3(a) and (b) and Section 3.18) of Sprint set forth in this Agreement shall be true and correct on the date of this Agreement, and as of the Closing Date, as if made at and as of such date (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to materiality or Material Adverse Effect set forth therein), individually or in the aggregate, does not have, and would not be reasonably expected to have, a Material Adverse Effect on Sprint, and (ii) the representations and warranties of Sprint set forth in Sections 3.2(a) and (b), Sections 3.3(a) and (b) and Section 3.18 shall be true and correct in all material respects on the date of this Agreement, and as of the Closing Date, as if made at and as of such date (except to the extent expressly made as of an earlier date, in which case as of such date), and Nextel shall have received a certificate signed on behalf of Sprint by the Chief Executive Officer or the Chief Financial Officer of Sprint to the foregoing effects.

(b) Performance of Obligations of Sprint. Sprint shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Nextel shall have received a certificate signed on behalf of Sprint by the Chief Executive Officer or the Chief Financial Officer of Sprint to such effect.

(c) Nextel Tax Opinion. Nextel shall have received an opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP in form and substance reasonably satisfactory

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to Nextel, on the basis of certain facts, representations and assumptions set forth in such opinion, dated as of the Closing Date, to the effect that (i) the Merger will be treated for federal income tax purposes as a reorganization under Section 368(a) of the Code, and (ii) each of Sprint, Merger Sub and Nextel will be a party to the reorganization within the meaning of Section 368(a)

of the Code. In rendering such opinion, such advisor shall be entitled to rely upon customary representations of officers of Sprint, Nextel and Merger Sub.

7.3 Conditions to Obligations of Sprint. The obligation of Sprint to effect the Sprint Merger is also subject to the satisfaction, or waiver by Sprint, at or prior to the Effective Time, of the following conditions:

(a) Representations and Warranties. (i) Each of the representations and warranties (other than as set forth in Sections 4.2(a) and (b), Sections 4.3(a) and (b) and Section 4.18) of Nextel set forth in this Agreement shall be true and correct on the date of this Agreement, and as of the Closing Date, as if made at and as of such date (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to materiality or Material Adverse Effect set forth therein), individually or in the aggregate, does not have, and would not be reasonably expected to have, a Material Adverse Effect on Nextel, and (ii) the representations and warranties of Nextel set forth in Sections 4.2(a) and (b), Sections 4.3(a) and (b) and Section 4.18 shall be true and correct in all material respects on the date of this Agreement, and as of the Closing Date, as if made at and as of such date (except to the extent expressly made as of an earlier date, in which case as of such date), and Sprint shall have received a certificate signed on behalf of Nextel by the Chief Executive Officer or the Chief Financial Officer of Nextel to the foregoing effects.

(b) Performance of Obligations of Nextel. Nextel shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Sprint shall have received a certificate signed on behalf of Nextel by the Chief Executive Officer or the Chief Financial Officer of Nextel to such effect.

(c) Sprint Tax Opinion. Sprint shall have received an opinion of Cravath, Swaine & Moore LLP in form and substance reasonably satisfactory to Sprint, on the basis of certain facts, representations and assumptions set forth in such opinion, dated as of the Closing Date, to the effect that (i) the Merger will be treated for federal income tax purposes as a reorganization under Section 368(a) of the Code, and (ii) that each of Sprint, Merger Sub and Nextel will be a party to the reorganization within the meaning of Section 368(a) of the Code. In rendering such opinion, such advisor shall be entitled to rely upon customary representations of officers of Sprint, Nextel and Merger Sub.

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ARTICLE VIII TERMINATION AND AMENDMENT

8.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the matters presented in connection with the Merger by the stockholders of Sprint or Nextel, by action taken or authorized by the Board of Directors of the terminating party or parties:

(a) by mutual consent of Sprint and Nextel in a written instrument, if the Board of Directors of each so determines;

(b) by either the Sprint Board or the Nextel Board if any Governmental Entity of competent jurisdiction shall have issued a final and nonappealable order permanently enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, except that no party may terminate this Agreement pursuant to this Section 8.1(b) if its breach of its obligations under this Agreement proximately contributed to the occurrence of such order;

(c) by either the Sprint Board or the Nextel Board if the Sprint Stockholder Approval shall not have been obtained at a Sprint Stockholders Meeting or any adjournment or postponement thereof at which the vote was taken;

(d) by either the Sprint Board or the Nextel Board if the Nextel Stockholder Approval shall not have been obtained at a Nextel Stockholders Meeting or any adjournment or postponement thereof at which the vote was taken;

(e) by either the Sprint Board or the Nextel Board if the Merger shall not have been consummated on or before December 31, 2005; provided, however, that if the condition set forth in Section 7.1(c) has not been satisfied as of the third business day prior to such date, such date may be extended from time to time by either Sprint or Nextel one or more times to a date not beyond June 30, 2006 so long as all other conditions are satisfied or shall be capable of being satisfied at the time of each such extension; provided, further, however, that no party may terminate this Agreement pursuant to this Section 8.1(e) if such party s breach of its obligations under this Agreement proximately contributed to the failure of the Closing to occur by such date;

(f) by the Sprint Board if there shall have been a breach of any of the covenants or agreements or any of the representations or warranties set forth in this Agreement on the part of Nextel, which breach, either individually or in the aggregate, would result in, if occurring or continuing on the Closing Date, the failure of the conditions set forth in Section 7.3(a) or (b) and which is not cured within 45 days following written notice to Nextel or by its nature or timing cannot be cured within such time period;

(g) by the Nextel Board if there shall have been a breach of any of the covenants or agreements or any of the representations or warranties set forth in this Agreement on the part of Sprint, which breach, either individually or in the aggregate, would result in, if occurring or continuing on the Closing Date, the failure of the conditions set forth in Section 7.2(a) or (b) and which is not cured within 45 days

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following written notice to Sprint or by its nature or timing cannot be cured within such time period;

(h) by the Sprint Board, at anytime prior to obtaining Sprint Stockholder Approval, in order to accept a Superior Proposal offered to Sprint; provided that in order for the termination of this Agreement pursuant to this subsection (h) to be effected, Sprint shall have complied with the provisions of Section 6.11(a) (subject to the first sentence of Section 6.11(e)), Section 6.11(g) and Section 9.3(c) (including the payment of the Termination Fee);

(i) by the Nextel Board, at anytime prior to obtaining Nextel Stockholder Approval, in order to accept a Superior Proposal offered to Nextel; provided that in order for the termination of this Agreement pursuant to this subsection (i) to be effected, Nextel shall have complied with the provisions of Section 6.11(b) (subject to the first sentence of Section 6.11(e)), Section 6.11(g) and Section 9.3(b) (including the payment of the Termination Fee);

(j) by the Sprint Board in the event of an Adverse Recommendation Change by Nextel; or

(k) by the Nextel Board in the event of an Adverse Recommendation Change by Sprint.

8.2 Effect of Termination. In the event of termination of this Agreement by either Sprint or Nextel as provided in Section 8.1, this Agreement will forthwith become void and have no effect, and none of Sprint, Nextel, any of their respective Subsidiaries or any of the officers or directors of any of them will have any liability of any nature whatsoever under this Agreement, or in connection with the transactions contemplated by this Agreement or the ILEC Separation, except that (i) Sections 6.2(b), 8.2, 9.3, 9.4, 9.5, 9.7, 9.8, 9.9 and 9.10 will survive any termination of this Agreement and (ii) notwithstanding anything to the contrary contained in this Agreement, neither Sprint nor Nextel will be relieved or released from any liabilities or damages arising out of its willful breach of any provision of this Agreement.

8.3 Amendment and Other Matters. Subject to compliance with applicable Law, this Agreement may be amended by Sprint (on behalf of itself and Merger Sub) and Nextel, by action taken or authorized by their respective Boards of Directors, at any time before or after approval of the matters presented in connection with the Merger by the stockholders of Sprint or Nextel; provided, however, that after any approval of the transactions contemplated by this Agreement by the stockholders of Sprint and Nextel, there may not be, without further approval of such stockholders, any amendment of this Agreement that changes the amount or the form of the consideration to be delivered under this Agreement to the holders of Nextel Capital Stock, other than as contemplated by this Agreement, or which by applicable Law otherwise expressly requires the further approval of such stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties. At the election of Sprint, any direct or indirect wholly owned entity may be substituted for Merger Sub as a

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constituent in the Merger. In such event, the parties will execute an appropriate amendment to this Agreement to reflect such substitution.

8.4 Extension; Waiver. At any time prior to the Effective Time, Sprint (on behalf of itself and Merger Sub) and Nextel, by action taken or authorized by their respective Board of Directors, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties contained in this Agreement, and (c) waive compliance with any of the agreements or conditions contained in this

Agreement. Any agreement on the part of a party to any such extension or waiver will be valid only if set forth in a written instrument signed on behalf of such party, but such extension or waiver or failure to insist on strict compliance with an obligation, covenant, agreement or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

ARTICLE IX GENERAL PROVISIONS

9.1 Closing. On the terms and subject to conditions set forth in this Agreement, the closing of the Merger (the Closing) will take place at 10:00 a.m. on a date and at a place to be specified by the parties, which date will be no later than five business days after the satisfaction or waiver (subject to applicable Law) of the latest to occur of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied or waived at the Closing), unless extended by mutual agreement of Sprint and Nextel (the Closing Date).

9.2 Nonsurvival of Representations, Warranties and Agreements. None of the representations, warranties, covenants and agreements set forth in this Agreement or in any instrument delivered pursuant to this Agreement will survive the Effective Time, except for Section 6.8 and for those other covenants and agreements contained in this Agreement that by their terms apply or are to be performed in whole or in part after the Effective Time.

9.3 Fees and Expenses. (a) Except as provided in this Section 9.3, all costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement will be paid by the party incurring such expense; provided, however, that the costs and expenses of printing and mailing the Joint Proxy Statement, and all filing and other fees paid to the SEC or under the HSR Act in connection with the Merger, will be borne equally by Sprint and Nextel.

(b) In the event that this Agreement is terminated:

(i) by Nextel pursuant to Section 8.1(i);

(ii) (x) by Nextel or Sprint pursuant to Section 8.1(d) or (e) and (y) a proposal for an Alternative Transaction with respect to Nextel has been made to Nextel or its stockholders or such a proposal or an intention to make such a proposal has been publicly announced or has otherwise become publicly known after the date of this Agreement (whether or not conditional and whether

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or not withdrawn) and (z) within 12 months after such termination, Nextel or any of its Subsidiaries enters into any definitive agreement providing for any Alternative Transaction or any Alternative Transaction is consummated; or

(iii) by Sprint pursuant to Section 8.1(j) and a proposal for an Alternative Transaction with respect to Nextel has been made to Nextel or its stockholders or such a proposal or an intention to make such a proposal has been publicly announced or has otherwise become publicly known after the date of this Agreement (whether or not conditional and whether or not withdrawn);

then, Nextel will pay Sprint a fee equal to $1.0 billion (the Termination Fee), by wire transfer of same day funds to an account designated by Sprint, in the case of termination pursuant to Section 9.3(b)(i), concurrently with such termination, in the case of termination pursuant to Section 9.3(b)(ii), upon the earlier of the consummation of such Alternative Transaction and the execution of such agreement, as applicable, and in the case of termination pursuant to Section 9.3(b)(iii), within two business days after such termination. For purposes of Section 9.3(b)(ii)(z) and 9.3(b)(iii), references to 20% in the definition of Alternative Transaction will be deemed to be references to 50%.

(c) In the event that this Agreement is terminated:

(i) by Sprint pursuant to Section 8.1(h);

(ii) (x) by Sprint or Nextel pursuant to Section 8.1(c) or (e) and (y) a proposal for an Alternative Transaction with respect to Sprint has been made to Sprint or its stockholders or such a proposal or an intention to make such a proposal has been publicly announced or has otherwise become publicly known after the date of this Agreement (whether or not conditional and whether or not withdrawn) and (z) within 12 months after such termination, Sprint or any of its Subsidiaries enters into any definitive agreement providing for any Alternative Transaction or any Alternative Transaction is consummated; or

(iii) by Nextel pursuant to Section 8.1(k) and a proposal for an Alternative Transaction with respect to Sprint has been made to Sprint or its stockholders or such a proposal or an intention to make such a proposal has been publicly announced or has otherwise become publicly known after the date of this Agreement (whether or not conditional and whether or not withdrawn);

then, Sprint will pay Nextel the Termination Fee, by wire transfer of same day funds to an account designated by Nextel, in the case of termination pursuant to Section 9.3(c)(i), concurrently with such termination, in the case of termination pursuant to Section 9.3(c)(ii), upon the earlier of the consummation of such Alternative Transaction and the execution of such agreement, as applicable, and in the case of termination pursuant to Section 9.3(c)(iii), within two business days after such termination. For purposes of Section 9.3(c)(ii)(z) and 9.3(c)(iii), references to 20% in the definition of Alternative Transaction will be deemed to be references to 50%.

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(d) Each party acknowledges that the agreements contained in this Section 9.3 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the other party would not enter into this Agreement. Accordingly, if a party fails promptly to pay the amounts due pursuant to this Section 9.3 and, in order to obtain such payment, the other party commences a suit that results in a judgment against the first party for the amounts set forth in this Section 9.3, the first party will pay to the other party interest on the amounts set forth in this Section 9.3 at a rate per annum equal to the three-month LIBOR (as reported in The Wall Street Journal (Northeast edition) or, if not reported therein, in another authoritative source selected by the party entitled to such amounts) on the date such payment was required to be made (or if no quotation for three-month LIBOR is available for such date, on the next preceding date for which such a quotation is available) plus 250 basis points.

9.4 Notices. All notices and other communications in connection with this Agreement will be in writing and will be deemed given (and will be deemed to have been duly given upon receipt) if delivered personally, sent via facsimile (with confirmation), mailed by registered or certified mail (return receipt requested) or delivered by an express courier (with confirmation) to the parties at the following addresses (or at such other address for a party as will be specified by like notice):

(a) if to Sprint, to:

Sprint Corporation

6200 Sprint Parkway

Overland Park, KS 66251

Attention: General Counsel

Facsimile: (913) 523-7700

Copy to: Corporate Secretary

Facsimile: (913) 794-0144

with a copy to:

Cravath, Swaine & Moore LLP

825 Eighth Avenue

Worldwide Plaza

New York, NY 10019

Attention: Allen Finkelson

Robert I. Townsend III

Facsimile: (212) 474-3700

and to:

King & Spalding LLP

191 Peachtree Street

Atlanta, GA 30303

Attention: Michael J. Egan

Facsimile: (404) 572-5146

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and to:

King & Spalding LLP

1185 Avenue of the Americas

New York, NY 10036

Attention: E. William Bates, II

Facsimile: (212) 556-2222

and

(b) if to Nextel, to:

Nextel Communications, Inc.

2001 Edmund Halley Drive

Reston, VA 20191

Attention: General Counsel

Facsimile: (703) 433-4846

with a copy to:

Jones Day

222 East 41st Street

New York, NY 10017

Attention: Robert A. Profusek

Marilyn W. Sonnie

Facsimile: (212) 755-7306

and to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP

1285 Avenue of the Americas

New York, NY 10019

Attention: Toby S. Myerson

Jeffrey D. Marell

Facsimile: (212) 757-3990

9.5 Interpretation. When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference will be to an Article or Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. Whenever the words include, includes or including are used in this Agreement, they will be deemed to be followed by the words without limitation. Unless the context otherwise requires (i) or is disjunctive but not necessarily exclusive, (ii) words in the singular include the plural and vice versa, (iii) the use in this Agreement of a pronoun in reference to a party hereto includes the masculine, feminine or neuter, as the context may require, and (iv) terms

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used herein that are defined in GAAP have the meanings ascribed to them therein. Knowledge of any Person means, with respect to any specific matter, the actual knowledge of such Person s executive officers and other officers having primary responsibility for such matter, and business day means any day on which banks are not required or authorized to close in the City of New York. No provision of this Agreement will be interpreted in favor of, or against, any of the parties to this Agreement by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof, and no rule of strict construction will be applied against any party hereto. The Sprint Disclosure Schedule and the Nextel Disclosure Schedule, as well as all other schedules and all exhibits hereto, will be deemed part of this Agreement and included in any reference to this Agreement. This Agreement will not be interpreted or construed to require any Person to take any action, or fail to take any action, if to do so would violate any applicable Law. References to the other party or either party will be deemed to refer to Sprint and Merger Sub collectively, on the one hand, and Nextel, on the other hand.

9.6 Counterparts. This Agreement may be executed in two or more counterparts, all of which will be considered one and the same agreement and will become effective when counterparts have been signed by each of the parties and delivered to the other party, it being understood that each party need not sign the same counterpart.

9.7 Entire Agreement. This Agreement (including the documents and the instruments referred to in this Agreement), together with the Confidentiality Agreement, constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter of this Agreement, other than the Confidentiality Agreement.

9.8 Governing Law. This Agreement will be governed and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and wholly performed within such state, without regard to any applicable conflict of laws principles.

9.9 Jurisdiction. Each of the parties hereto hereby agrees that any claim, suit, action or other proceeding, directly or indirectly, arising out of, under or relating to this Agreement will be heard and determined in the Chancery Court of the State of Delaware (and each agrees that no such claim, action, suit or other proceeding relating to this Agreement will be brought by it or any of its affiliates except in such court), and the parties hereto hereby irrevocably and unconditionally submit to the exclusive jurisdiction of any such court in any such claim, suit, action or other proceeding and irrevocably and unconditionally waive the defense of an inconvenient forum to the maintenance of any such claim, suit, action or other proceeding. Each of the parties hereto further agrees that, to the fullest extent permitted by applicable Law, service of any process, summons, notice or document by U.S. registered mail to such Person s respective address set forth in Section 9.4 will be effective service of process for any claim, action, suit or other proceeding in Delaware with respect to any matters to which

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it has submitted to jurisdiction as set forth above in the immediately preceding sentence. The parties hereto hereby agree that a final judgment in any such claim, suit, action or other proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

9.10 Publicity. Neither Sprint nor Nextel will, and neither Sprint nor Nextel will permit any of its Subsidiaries to, issue or cause the publication of any press release or other public announcement with respect to, or otherwise make any public statement concerning, the transactions contemplated by this Agreement or the ILEC Separation without the prior consent (which consent will not be unreasonably withheld) of Nextel, in the case of a proposed announcement or statement by Sprint, or Sprint, in the case of a proposed announcement or statement by Nextel; provided, however, that either party may, without the prior consent of the other party, (i) issue or cause the publication of any press release or other public announcement to the extent it determines that so doing is or may be required by Law or by the rules and regulations of The Nasdaq Stock Market, Inc. or the NYSE and (ii) make public statements (but may not publish any press release) that are consistent with the parties prior (but after the date of this Agreement) public disclosures regarding the transactions contemplated by this Agreement or the ILEC Separation.

9.11 Assignment; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations under this Agreement will be assigned by any of the parties (whether by operation of law or otherwise) without the prior written consent of the other party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by each of the parties and their respective successors and assigns. Except as otherwise specifically provided in Section 6.8, this Agreement (including the documents and instruments referred to in this Agreement) is not intended to and does not confer upon any Person other than the parties hereto any rights or remedies under this Agreement.

9.12 Specific Performance. The parties acknowledge and agree that any breach of the terms of this Agreement would give rise to irreparable harm for which money damages would not be an adequate remedy, and, accordingly, the parties agree that, in addition to any other remedies, each will be entitled to enforce the terms of this Agreement by a decree of specific performance without the necessity of proving the inadequacy of money damages as a remedy and without the necessity of posting bond.

9.13 Severability. If any term or other provision of this Agreement is declared invalid, illegal or unenforceable, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the maximum extent possible.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Sprint, Merger Sub and Nextel have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

SPRINT CORPORATION
By: /s/ Gary D. Forsee
Name: Gary D. Forsee
Title: Chief Executive Officer

S-N MERGER CORP.
By: /s/ Gary D. Forsee
Name: Gary D. Forsee
Title: Chief Executive Officer

NEXTEL COMMUNICATIONS, INC.
By: /s/ Timothy M. Donahue
Name: Timothy M. Donahue
Title: Chief Executive Officer

[Signature Page to Agreement and Plan of Merger]

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Exhibit 10

AMENDMENT NO. 1

TO

EMPLOYMENT AGREEMENT

This Amendment No. 1, dated as of December 15, 2004 (the Amendment) to the Employment Agreement dated as of March 19, 2003 (the Agreement) by and among SPRINT CORPORATION, a Kansas corporation (SPRINT), SPRINT/UNITED MANAGEMENT COMPANY, a Kansas corporation and subsidiary of SPRINT (SUMC) (SPRINT, SUMC and their subsidiaries are collectively referred to herein as the Company), and Gary D. Forsee (Executive). Capitalized terms, if not otherwise defined herein, have the meanings set forth in or provided by the Agreement.

W I T N E S S E T H:

WHEREAS, pursuant to the Merger Agreement, Nextel Communications, Inc. will merge with and into a wholly-owned subsidiary of Sprint;

WHEREAS, it is contemplated that Executive will execute this Amendment upon the signing of the Merger Agreement, to be effective upon and following the Effective Time (as defined in the Merger Agreement);

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements set forth herein and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Company and Executive agree as follows, conditioned upon and subject to the consummation of the Merger:

1. Section 1.01(a) of the Agreement is hereby amended in its entirety to read as follows:

Following the Effective Time (as defined in the Merger Agreement), Executive shall serve as the Chief Executive Officer and President of Sprint. Sprint s operational headquarters shall be at Overland Park, Kansas, and its executive headquarters shall be at Reston, Virginia.

2. Article 7 of the Agreement is hereby amended to the extent set forth below:

Change in Control is hereby amended by adding at the end thereof the following sentence:

Sprint and Executive agree and confirm that the consummation of the Transactions shall not constitute a Change in Control for purposes of this Agreement.

Constructive Discharge is hereby amended in its entirety to read as follows:

Constructive Discharge means the occurrence of any of the following circumstances without Executive s prior written consent unless the circumstances are fully corrected before the Termination Date specified in the notice of termination given in respect thereof: (i) the removal of Executive from his position with the Company or Board other than (x) as a result of Executive s being offered a position of equal or superior scope and responsibility or (y) his not holding the office of Chairman of the Board immediately after the Effective Time; (ii) a reduction within any 24-month period (other than an across-the-board reduction similarly affecting all Senior Officers) of the sum of Executive s Base Salary and Basic Bonus Amount to an amount that is less than 90% of such sum during the 24-month period; or (iii) the Company s requiring that Executive be based anywhere other than either (x) the Kansas City, Missouri greater metropolitan area or (y) the Reston, Virginia /Washington, D.C. greater metropolitan area, except for required travel on business; provided, however, that neither Executive s performance of services hereunder at either of the locations set forth in Section 1.01(a) hereof nor any required relocation to the Reston, Virginia/Washington, D.C. greater metropolitan area shall be deemed to constitute an event of Constructive Discharge for purposes of this Agreement.

Merger has the meaning set forth in the Merger Agreement.

Merger Agreement means the Agreement and Plan of Merger entered into as of December 15, 2004 by and among Sprint Corporation, a Kansas corporation, Nextel Communications, Inc., a Delaware corporation (Neptune) and S-N Merger Sub, a Delaware corporation wholly owned by Sprint.

Transactions means the consummation of the transactions consummated by the Merger Agreement.

signature page to follow this page

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IN WITNESS WHEREOF, the Company and Executive have executed this Agreement, to be effective as provided in the recitals hereto.

	SPRINT CORPORATION
/S/ GARY D. FORSEE	By: /S/ ROBERT J. DELLINGER
Gary D. Forsee	Robert J. Dellinger
	Executive Vice President
	Chief Financial Officer
	SPRINT/UNITED MANAGEMENT COMPANY
	By: /S/ ROBERT J. DELLINGER
	Robert J. Dellinger
	Executive Vice President
	Chief Financial Officer

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Attachment B

CRA Analysis

JOINT DECLARATION OF
STANLEY M. BESEN, STEVEN C. SALOP AND JOHN R. WOODBURY

FEBRUARY 8, 2005

Stanley M. Besen
Vice President
Charles River Associates

Steven C. Salop
Professor of Economics and Law
Georgetown University Law Center

Senior Consultant
Charles River Associates

John R. Woodbury
Vice President
Charles River Associates

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I. Introduction and Qualifications

1. This Declaration, which has been prepared at the request of Sprint Corporation (Sprint) and Nextel Communications, Inc. (Nextel), contains our preliminary analysis of the competitive impact of their proposed merger. Our qualifications for conducting this analysis are as follows:[1]

2. Stanley M. Besen is a Vice President at Charles River Associates, Washington, D.C. Dr. Besen has served as a Brookings Economic Policy Fellow, Office of Telecommunications Policy, Executive Office of the President; Co-director, Network Inquiry Special Staff, Federal Communications Commission; Coeditor, RAND Journal of Economics; and a Senior Economist, RAND Corporation. He currently serves as a member of the editorial board of Economics of Innovation and New Technology. Dr. Besen has taught at Rice University, where he was the Allyn M. and Gladys R. Cline Professor of Economics and Finance, Columbia University, where he was the visiting Henley Professor of Law and Business, and the Georgetown University Law Center, where he was Visiting Professor of Law and Economics. Dr. Besen has published widely on telecommunications economics and policy, intellectual property, and the economics of standards, and has consulted to many companies in the telecommunications and information industries. He holds a Ph.D. in Economics from Yale University.

3. Steven C. Salop is Professor of Economics and Law at the Georgetown University Law Center and a Senior Consultant with Charles River Associates. He is the author of numerous articles on industrial organization economics, antitrust law and policy, and the economic analysis of law. His scholarly articles examine a variety of economic and legal issues involving mergers, joint ventures and partial ownership interests, network markets, exclusionary conduct, and coordinated behavior. Professor Salop has worked on numerous telecommunications matters involving telephony, television program supply and distribution, and the Internet. He has been a visiting professor at MIT and the University of

[1] Our resumes are contained in Appendix 1 to the Declaration.

Pennsylvania and was previously Associate Director for Special Projects, Bureau of Economics, Federal Trade Commission. He holds a Ph.D. in Economics from Yale University.

4. John R. Woodbury is a Vice President at Charles River Associates, Washington, D.C. Dr. Woodbury is an expert in the economics of antitrust and regulation and has provided expert testimony, litigation support, and economic consulting services to a large number of business clients, including many in the telecommunications industry. In addition to having been a Brookings Economics Policy Fellow, he has held the following senior positions: Associate Director, Bureau of Economics and Assistant Director, Bureau of Consumer Protection, Federal Trade Commission; Economics Division Chief, Common Carrier Bureau, Federal Communications Commission; and Research Vice President, National Cable Television Association. He currently serves on the editorial board of the Antitrust Source. He holds a Ph.D. in Economics from Washington University (St. Louis).

5. The provision of wireless telecommunications services in the United States is highly competitive and will remain so after the merger of Sprint and Nextel. Although the two companies have been aggressive and innovative competitors, they continue to be handicapped by their relative lateness to the market and their disadvantages relative to their Regional Bell Operating Company competitors. The merger will offset some of these competitive disadvantages and make the combined company a more formidable competitor to Verizon Wireless and Cingular Wireless LLC (Cingular). The merger will reduce network construction and operating costs and will permit Sprint Nextel to offer innovative wireless services more rapidly, to more subscribers, and at lower cost than otherwise would be the case. At the same time, our analysis indicates that rival wireless carriers will continue to have the incentives and the necessary resources – including spectrum resources – to expand the number of subscribers that they would serve if the merged entity were to attempt to raise prices. As a result, the market will retain

the ability to deter price increases by the merged firm. For this reason, and others, coordinated price increases would also be deterred.

6. The remainder of this Declaration is organized as follows. We first examine the efficiency benefits of the merger. We then turn to the analysis of potential competitive harms. We begin by applying the initial structural screens employed by the Commission in its evaluation of the Cingular-AT&T Wireless transaction. This analysis utilizes subscriber share data acquired by Sprint and Nextel from Telephia and spectrum holding data compiled by Sprint and Nextel.[2] As part of this analysis, we note that Sprint Nextel will have more pro-competitive pricing incentives than its ILEC-affiliated wireless competitors, who have the incentive to take into account the impact of their conduct on intermodal competition and wireline profits. Because of this, the Commission should apply its initial structural screens under somewhat more permissive standards than it used in its review of Cingular-AT&T Wireless. We then evaluate the potential for competitive harms arising from unilateral and coordinated effects on competition in the provision of mobile telephony services and intermodal competition.

7. Based on our preliminary analysis, we conclude that the merger between Nextel and Sprint will likely benefit consumers without reducing the intensity of wireless competition. The merger is likely to increase competition. The merger is unlikely to increase Sprint Nextel's unilateral incentives to raise prices or increase the likelihood of coordinated behavior among the remaining wireless carriers. The same significant constraints on anticompetitive behavior that currently exist will also deter

[2] Telephia tracks information regarding the mobile telecommunications industry, including market share data for mobile service operators in major U.S. markets. This information is commercially available, and Sprint and Nextel enabled us to use these data for the limited purpose of the instant merger application. Because this information is proprietary to Telephia, however, the actual market data are redacted in the public version of the application.

anticompetitive price increases after the merger. Moreover, the substantial efficiencies that will result from the merger are pro-competitive and will benefit wireless customers.

II. The Efficiency Benefits of the Merger

8. In its review of the acquisition of AT&T Wireless by Cingular Wireless, the Commission considered "whether the combination... {was} likely to generate verifiable, merger-specific public interest benefits." In its analysis, the Commission asked "whether the combined entity will be able, and is likely, to pursue business strategies resulting in demonstrable and verifiable benefits to consumers that could not be pursued but for the combination."[3]

9. The Commission went on to emphasize that "the claimed benefit must be transaction- or merger-specific." This means that the claimed benefit "must be likely to be accomplished as a result of the merger but unlikely to be realized by other means that entail fewer anticompetitive effects."[4] Finally, the Commission stated that it "will more likely find marginal cost reductions to be cognizable than reductions in fixed cost."[5]

10. The merger of Sprint and Nextel will result in significant efficiencies. These efficiencies will directly benefit the current retail customers of the two companies as well as customers that the two companies serve indirectly. The efficiencies also will make the merged firm a stronger competitor, so that the subscribers of other carriers will benefit as well.

11. Many of these efficiencies are merger-specific. They could not be achieved, or are less likely to be achieved, or would not be achieved as quickly, without the merger. In addition, many of

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[3] *Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corporation For Consent to Transfer Licenses and Applications, Memorandum Opinion and Order,* 19 FCC Rcd 21522, ¶ 201 (2004) (hereinafter *Cingular-AT&T Wireless Order*).

[4] *Id.* ¶ 205.

[5] *Id.*

these efficiencies will reduce the marginal cost of serving subscribers or producing additional minutes of wireless service, and others will directly improve the quality of service received by wireless subscribers.

12. In this section, we discuss a number of the major efficiencies that Sprint and Nextel expect to achieve from the merger and explain why they are merger-specific and why they are likely to result in direct benefits to wireless subscribers. The efficiencies fall into the following major categories: (A) Improved Technology Development and Deployment; (B) Improved Network Coverage; (C) Cost Savings from Increasing the Proportion of "On-Network" Traffic; (D) Reduced Equipment Procurement Costs; (E) Reduced Backhaul Costs; and (F) Development of Services Using 2.5 GHz.

A. Improved Technology Development and Deployment

13. Because the merged entity will have a larger customer base than either of the merging firms, Sprint Nextel will undertake many types of investments, including investments in development and network deployment, which would be uneconomical for either Sprint or Nextel separately. Moreover, Sprint Nextel customers and competition will benefit in the near future from investments in new technologies and services that Sprint and Nextel have already undertaken, because each of the merging firms will be able to gain from investments that the other has already carried out. Although some of these benefits might be achievable through arrangements short of a merger – for example, through joint ventures or licensing arrangements – the ability to achieve them through these alternatives is likely to be more limited and realized more slowly, and the resulting benefits smaller, largely because of difficulties in structuring efficient teaming contracts or license arrangements between competing firms.

14. There are two general ways in which the merger will lead to these benefits. First, the merger permits Sprint and Nextel to avoid cost duplication. This clearly applies to new investments, but each of the merging parties also will benefit from avoiding the costs of duplicative development

activities. Second, many research and development efforts involve costs that are independent of the number of subscribers served. As a result of the merger, some of the projects that would have been uneconomical for either Sprint or Nextel to pursue separately due to high development costs would be economical for the combined firm. In addition, projects that would have been deferred until either Sprint or Nextel alone had gained a critical mass of customers can be pursued more quickly because Sprint Nextel will achieve that critical mass at an earlier date.

15. The most important example of these efficiencies is that the merger will permit the combined company to avoid the costs of independently developing and deploying nationwide next generation wireless networks. Nextel has not yet initiated construction of its network, while Sprint is in the process of deploying its CDMA EV-DO network. The merger will enable Sprint Nextel to enhance and expand the coverage of the CDMA network to serve customers who seek voice, high-performance push-to-talk features, and high-speed data performance. Sprint and Nextel estimate that they will save capital expenditures with a net present value of $4.8 billion after taking into account the necessary incremental investments in the CDMA network.[6]

16. In the absence of the merger, Sprint and Nextel would have had to continue to pursue separate development and deployment efforts. For example, Nextel had already planned to upgrade its network using either a version of the CDMA standard or another packet-switched mobile broadband technology. Sprint has already begun deploying EV-DO in a number of markets in its CDMA network. Both of these efforts would have permitted the carriers to offer new services to their subscribers. The merger will permit Sprint Nextel to offer more of these innovative services more quickly to more

[6] See Joint Declaration of Marc Montagner and Steve Nielsen for details on this and other estimates.