

SPRINT NEXTEL CORP

Form 11-K

June 28, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005.**

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

Commission File Number 1-04721

A. **Full title of the plan and the address of the plan, if different from that of the issuer named below:**

SPRINT RETIREMENT SAVINGS PLAN

B. **Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:**

SPRINT NEXTEL CORPORATION

2001 EDMUND HALLEY DRIVE

RESTON, VA 20191

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SPRINT RETIREMENT SAVINGS PLAN
2005 ANNUAL REPORT
WITH
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS

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SPRINT RETIREMENT SAVINGS PLAN

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Report of Independent Registered Public Accounting Firm

The Employee Benefits Committee and Plan Participants

The Sprint Retirement Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Sprint Retirement Savings Plan (the Plan) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at year end) as of December 31, 2005 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP
KPMG LLP

Kansas City, Missouri

June 26, 2006

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Report of Independent Registered Public Accounting Firm

The Employee Benefits Committee

Sprint Nextel Corporation

We have audited the accompanying statement of changes in net assets available for benefits of the Sprint Retirement Savings Plan (the Plan) for the year ended December 31, 2003. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the changes in the Plan's net assets available for benefits for the year ended December 31, 2003, in conformity with U.S. generally accepted accounting principles.

Kansas City, Missouri

June 11, 2004

/s/ ERNST & YOUNG LLP
Ernst & Young LLP

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| | As of December 31: | |
|--|---------------------------|--------------|
| | 2005 | 2004 |
| PLAN ASSETS | | |
| Investments at Fair Value | \$ 3,040,501 | \$ 3,138,536 |
| Receivables: | | |
| Unsettled securities sales | 2,873 | |
| Employer and participant contributions | 2,075 | 15 |
| Other receivables | 452 | 204 |
| Accrued interest and dividend income | 75 | 37 |
| Total assets | 3,045,976 | 3,138,792 |
| PLAN LIABILITIES | | |
| Accrued expenses | 25 | |
| Transfers payable | 2,575 | |
| Other payables | 558 | 368 |
| Total liabilities | 3,158 | 368 |
| Net assets available for benefits | \$ 3,042,818 | \$ 3,138,424 |

See Notes to Financial Statements.

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(Thousands of Dollars)

| | For the Year Ended December 31: | | |
|--|---------------------------------|---------------------|---------------------|
| | 2005 | 2004 | 2003 |
| Investment Income: | | | |
| Interest on loans | \$ 3,861 | \$ 3,823 | \$ 6,196 |
| Dividends and investment interest | 69,950 | 55,602 | 37,404 |
| Net appreciation (depreciation) in the fair value of investments | (29,880) | 708,670 | 368,745 |
| Net investment income | 43,931 | 768,095 | 412,345 |
| Contributions employer | 36,029 | 21,213 | 64,496 |
| Contributions participants | 176,358 | 193,921 | 191,956 |
| Administrative fees | (88) | (57) | (41) |
| Benefits paid to participants (withdrawals) | (352,755) | (276,368) | (203,051) |
| Transfers, other | | | 12 |
| Inter-plan fund transfers (net) | 919 | 1,268 | 200 |
| Net increase (decrease) | (95,606) | 708,072 | 465,917 |
| Net Assets Available for Benefits: | | | |
| Beginning of year | 3,138,424 | 2,430,352 | 1,964,435 |
| End of year | \$ 3,042,818 | \$ 3,138,424 | \$ 2,430,352 |

See Notes to Financial Statements.

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SPRINT RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

1. DESCRIPTION OF THE PLAN

The following brief description of the Sprint Retirement Savings Plan (the Plan) provides only general information. For more complete information participants should refer to the Plan document and the Summary Plan Description, which can be obtained by calling the Employee Solutions Network at 800-697-6000.

General

On August 12, 2005, the Plan sponsor, Sprint Corporation, merged with Nextel Communications, Inc. (Nextel). As a result of the merger, Nextel became a subsidiary of Sprint Corporation, which changed its name to Sprint Nextel Corporation (Sprint Nextel or the Company).

The Plan is a defined contribution plan established by Sprint Nextel and, prior to the August 12, 2005 merger with Nextel, was adopted by substantially all of Sprint Corporation's subsidiaries. The Plan includes a qualified cash or deferred arrangement as defined in section 401(k) of the Internal Revenue Code (Code) and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Upon its inception in 1984, the Plan was known as the United Telecom Savings Plan and consisted of the portion now referred to as the Savings Plus Account (SPA). Effective October 10, 1989, the United Telecommunications, Inc. Employee Stock Ownership Plan, now referred to as the TRASOP Account, was merged into the Plan. The TRASOP account is a defined contribution plan that invests in common stock of the Company. The Plan became known as the Sprint Retirement Savings Plan (SRSP) effective January 1, 1994. Effective November 1, 2000, that part of the Centel Employee Stock Ownership Plan (CESOP) related to non-bargaining unit employees was merged into the Plan.

Under the Plan, separate plan provisions relate solely to the SPA, the TRASOP Account and the CESOP Account.

The following information pertains only to the SPA:

Eligibility SPA

Participation in the Plan is voluntary. Individuals employed by one of the Company's subsidiaries on a regular, full-time basis and who are not represented by a collective bargaining unit are eligible to participate immediately. If an individual is not a permanent full-time employee, the employee is eligible to participate after completing one year of service in which the employee has worked at least 1,000 hours.

Contributions SPA

Participants may contribute up to 50% of their eligible pay to a pre-tax account. Pre-tax participant contributions may not exceed annual limitations defined in the Code of \$14,000 for the 2005 plan year, \$13,000 for the 2004 plan year and \$12,000 for the 2003 plan year. The percentage that may be contributed by participants who meet the definition of a highly compensated employee as defined in the Code is periodically recalculated in order to maintain compliance with the nondiscrimination provisions of the Code. Subject to certain limitations and restrictions, the Plan permits participants to make rollover contributions from other plans qualified under Section 401 of the Code.

The Company makes a matching contribution to the Plan in an amount which, together with forfeitures of the Company contribution due to individual participants not meeting the vesting guidelines (see the section below titled Vesting-SPA), equals 25% of the first 6% of a participant's eligible pay contributed by a

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SPRINT RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2005

participant. Prior to July 1, 2003, the Company match was a minimum of 50% of the first 6% of a participant's eligible pay. Contributions in excess of 6% of each participant's eligible pay are not matched by Company contributions. Company contributions are made in Sprint Nextel common stock with a market value equal to the Company contribution requirement.

In February 2004, Sprint Corporation's board of directors decided to recombine the FON and PCS tracking stocks and return to a single common stock. As a result, on April 23, 2004, each share of PCS stock automatically converted to 0.50 shares of FON stock. Concurrently, the Sprint FON Stock Fund and the Sprint PCS Stock Fund were combined. Since that date, Company contributions are made only in Sprint Nextel common stock to the Company Stock Fund.

Prior to the recombination of FON and PCS common stock effective April 23, 2004, the allocation of the Company matching contribution between FON and PCS shares was subject to change quarterly based on the relative market capitalization of FON and PCS common stocks. From January 1 to April 23, 2004, the Company matching contribution was invested 74% in FON stock and 26% in PCS stock. During the 2003 plan year, the Company matching contribution invested in FON stock ranged from 69% to 81% and the Company matching contribution invested in PCS stock ranged from 31% to 19%.

The Plan provides that the Company may make an optional additional Company contribution. The amount of this additional contribution, if any, is based on an annual comparison of the Company's common stock performance with the performance of the Dow Jones Total Market Telecom Index. The total amount contributed by the Company under this provision is the product of the additional contribution percentage multiplied by the amount contributed by participants. Participant contributions in excess of 6% of eligible pay are not included in this calculation. Based on this provision, for the 2005 Plan year the Company made an additional contribution of 5% of participants' contributions, up to 6% of their eligible pay. No additional Company contributions were made for the 2004 and 2003 Plan Years.

Participants may choose to receive annual taxable dividend payments on vested Company matching contributions and pre-2002 employee contributions to the Company Stock Fund.

Beginning in 2002, eligible participants were allowed to make catch-up contributions. To be eligible to make catch-up contributions, a participant must be age 50 by the end of the applicable plan year and must contribute the maximum elective contribution for that plan year. The pre-tax catch-up contribution limit was \$4,000 for the 2005 plan year, \$3,000 for the 2004 plan year and \$2,000 for the 2003 plan year.

Investment Funds SPA

Participants may direct their contributions into any of 29 actively or passively invested funds, which include a Money Market Fund, four Fixed Income funds, an Emerging Market Debt Fund, three Small Capitalization stock funds, two Mid-capitalization stock funds, three Large Capitalization Growth Stock funds, two Large Capitalization Value Stock funds, a Large Capitalization Blended stock fund, five International and Emerging Market stock funds, an S&P 500 Index fund, the Company Stock fund, and five pre-mixed portfolio investment options. The pre-mixed portfolios range from the Conservative Growth Portfolio with an 80%/20% mix of bonds/stocks to the Aggressive Growth Portfolio with 100% stocks.

Participants may, at their discretion, alter the array of funds in which their payroll contributions are invested. Participants may also execute a transfer of funds on any day the New York Stock Exchange is open. Daily fund exchanges in the Company stock fund are limited to participant contributions and the diversification provisions for Company matching contributions described below.

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SPRINT RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2005

Other limitations on transfers between funds apply in certain circumstances.

Effective January 1, 2004, participants may diversify their Company matching contributions as follows:

For Company matching contributions made prior to January 1, 2004, 20% of the Company matching contributions balance may be diversified and transferred each year to other investment options in the Plan.

Company matching contributions made on or after January 1, 2004, may be diversified beginning on the last day of the third year after the year the contributions are made. For example, Company matching contributions made in 2004 may be diversified beginning on December 31, 2007.

In addition, effective January 1, 2004, all employees age 55 or older may choose to fully diversify all Company matching contributions once each year. The previous age requirement was 60.

Concentration of Risk SPA

At December 31, 2005 and December 31, 2004, a portion of the Plan's assets were in shares of Sprint Nextel common stock. The value of this common stock is subject to fluctuations related to corporate, industry, economic and market factors. At year-end 2005 and 2004, Sprint Nextel common stock closed at \$23.36 per share and \$24.85 per share, respectively. The Plan's other investment options include a variety of stocks, bonds, mutual funds, and other securities. Investment securities subject participants to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is likely that changes in the values of investment securities will occur in the near term and that such changes could adversely affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

Vesting SPA

Participants are 100% vested in their participant contribution accounts at all times.

The vesting of Company matching contributions is based on a graded vesting schedule which is: 20% vested after two years of service, 40% vested after three years of service, 60% vested after four years of service and 100% vested after five years of continuous service with the Company. If a participant's employment with the Company terminates, the participant has unvested amounts in the Plan and the participant is rehired by the Company as an employee within five years from the termination date, that participant can return to the same point in the vesting schedule as at the time of employment termination if the participant maintained their account balance in the Plan the entire time they were not employed by the Company. Also, if a participant left the Company while participating in the Plan, received a distribution of their vested amount which was less than the full amount, and is rehired, any Company matching contributions the participant forfeited will be restored if the participant repays to their account in the Plan the full amount of their previous distribution no later than five years after the date the distribution was made.

Earlier vesting may occur if, while an employee of the Company, a participant (1) attains age 65, (2) incurs a permanent and total disability, or (3) dies. Special rules may provide for more rapid vesting to certain participants under vesting schedules of prior Plans.

Withdrawing participants who do not meet these vesting guidelines forfeit the non-vested portion of the Company contribution. At December 31, 2005, 2004 and 2003, forfeited non-vested accounts totaled \$4,664,000, \$489,000 and \$1,183,000, respectively. These forfeited accounts can be used to reinstate forfeited balances for

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SPRINT RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2005

rehired employees and to pay reasonable and approved Plan expenses, including to reduce future Company contribution requirements. In 2005, 2004 and 2003, forfeited non-vested amounts of \$11,000, \$11,615,000 and \$4,064,000, respectively, were used to reduce Company contributions.

Withdrawals SPA

Participants may withdraw the vested value of their account when they retire, terminate employment with the Company, reach age 59 1/2, meet hardship requirements defined in the Code, or become permanently and totally disabled. In-service withdrawals may also be made from the after-tax portion of their account and the vested portion of their Company contribution account that has been held by the Plan for two full calendar years following the year of contribution. These withdrawals may not be made more often than twice per year. The minimum in-service withdrawal is the lesser of \$1,000 or 50% of the maximum amount that may be withdrawn.

Participant Loans SPA

Participants may borrow up to the lesser of (1) one-half of the total value of their vested account balance, (2) \$50,000 reduced by the highest outstanding balance of the participant's loan from the Plan during the one year period ending on the date the loan is made, or (3) the total value of their pre-tax account. The minimum loan is \$1,000.

Participants may have no more than two loans outstanding from the Plan at a time. Amounts borrowed by participants must be repaid within 5 years and no sooner than 6 months. In the event that the proceeds of the loan are used to acquire a participant's principal residence, the maximum repayment period may be as much as 25 years. Loans are secured by the balances in the participant's accounts. The interest rate charged on loans is set by Sprint Nextel's Employee Benefits Committee. As of December 31, 2005 outstanding loans were being charged interest rates between 4.0% and 12.12%.

Participant Accounts SPA

A separate account is maintained for each participant in the Plan. Each participant's account is adjusted for (a) Company contributions on behalf of the participant, (b) the participant's contributions to the Plan, including rollover contributions, (c) the participant's share of any investment income or loss, (d) withdrawals, (e) loans, and (f) forfeitures of Company contributions due to the participant's withdrawal.

The following information pertains to the TRASOP account:

Eligibility TRASOP

Individuals employed by the Company or one of its participating subsidiaries during 1976 through 1986 were eligible to receive Company contributions for such years, provided they had completed one year of continuous employment on or before the end of a plan year and they were still employed by the Company at the end of such year.

Contributions TRASOP

Effective January 1, 1987, concurrent with the effective date of the Tax Reform Act of 1986, contributions to the TRASOP account were discontinued. The Company does not intend to make any additional contributions unless favorable tax incentives supporting such contributions become incorporated into future law. For certain plan years, the TRASOP allowed eligible participants to make after-tax contributions.

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SPRINT RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2005

Investment Fund TRASOP

Plan assets are invested solely in Sprint Nextel common stock except for amounts necessary to meet anticipated administrative expenses and distributions.

Vesting TRASOP

Participants are 100% vested in shares of Sprint Nextel common stock allocated to their accounts at all times.

Withdrawals TRASOP

Participants may withdraw their entire TRASOP account balance while an active employee of the Company and may also withdraw their entire TRASOP account balance upon termination of employment, death, retirement, total and permanent disability, or termination of the Plan.

Participant Accounts TRASOP

A separate account is maintained for each participant in the TRASOP. Each participant's account is adjusted for (a) the participant's share of any investment income or loss on the Sprint Nextel common stock, and (b) withdrawals.

The following information pertains to the CESOP account:

Effective November 1, 2000, that part of CESOP relating to non-bargaining employees was merged into the Plan and that part of CESOP relating to bargaining unit employees was merged into the Centel Retirement Savings Plan for Bargaining Unit Employees.

Eligibility/Contributions CESOP

During the period January 1, 1975, through December 31, 1986, Employees of Centel Corporation and its subsidiaries were eligible to participate in the CESOP. Centel Corporation made all contributions to the CESOP through December 31, 1986. Effective January 1, 1987, concurrent with the effective date of the Tax Reform Act of 1986, contributions to the CESOP ceased.

Investment Fund CESOP

Plan assets are invested solely in Sprint Nextel common stock except for amounts necessary to meet anticipated administrative expenses and distributions.

Vesting CESOP

Participants are 100% vested in their account balances at all times.

Withdrawals CESOP

Participants may withdraw their entire CESOP account balance while an active employee of the Company and may also withdraw their entire CESOP account balance upon termination of employment, retirement, death, total and permanent disability, or upon termination of the Plan.

Participant Accounts CESOP

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A separate account is maintained for each participant in the CESOP. Each participant's account is adjusted for (a) the participant's share of any investment income or loss on the Sprint Nextel common stock, and (b) withdrawals.

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SPRINT RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2005

The following information pertains to SPA, TRASOP and CESOP accounts:

Dividends

Dividends earned on shares held in the SPA, TRASOP and CESOP Company Stock Funds are reinvested quarterly in the applicable Company Stock Fund, unless the participant elects to receive the dividends in cash, which is distributed annually.

Administration and Plan Expenses

The Plan is administered by the Sprint Nextel Employee Benefits Committee. Administrative and investment expenses of the SPA and CESOP are expenses of the Plan, and except to the extent paid by the Company, are paid out of the trust. Certain administrative charges for review of domestic relations orders are borne by the participant submitting the domestic relations order. The Company may recover TRASOP administrative costs from the Plan, directly or by reduction of TRASOP dividends, subject to limitations provided in the Code and the Plan.

The Plan reimbursed the Company for TRASOP administrative expenses of \$23,000 for 2003. No reimbursement was made by the Plan in 2005 and 2004.

The Employee Benefits Committee is the named fiduciary of the Plan and has responsibility for the administrative and financial activities of the Plan.

Termination

Although the Company has not expressed an intention to terminate the Plan, it reserves the right to amend or terminate the Plan at any time. Should the entire Plan terminate, the accounts of all participants will become non-forfeitable as of the date of termination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Plan:

Valuation of Investments

Investments of the Plan are valued at fair value. The fair value of Sprint Nextel common stock is based on the value of the last reported sale in the active market in which the stock is traded on the last business day of the year. The equity mutual funds and bond mutual funds are valued at the redemption price on the last business day of the year. The fair value of the short term investments is estimated at cost plus accrued interest. Loans to participants are valued at their principal balance.

Interest and Dividend Income

Dividend income is recorded on the ex-dividend date. Income from the investments is recorded as earned on an accrual basis.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from these estimates.

Table of Contents**SPRINT RETIREMENT SAVINGS PLAN****NOTES TO FINANCIAL STATEMENTS (Continued)****DECEMBER 31, 2005***Income Tax Status*

The Plan received a determination letter from the Internal Revenue Service dated June 12, 2003, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to the issuance of this determination letter, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

Withdrawals

Withdrawals are recorded at the fair value of the assets on the date of distribution.

3. INVESTMENTS

The Plan's investments are held by the Fidelity Management Trust Company of Boston, Massachusetts, as trustee.

The following table presents the Plan investments that represent 5% or more of the Plan's net assets available for benefits.

| | As of December 31: | |
|--|-------------------------------|--------------|
| | 2005 | 2004 |
| | (Thousands of Dollars) | |
| Investments at Fair Value as Determined by Quoted Market Price: | | |
| Sprint Nextel Corporation SPA: Company Stock Fund | \$ 1,071,874 | \$ 1,271,825 |
| Sprint Nextel Corporation: TRASOP Stock fund | * | 161,012 |
| Fidelity Magellan Fund, Inc. | 372,016 | 394,934 |
| Fidelity Equity Income Fund, Inc. | 214,356 | 216,883 |
| PIMCO Separately Managed I Account | 221,821 | 232,722 |

* The fair value of this investment was less than 5% of the Plan's net assets at December 31 of the respective year.

Table of Contents**SPRINT RETIREMENT SAVINGS PLAN****NOTES TO FINANCIAL STATEMENTS (Continued)****DECEMBER 31, 2005**

During 2005, 2004 and 2003, the Plan's investments (including investments purchased, sold and held during the year) appreciated (depreciated) in value as follows:

| | For the Year Ended December 31: | | |
|---|--|-------------|-------------|
| | 2005 | 2004 | 2003 |
| | (Thousands of Dollars) | | |
| <i>Net Realized and Unrealized Appreciation (Depreciation) in Value</i> | | | |
| Common stock: | | | |
| Sprint Nextel Corporation SPA: Company Stock Fund | \$ (70,699) | \$ 547,703 | \$ |
| Sprint Nextel Corporation SPA: FON Stock Fund | | | 69,092 |
| Sprint Nextel Corporation SPA: PCS Stock Fund | | | 56,093 |
| Sprint Nextel Corporation: TRASOP Stock fund | (8,928) | 62,345 | 14,179 |
| Sprint Nextel Corporation: CESOP Stock Fund | (371) | 2,575 | 586 |
| Equity funds | 35,337 | 67,287 | 193,562 |
| Equity index fund | 6,756 | 11,793 | 17,237 |
| Bond mutual funds | 3,267 | 11,123 | 12,241 |
| Other investments | 4,758 | 5,844 | 5,755 |
| Total Appreciation (Depreciation) | \$ (29,880) | \$ 708,670 | \$ 368,745 |

4. NON-PARTICIPANT-DIRECTED INVESTMENTS

The SPA Company Stock Fund (formerly the FON Stock Fund and PCS Stock Fund) includes both participant-directed and non-participant directed amounts. Information regarding the changes in net assets related to this fund is as follows:

| | For the Year Ended December 31: | | |
|--|--|-------------|-------------|
| | 2005 | 2004 | 2003 |
| | (Thousands of Dollars) | | |
| Investment Income: | | | |
| Interest on loans | \$ 975 | \$ 984 | \$ 1,202 |
| Dividends and investment interest | 14,153 | 22,950 | 15,866 |
| Net appreciation (depreciation) in the fair value of investments | (70,699) | 547,703 | 125,185 |
| Net investment income (loss) | (55,571) | 571,637 | 142,253 |
| Contributions employer | 32,121 | 23,175 | 65,115 |
| Contributions participant | 26,618 | 30,880 | 34,976 |
| Administrative fees | (19) | (13) | (8) |
| Benefits paid to participants (withdrawals) | (131,787) | (96,694) | (51,412) |
| Inter-plan fund transfers (net) | 261 | 551 | 43 |
| Intra-plan fund transfers (net) | (69,032) | (58,582) | (13,395) |
| Net increase (decrease) | (197,409) | 470,954 | 177,572 |

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| | | | |
|------------------------------------|--------------|--------------|------------|
| Net Assets Available for Benefits: | | | |
| Beginning of year | 1,271,739 | 800,785 | 623,213 |
| End of year | \$ 1,074,330 | \$ 1,271,739 | \$ 800,785 |

Table of Contents**SPRINT RETIREMENT SAVINGS PLAN****NOTES TO FINANCIAL STATEMENTS (Continued)****DECEMBER 31, 2005**

Of the above net assets, the portion representing non-participant-directed investments is as follows:

| | 2005 | As of December 31: 2004 | 2003 |
|--------------------------------|------------------------|----------------------------|---------|
| | (Thousands of Dollars) | | |
| Net Assets: | | | |
| Sprint Nextel Corporation SPA: | | | |
| Company Stock Fund | \$ 683,827 | \$ 794,114 | \$ |
| FON Stock Fund | | | 410,271 |
| PCS Stock Fund | | | 105,188 |

5. RELATED PARTY TRANSACTIONS

Company contributions are made directly to the Company Stock Fund and prior to April 24, 2004 were made to both the FON and PCS Stock Funds. Participants also may elect to direct a percentage of their contribution to the Company Stock Fund. Combined contributions to the Company Stock Fund approximated \$59 million in 2005 and \$54 million in 2004. In 2003, these contributions to the separate FON and PCS Stock Funds approximated \$62 million and \$38 million, respectively.

6. LEGAL PROCEEDINGS

In 2003, certain participants in the Plan and in the Sprint and Centel Retirement Savings Plans for Bargaining unit Employees filed suit in the U. S. District Court for the District of Kansas against Sprint Nextel, the committees that administer these plans, the plan trustee, and various current and former officers and directors of Sprint Nextel. The consolidated lawsuit alleges that defendants breached their fiduciary duties to the plans and violated ERISA by making the matching contributions in Sprint Nextel common stock and by including Sprint Nextel common stock among the investment options offered to plan participants. The lawsuit seeks to recover any decline in the value of the FON and PCS tracking stocks during the class period. A settlement agreement has been filed with the court and is subject to final court approval. The settlement calls for certain changes to be made to the plans, the vesting of certain amounts of Sprint Nextel common stock in the accounts of certain former employees and the distribution of \$4 million in cash to former employees who no longer have accounts in the plans.

7. SUBSEQUENT EVENTS

Effective January 1, 2006, the Plan name changed to the Sprint Nextel 401(k) Plan. Effective January 1, 2006, the Nextel 401(k) Savings Plan (the "Nextel Plan") was merged into the Plan and eligible employees of Nextel and its subsidiaries who participated in the Nextel Plan became eligible to participate in the Plan. Participant account balances in the Nextel Plan were transferred to the Plan effective January 1, 2006. The total market value of these transfers approximated \$449 million.

On August 12, 2005, Sprint Nextel acquired US Unwired, Inc. Effective January 1, 2006, the US Unwired Savings Security and Profit Sharing Plan (the "USU Plan") was merged into the Plan and eligible employees of US Unwired Inc. and its subsidiaries who participated in the USU Plan became eligible to participate in the Plan. Participant account balances in the USU Plan were transferred to the Plan effective January 1, 2006. The total market value of these transfers into the Plan approximated \$9 million.

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Effective January 1, 2006, Sprint Nextel established the Sprint Retirement Savings Plan for the Local Telecommunications Division (the LTD Plan), which covers employees and designated employees of

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SPRINT RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2005

the Local Telecommunications Division who are no longer eligible to participate in the Plan. Account balances for employees and designated employees of the Local Telecommunications Division were transferred to the LTD Plan effective January 1, 2006. The total market value of these transfers approximated \$796 million. Effective May 17, 2006, Sprint Nextel spun-off to its shareholders its wholly-owned subsidiary, Embarq Corporation, which operates the assets comprised of Sprint Nextel's local telecommunications business prior to the spin-off. In conjunction with this spin-off, the sponsor of the LTD Plan changed from Sprint Nextel to Embarq Corporation.

Effective January 1, 2006, the Plan was amended to provide a matching contribution equal to 100% of a participant's contribution to the Plan, up to a maximum of 5% of the participant's eligible compensation each payroll period. All Company matching contributions made after December 31, 2005 are 100% vested.

Effective January 1, 2006, the Plan was amended to provide that Sprint Nextel common stock is no longer offered as an investment alternative for additional contributions or exchanges and the Company matching contribution is no longer made in Sprint Nextel common stock.

Effective May 17, 2006, the Plan was amended to permit participants to fully diversify their Company matching contributions regardless of when the contributions were made or the participant's age.

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SUPPLEMENTAL SCHEDULE

Table of Contents**SPRINT RETIREMENT SAVINGS PLAN****EIN: 48-0457967****Plan #004****Schedule H, Line 4(i) Schedule of Assets (Held at End of Year)****December 31, 2005**

| Identity of Issue | Cost | Current Value (Thousands of Dollars) |
|--|------------------|---|
| Common Stock Funds: | | |
| Sprint Nextel Corporation SPA: Company Stock Fund ** | \$ 1,045,519 | \$ 1,071,874 |
| Sprint Nextel Corporation: TRASOP Stock Fund ** | 79,306 | 129,893 |
| Sprint Nextel Corporation: CESOP Stock Fund ** | 4,203 | 5,722 |
| Total Common Stock Funds | 1,129,028 | 1,207,489 |
| Equity Funds: | | |
| Fidelity Magellan Fund, Inc. ** | 232,246 | 372,016 |
| Fidelity Equity Income Fund, Inc. ** | 142,152 | 214,356 |
| Fidelity OTC Portfolio Fund, Inc. ** | 70,721 | 80,628 |
| Fidelity Overseas Fund, Inc. ** | 46,200 | 73,638 |
| Fidelity Dividend Growth Fund, Inc. ** | 86,226 | 115,039 |
| Capital Guardian International Equity Fund | 7,580 | 13,170 |
| Capital Guardian Emerging Market Equity Fund | 12,299 | 21,913 |
| Jennison Associates LLC Separately Managed Account | 9,246 | 15,322 |
| Harris Associates, L.P. Separately Managed Account | 6,644 | 9,442 |
| Wall Street Associates Separately Managed Account | 6,520 | 10,766 |
| American Century Equity Income Fund | 32,285 | 44,420 |
| DFA U.S. Small-Cap Value Portfolio | 53,118 | 76,895 |
| GMO Global Equity Allocation | 11,796 | 19,541 |
| Harbor Midcap Growth I | 23,130 | 32,687 |
| Total Equity Mutual Funds | 740,163 | 1,099,833 |
| Equity Index Funds: | | |
| NTGI Russell 2000 Index Fund | 19,607 | 28,885 |
| NTGI EAFE Index Fund | 7,882 | 11,791 |
| NTGI S&P 500 Equity Index Fund | 60,960 | 88,389 |
| Total US Stock Index Funds | 88,449 | 129,065 |
| Bond Mutual Funds: | | |
| PIMCO High Yield Fund | 15,185 | 21,773 |
| PIMCO Foreign Bond Fund | 7,383 | 10,051 |
| GMO Emerging Country Debt Share Fund | 42,112 | 53,524 |
| PIMCO Separately Managed I Account | 140,626 | 221,821 |
| PIMCO Separately Managed B Account | 54,260 | 82,083 |
| Total Bond Mutual Funds | 259,566 | 389,252 |
| Short-Term Investments: | | |
| NTGI Short-term | 28,564 | 39,013 |
| Fidelity Retirement Market Account ** | 254 | 254 |
| Total Short-Term Investments | 28,818 | 39,267 |
| Other Investments: | | |

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| | | |
|-------------------------------|--------------|--------------|
| Conservative Growth Portfolio | 4,508 | 6,663 |
| Moderate Growth Portfolio | 8,025 | 12,456 |
| Balanced Growth Portfolio | 18,365 | 28,751 |
| High Growth Portfolio | 13,792 | 20,669 |
| Aggressive Growth Portfolio | 14,895 | 21,863 |
| Total Other Investments | 59,585 | 90,402 |
| Participant Loans ** | 85,193 | 85,193 |
| Total Investments | \$ 2,390,802 | \$ 3,040,501 |

** Indicates party-in-interest to the Plan.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Employee Benefits Committee, which administers the Plan, has duly caused this annual report to be signed on its behalf by the undersigned, hereunto duly authorized.

Sprint Retirement Savings Plan

/s/ ELLEN PETROCCI

By:

Ellen Petrocci
Employee Benefits Committee

Date: June 26, 2006

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EXHIBIT INDEX

Exhibit Number

| | |
|--------|---|
| 23-(a) | Consent of KPMG LLP, Independent Registered Public Accounting Firm |
| 23-(b) | Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm |