SPRINT NEXTEL CORP
Form DEF 14A
April 05, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

SPRINT NEXTEL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT

MAY 15, 2012

We will hold the annual meeting of shareholders of Sprint Nextel Corporation on Tuesday, May 15, 2012 at 10:00 a.m. Central time at the Sheraton Overland Park Hotel, 6100 College Boulevard; Overland Park, Kansas, 66211 (913-234-2100).

The purpose of the annual meeting is to consider and take action on the following:

1. Election of ten directors named in the proxy statement;
2. Ratification of the selection of the independent registered public accounting firm;
3. Advisory resolution to approve executive compensation;
4. Approval of amendment to Article SEVENTH of our Articles of Incorporation to opt-out of the Kansas Business Combination Statute;
5. Approval of amendment to Article SEVENTH of our Articles of Incorporation to remove our Business Combination Provision;
6. Approval of material terms of performance objectives under 2007 Omnibus Incentive Plan, as amended;
7. Vote on three shareholder proposals, if presented at the meeting; and
8. Any other business that properly comes before the meeting and any adjournment or postponement of the meeting.

We are taking advantage of Securities and Exchange Commission rules that allow us to furnish proxy materials to you via the Internet. Unless you have already requested to receive a printed set of proxy materials, you will receive a Notice Regarding the Availability of Proxy Material, or Notice. The Notice contains instructions on how to access proxy materials and vote your shares via the Internet or, if you prefer, to request a printed set of proxy materials at no additional cost to you. We believe that this approach provides a convenient way for you to access your proxy materials and vote your shares, while lowering our printing and delivery costs and reducing the environmental impact associated with our annual meeting.

Shareholders of record as of March 16, 2012 can vote at the annual meeting. On or about April 5, 2012, we mailed the Notice or, for shareholders who have already requested to receive a printed set of proxy materials, this proxy statement, the accompanying proxy card and the Annual Report on Form 10-K for the year ended December 31, 2011. Please vote before the annual meeting in one of the following ways to ensure your vote is counted:

1. By Internet You can vote over the Internet at *www.proxyvote.com* by entering the control number found on your Notice or proxy card;

2. By Telephone You can vote by telephone by calling 1-800-690-6903 and entering the control number found on your Notice or proxy card; or

3. By Mail If you received your proxy materials by mail, you can vote by signing, dating and mailing the proxy card in the pre-paid enclosed envelope.

Your vote is very important. Your proxy may be revoked at any time before the vote at the annual meeting by following the procedures outlined in this proxy statement.

By order of the Board of Directors,

Overland Park, Kansas	James H. Hance, Jr.
April 5, 2012	*Chairman of the Board of Directors*

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 15, 2012.

The Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2011 are available at *www.proxyvote.com*.

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Proposal 1 Election of Directors

PROPOSAL 1. ELECTION OF DIRECTORS

(Item 1 on Proxy Card)

We currently have ten seats on our board. Each of the ten nominees, if elected, will serve until the 2013 annual meeting and until a successor has been duly elected and qualified. The persons named in the accompanying proxy will vote your shares for the election of the nominees named below unless you direct otherwise. Each nominee has consented to be named and to continue to serve if elected. If any of the nominees becomes unavailable for election for any reason, the proxies will be voted for the other nominees and for any substitutes.

All our directors bring to our board significant executive leadership experience derived from their service as executives and, in most cases, chief executive officers, of large corporations. They also all bring extensive board experience and a diversity of views and perspectives derived from their individual experiences working in a broad range of industries and occupations. Certain individual experiences, qualifications and skills of our directors that contribute to our board s effectiveness as a whole are described under Nominees for Director below.

Director Nomination Process

In evaluating prospective candidates or current board members for nomination, the Nominating and Corporate Governance Committee, or Nominating Committee, considers all factors it deems relevant, including, but not limited to, the candidate s:

- character, including reputation for personal integrity and adherence to high ethical standards;
- judgment;
- knowledge and experience in leading a successful company, business unit or other institution;
- independence from our company;
- ability to contribute diverse views and perspectives;
- business acumen; and
- ability and willingness to devote the time and attention necessary to be an effective director all in the context of an assessment of the needs of our board at that point in time.

The Nominating Committee reviews with our board the appropriate characteristics and background needed for directors. This review is undertaken not only in considering new candidates for board membership, but also in determining whether to nominate existing directors for another term. The Nominating Committee determines the current director selection criteria and conducts searches for prospective directors whose skills and attributes reflect these criteria. To assist in the recruitment of new members to our board, the Nominating Committee employs one or more third-party search firms. All approvals of nominations are determined by the full board.

Consistent with our *Corporate Governance Guidelines*, the Nominating Committee places a great deal of importance on identifying candidates having a variety of views and perspectives arising out of their individual experiences, professional expertise, educational background, and skills. In considering candidates for our board, the Nominating Committee considers the totality of each candidate s credentials in the context of this standard.

It is the policy of the Nominating Committee also to consider candidates recommended by shareholders, using the same key factors described above for purposes of its evaluation. A shareholder who wishes to recommend a prospective nominee for our Board should notify the Corporate Secretary in writing with supporting material that the shareholder considers appropriate. The Nominating Committee will also consider whether to nominate any person nominated by a shareholder pursuant to the provisions of our bylaws relating to shareholder nominations described in General Information Nominations of Individuals to Serve as Directors.

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Proposal 1 Election of Directors

Majority Voting

Our bylaws provide that each nominee for director in an uncontested election will be elected if the votes cast for that nominee exceed the votes cast against that nominee. Votes cast, with respect to the election of directors, do not include abstentions and broker non-votes. The date for determining if an election is contested or uncontested has been set at 14 days before we file our definitive proxy statement. This requirement is intended to help us determine for our proxy statement whether director nominees will be elected under a majority or plurality standard prior to soliciting proxies.

Our *Corporate Governance Guidelines* provide that an incumbent nominee who receives fewer votes for than against in an uncontested election is expected to tender promptly his or her resignation. The Nominating Committee will recommend, and our board will determine, whether or not to accept the tendered resignation within 90 days of the certification of the shareholder vote with respect to the director election. Our board s decision will be publicly disclosed.

Nominees for Director

ROBERT R. BENNETT, 53, director since 2006, Principal of Hilltop Investments, LLC, a private investment company.

Public Company Board Directorships: Discovery Communications, Inc., Demand Media, Inc., and Liberty Media Corporation.

Former Directorships Held During the Past Five Years: Discovery Holding Corporation.

Biography: Mr. Bennett served as President of Discovery Holding Company from March 2005 until September 2008, when the company merged with Discovery Communications, Inc. creating a new public company. Mr. Bennett also served as President and CEO of Liberty Media Corporation from April 1997 until August 2005 and continued as President until March 2006. He was with Liberty Media from its inception, serving as its principal financial officer and in various other capacities. Prior to his tenure at Liberty Media, Mr. Bennett worked with Tele-Communications, Inc. and the Bank of New York.

Qualifications: Mr. Bennett has extensive knowledge of the capital markets and other financial and operational issues from his experiences as a principal financial officer and president and chief executive officer of Liberty Media, which allows him to provide an invaluable perspective to our board s discussions on financial and operational matters.

GORDON M. BETHUNE, 70, director since 2004, retired Chairman and Chief Executive Officer of Continental Airlines, Inc., an international commercial airline company.

Public Company Board Directorships: Honeywell International, Inc. and Prudential Financial, Inc.

Former Directorships Held During the Past Five Years: Willis Group Holdings, Ltd.

Biography: Mr. Bethune served as Chief Executive Officer of Continental Airlines from 1994 and as Chairman and Chief Executive Officer from 1996 until December 2004.

Qualifications: Mr. Bethune has extensive experience serving as a chief executive officer and director of large international corporations, which provides our board a perspective of someone familiar with all facets of an international enterprise.

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Proposal 1 Election of Directors

LARRY C. GLASSCOCK, 64, director since 2007, retired Chairman of the Board of WellPoint, Inc., a health benefits company.

Public Company Board Directorships: Simon Property Group, Inc., Sysco Corporation, and Zimmer Holdings, Inc.

Biography: Mr. Glasscock served as President and Chief Executive Officer of WellPoint, Inc. from November 2004 (following the merger between Anthem, Inc. and WellPoint Health Networks, Inc.) until June 2007 and as Chairman of WellPoint, Inc. from November 2005 until March 2010. Prior to Anthem s merger with WellPoint Health Networks in November 2004, Mr. Glasscock had served as Anthem s President and Chief Executive Officer since 2001 and also as Anthem s Chairman since 2003.

Qualifications: Mr. Glasscock s prior experience as the chairman, president and chief executive officer of WellPoint, Inc. and its predecessor companies, during which time the companies grew from approximately $6 billion in revenue to more than $60 billion in revenue, provides a unique insight into the challenges and opportunities involved in growing a company within a highly competitive industry, and his expertise derived from over 20 years of experience in financial services and as a senior executive and director enables him to provide invaluable assistance to our board on financial and marketing matters. Throughout his career, Mr. Glasscock has developed expertise in the successful completion and integration of mergers, utilization of technology to improve productivity and customer service, and team building and human capital development. Mr. Glasscock also has significant experience as a public company director and as a member of various committees related to important board functions, including audit, finance, governance and compensation.

JAMES H. HANCE, JR., 67, director since 2005, Chairman of the Board of Sprint Nextel, and an Operating Executive with The Carlyle Group, a global alternative asset manager.

Public Company Board Directorships: Cousins Properties Incorporated, Duke Energy Corporation, Ford Motor Company, and Morgan Stanley.

Former Directorships Held During the Past Five Years: Rayonier Corporation and EnPro Industries, Inc.

Biography: Mr. Hance joined Carlyle in November 2005 and has worked primarily in its Global Market Strategies segment and the financial services sector. Prior to joining Carlyle in 2005, he served as the Vice Chairman of Bank of America Corporation from 1993 until his retirement in January, 2005 and as the Chief Financial Officer of Bank of America Corporation from 1988 until April 2004.

Qualifications: Mr. Hance s experience as a director for a wide variety of large corporations and his extensive experience in the financial services industry, which included responsibility for financial and accounting matters while serving as Chief Financial Officer of Bank of America Corporation, provide an invaluable perspective into the diverse issues facing an international enterprise, particularly relating to financial matters.

DANIEL R. HESSE, 58, director since 2007, President and Chief Executive Officer of Sprint Nextel.

Former Directorships Held During the Past Five Years: Clearwire Corporation, Nokia Corporation, and VF Corporation.

Biography: Before becoming the President and Chief Executive Officer of Sprint Nextel on December 17, 2007, Mr. Hesse was Chairman, President, and Chief Executive Officer of Embarq Corporation. He served as Chief Executive Officer of Sprint s Local

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Proposal 1 Election of Directors

Telecommunications Division from June 2005 until the Embarq spin-off in May 2006. Before that, Mr. Hesse served as Chairman, President and Chief Executive Officer of Terabeam Corp., a wireless telecommunications service provider and technology company, from 2000-2004. Prior to serving at Terabeam Corp., Mr. Hesse spent 23 years at AT&T during which he held various senior management positions, including President and Chief Executive Officer of AT&T Wireless Services. He serves on the board of directors of the National Board of Governors of the Boys and Girls Clubs of America.

Qualifications: As our president and chief executive officer, Mr. Hesse provides our board with unparalleled insight into our company s operations, and his 35 years of experience in the telecommunications industry provides substantial knowledge of the challenges and opportunities facing our company.

V. JANET HILL, 64, director since 2005, Principal, Hill Family Advisors.

Public Company Board Directorships: The Wendy s Company and Dean Foods, Inc.

Former Directorships Held During the Past Five Years: Wendy s/Arby s Group, Inc.

Biography: In 2010, Mrs. Hill retired from Alexander & Associates, Inc., a corporate consulting firm, after serving as a Vice President since 1981.

Qualifications: Mrs. Hill s significant experience as a consultant to and director of large commercial enterprises provides our board with the keen insight of someone whose expertise is advising companies on the governance and operational challenges facing international consumer companies.

FRANK IANNA, 63, director since 2009, Chief Executive Officer and Director, Attila Technologies LLC, a mobile networking company that designs wireless communications systems.

Public Company Board Directorships: Tellabs, Inc.

Former Directorships Held During the Past Five Years: Clearwire Corporation.

Biography: Mr. Ianna retired from AT&T in 2003 after a 31-year career serving in various executive positions, most recently as President of Network Services. Following his retirement, Mr. Ianna served as a business consultant, executive and board member for several private and nonprofit enterprises.

Qualifications: Mr. Ianna s technical background and expertise, and his vast experience in the telecommunications industry as an executive and director for a diverse array of enterprises allows him to provide a unique perspective to our board on a wide variety of issues.

SVEN-CHRISTER NILSSON, 67, director since 2008, Owner and Founder, Ripasso AB, Ängelholm, Sweden, a private business advisory company.

Public Company Board Directorships: Ceva, Inc. and Assa Abloy AB.

Former Directorships Held During the Past Five Years: TeliaSonera AB and Tilgin AB.

Biography: Mr. Nilsson serves as an advisor and board member for companies throughout the world. He previously served in various executive positions for The Ericsson Group from 1982 through 1999, including as its President and Chief Executive Officer from 1998 through 1999. He currently serves as the Chairman of the Swedish Public Service Broadcasting Foundation and of the (Swedish) Defense Materiel Administration.

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Qualifications: Mr. Nilsson has a decades-long record of achievement in the international telecommunications marketplace, which gives our board a unique international perspective, and his experience as a chief executive officer and director of several enterprises provides the perspective of a leader familiar with the challenges and opportunities facing our company.

WILLIAM R. NUTI, 48, director since 2008, Chairman of the Board, Chief Executive Officer and President of NCR Corporation, a global technology company.

Public Company Board Directorships: NCR Corporation

Former Directorships Held During the Past Five Years: Symbol Technologies, Inc.

Biography: Mr. Nuti has served as Chief Executive Officer and President of NCR since August 2005, and as Chairman of NCR since October 2007. Before joining NCR, Mr. Nuti served as President and Chief Executive Officer of Symbol Technologies, Inc. from 2003 to 2005, and as President and Chief Operating Officer of Symbol Technologies from 2002 to 2003. Mr. Nuti joined Symbol Technologies in 2002 following more than 10 years at Cisco Systems, where he advanced to the dual role of senior vice president of the company s Worldwide Service Provider Operations and senior vice president of U.S. Theater Operations.

Qualifications: As a current chairman and chief executive officer of a global technology company, Mr. Nuti provides our board an invaluable perspective of someone with primary responsibility for the oversight of all facets of an international enterprise in today s global economy.

RODNEY O NEAL, 58, director since 2007, Chief Executive Officer and President of Delphi Automotive PLC, a global supplier of mobile electronics and transportation systems.

Public Company Board Directorships: Delphi Automotive PLC.

Former Directorships Held During the Past Five Years: The Goodyear Tire & Rubber Company.

Biography: Mr. O Neal has served as Chief Executive Officer and President of Delphi since January 2007. From January 2005 until January 2007, he served as President and Chief Operating Officer of Delphi. In 2003, he was named president of the Dynamics, Propulsion, and Thermal Sector. Previously, he served in a variety of domestic and international operating assignments for both Delphi and its former parent company, General Motors.

Qualifications: Mr. O Neal has extensive senior management experience as both a chief executive officer and director, which provides the knowledge and expertise necessary to contribute an important viewpoint on a wide variety of governance and operational issues.

Our Board of Directors recommends that you vote FOR the election of the ten nominees for director in this Proposal 1.

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BOARD OPERATIONS

Corporate Governance Matters

Our board and senior management devote considerable time and attention to corporate governance matters and we are pleased to be recognized by GovernanceMetrics International as one of the 20 Most Responsible U.S. Companies. We maintain a comprehensive set of corporate governance initiatives that include the following:

- refinement of our policies and goals with respect to the determination of executive compensation programs, including increasing emphasis on performance-based equity compensation, as further described under Executive Compensation Compensation Discussion and Analysis ;
- amending our bylaws to implement a right to call a special meeting of shareholders for the holders of at least ten percent of our outstanding shares of common stock;
- amending our bylaws to permit our shareholders to take certain actions by written consent;
- implementing a majority vote standard in an uncontested election of directors;
- implementing an executive compensation clawback policy, which is discussed on page 31;
- implementing a policy regarding independent executive compensation consultants, which is discussed on page 24;
- conducting annual board, committee and director self-evaluations;
- maintaining a declassified board;
- adhering to strict independence standards for directors that meet or exceed New York Stock Exchange, or NYSE, listing standards;
- requiring the outside directors to hold executive sessions without management present no less than three times a year, at or in conjunction with regularly-scheduled board meetings;

requiring the Audit Committee, the Finance Committee, the Compensation Committee and the Nominating Committee to be composed entirely of independent directors as determined on an annual basis by our board;
publishing on our website our *Corporate Governance Guidelines* and charters for all standing committees of our board, which detail important aspects of our governance policies and practices;

maintaining limits on the number of other public company boards and audit committees on which our directors may serve;

maintaining a policy that prohibits our independent registered public accounting firm from providing professional services, including tax services, to any employee or board member or any of their immediate family members that would impair the independence of our independent registered public accounting firm;

maintaining stock ownership guidelines for any officer at the level of senior vice president or above and outside directors; and

maintaining limits on payments made under severance agreements with any officer at the level of senior vice president or above as further described below under Executive Compensation Compensation Discussion and Analysis.

Board Communications

We value the views of our shareholders. Consistent with this approach, our board has established a system to receive, track and respond to communications from shareholders addressed to our board or to our outside directors. A statement regarding our board communications policy is available at *www.sprint.com/governance.* Any shareholder who wishes to communicate with our board or our outside directors may write to our General Counsel, Senior Vice President and Corporate Secretary, who is our Board Communications Designee, at the following address: Sprint Nextel Corporation, 6200 Sprint Parkway, Overland Park, KS 66251, KSOPHF0302-3B424, or send an email to *boardinquiries@sprint.com.* Our board has instructed the Board Communications Designee to examine incoming communications and forward to our board, or individual directors as appropriate, communications deemed relevant to our board s roles and responsibilities. Our board has requested that certain types of

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communications not be forwarded, and redirected if appropriate, such as: spam, business solicitations or advertisements, resumes or employment inquiries, service complaints or inquiries, surveys, or any threatening or hostile materials. The Board Communications Designee will review all appropriate communications and report on the communications to the chair of or the full Nominating Committee, the full board, or the outside directors, as appropriate. The Board Communications Designee will take additional action or respond to letters in accordance with instructions from the relevant board source. Communications relating to accounting, internal accounting controls, or auditing matters will be referred promptly to members of the Audit Committee in accordance with our policy on communications with our board of directors.

Board Leadership Structure

Since 2007, our board has determined that designating an independent director to act as the non-executive Chairman serves the best interests of the Company and our shareholders. Our board believes, in part because of the unique qualifications and skills of our non-executive Chairman, that this structure enhances our board s oversight of, and independence from, management, the ability of our board to carry out its roles and responsibilities on behalf of the shareholders, and the Company s overall corporate governance. In addition, each of our board s standing committees, except the Executive Committee, consists entirely of independent directors as determined on an annual basis by our board using the criteria set forth in our *Corporate Governance Guidelines* and described below.

James H. Hance, Jr. currently serves as our Chairman. As detailed in our *Corporate Governance Guidelines*, the responsibilities and authority of our Chairman are designed to facilitate our board s oversight of management and ensure the appropriate flow of information between our board and management, and include the following:

- determining an appropriate schedule for board meetings and seeking to ensure that the outside directors can perform their duties responsibly while not interfering with the operations of the Company;

- setting agendas for board meetings, with the understanding that agenda items requested on behalf of the outside directors will be included on the agenda;

- determining the quality, quantity and timeliness of the flow of information from management that is necessary for the outside directors to perform their duties effectively and responsibly, with the understanding that the outside directors will receive any information requested on their behalf by the Chairman;

- coordinating, developing the agenda for, chairing, and moderating meetings of the outside directors;

- acting as principal liaison between outside directors and the Chief Executive Officer, or CEO, on sensitive issues and, when necessary, ensuring the full discussion of those sensitive issues at board meetings;

- providing input to the Compensation Committee regarding the CEO performance and meeting, along with the chair of the Compensation Committee, with the CEO to discuss our board s evaluation;

- assisting the Nominating Committee, our board, and our Company s officers in assuring compliance with and implementation of the *Corporate Governance Guidelines* and providing input to the Nominating Committee on revisions to the guidelines; and

- providing input to the Nominating Committee regarding the appointment of chairs and members of the Audit Committee, the Compensation Committee, the Executive Committee, the Finance Committee and the Nominating Committee.

The Chairman and the other directors may, from time to time, with the CEO s knowledge and in most instances with members of management present, meet with outside parties on issues of importance to all shareholders.

Independence of Directors

Our board has adopted a definition of director independence that meets the listing standards of the NYSE. Our *Corporate Governance Guidelines* require that at least two-thirds of our board be independent. A director will not be independent unless our board, considering all relevant circumstances, determines that the

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director does not have a material relationship with us, including any of our consolidated subsidiaries.

Our outside directors are directors who are not our employees. In determining the independence of the outside directors, our board considered whether our outside directors, their immediate family members, and the companies by which they are employed as an executive officer (if applicable) have any relationships with our company that would prevent them from meeting the independence standards of the NYSE. In performing its review, our board considered the responses provided by the outside directors in their director questionnaires and determined that the following director nominees for re-election at the 2012 annual meeting have no material relationship with our company and are independent using the definition described above: Mrs. Hill and Messrs. Bennett, Bethune, Glasscock, Hance, Ianna, Nilsson, Nuti and O Neal.

Risk Management

Our board takes an active role in overseeing management of the Company s risks, both through its own consideration of risks associated with our operations and strategic initiatives and through its committees consideration of various risks applicable to such committees areas of focus, which committees are comprised solely of independent directors. The Audit Committee reviews enterprise risks as part of its purpose to assist our board in fulfilling our board s oversight responsibilities with respect to the Company s enterprise risk management program. The Audit Committee receives regular reports regarding enterprise risk management matters from members of management who oversee the Company s Corporate Audit Services, or internal audit, and Legal Department and informs our board of such matters through regular committee reports. In addition to receiving regular reports from the Audit Committee concerning our enterprise risk management program, our board also reviews information concerning other risks through regular reports of its other committees, including information regarding financial risk management from the Finance Committee, compensation-related risk from the Compensation Committee and governance-related risk from the Nominating Committee.

Our management is responsible for day-to-day risk management. Our management and internal audit areas serve as the primary monitoring and

testing function for company-wide policies and procedures, and manage the day-to-day oversight of the risk management strategy for our ongoing business. This oversight includes identifying, evaluating, and addressing potential risks that may exist at the enterprise, strategic, financial, operational, compliance, and reporting levels.

We believe the division of risk management responsibilities described above is an effective approach for addressing the risks facing the Company and that our board leadership structure supports this approach.

Board Meetings

During 2011, our board held fifteen meetings. Directors are expected to devote sufficient time to prepare properly for and attend meetings of our board, its committees, and executive sessions and to attend our annual meeting of shareholders. All directors attended at least 75% of the meetings of our board and board committees on which they served during 2011, and all but three of the directors who served on our board at the time of our 2011 annual meeting attended that annual meeting.

Meetings of Outside Directors

In addition to board and committee meetings, our outside directors met without management present seven times in 2011 in conjunction with regularly scheduled board meetings.

Code of Ethics

Our code of ethics, *The Sprint Nextel Code of Conduct,* is available at *www.sprint.com/governance* or by email at *shareholder.relations@sprint.com.* It describes the ethical and legal responsibilities of directors and employees of our company and our subsidiaries, including senior financial officers and executive officers.

All of our directors and employees (including all senior financial officers and executive officers) are required to comply with *The Sprint Nextel Code of Conduct.* In support of the ethics code, we have provided employees with a number of avenues for the reporting of potential ethics violations or similar concerns or to seek guidance on ethics matters, including a 24/7 telephone helpline. The Audit Committee has established procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, including the

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confidential, anonymous submission by our employees of any concerns regarding questionable financial and non-financial matters to the Ethics Helpline at 1-800-788-7844, by mail to the Audit Committee, c/o Sprint Nextel Corporation, 6200 Sprint Parkway, Overland Park, KS 66251, KSOPHF0302-3B424, or by email to *boardinquiries@sprint.com*. Our Chief Ethics Officer reports regularly to the Audit

Committee and annually to the entire board on our ethics and compliance program.

Compensation Committee Interlocks and Insider Participation

There were no compensation committee interlocks or insider participation during 2011.

Board Committees

Our board has five standing committees: the Audit Committee, the Finance Committee, the Compensation Committee, the Executive Committee, and the Nominating Committee. Each committee is described in the table below and each has a charter that describes such committee s primary functions and principal responsiblities. A current copy of our *Corporate Governance Guidelines* and the charter for each standing committee of our board is available at *www.sprint.com/governance* or by email at *shareholder.relations@sprint.com*. Our charters and our *Corporate Governance Guidelines* were adopted by our board and are annually reviewed and revised as necessary. With the exception of Mr. Hesse s membership on our Executive Committee, our board has determined that each committee member is an independent director under the NYSE listing standards.

Committee, Membership and Meetings	Primary Functions
The Audit Committee *Larry C. Glasscock, Chairman* *Robert R. Bennett* *James H. Hance, Jr.* *Frank Ianna* Each member of our Audit Committee, with the exception of Mr. Ianna, is an audit committee financial expert as defined in the Securities and Exchange Commission, or SEC, rules. Committee met ten times in 2011.	Assist our board in fulfilling its oversight responsibilities with respect to: the integrity of our financial statements and related disclosures, as well as related accounting and financial reporting processes; our compliance with legal and regulatory requirements; our independent registered public accounting firm s qualifications, independence, audit and review scope, and performance; the audit scope and performance of our internal audit function; our ethics and compliance program; and our enterprise risk management program.

The Audit Committee also has sole authority for the appointment, retention, termination, compensation, evaluation and oversight of our independent registered public accounting firm.

The Finance Committee	
Robert R. Bennett, Chairman	Include:
Larry C. Glasscock	reviewing and approving our financing activities consistent with the authorization levels set forth in our fiscal policy;
James H. Hance, Jr.	
William R. Nuti	reviewing and making recommendations to our board on our capital structure, annual budgets, financial risk management, fiscal policy, investment policy and other significant financial initiatives; and
Committee met fourteen times in 2011.	reviewing and approving proposed acquisitions, dispositions, mergers, joint ventures and similar transactions consistent with the authorization

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Committee, Membership and Meetings	Primary Functions
	levels set forth in our fiscal policy.
The Compensation Committee *Gordon M. Bethune, Chairman* *V. Janet Hill* *William R. Nuti* *Rodney O Neal* Committee met seven times in 2011.	Include: discharging our board s responsibilities relating to compensation of our executives in general and our principal senior officers in particular; reporting on executive compensation in our annual proxy statement in accordance with applicable rules and regulations; and reviewing with management plans for the development and orderly succession of senior officers. Additional information about these processes and procedures can be found below in Executive Compensation Compensation Discussion and Analysis. Generally, the Compensation Committee s primary processes for establishing and overseeing outside director compensation and the role of company personnel and compensation consultants are similar to those regarding executive compensation. Any appropriate changes to outside director compensation are made following recommendation to our board by the Compensation Committee. In accordance with its charter, the Compensation Committee may delegate authority to subcommittees or any committee member when appropriate.
The Executive Committee *Daniel R. Hesse, Chairman* *Robert R. Bennett* *Gordon M. Bethune* *Larry C. Glasscock* *James H. Hance, Jr.*	To exercise powers of our board on matters of an urgent nature that arise between regularly scheduled board meetings.

V. Janet Hill

Committee did not meet in 2011.

The Nominating and Corporate Governance Committee

V. Janet Hill, Chairwoman

Gordon M. Bethune

Frank Ianna

Sven-Christer Nilsson

Rodney O Neal

Committee met four times in 2011.

Include:

ensuring that our company has effective corporate governance policies and procedures and an effective board and board review process;

assisting our board by identifying individuals qualified to become directors;

recommending to our board for approval the director nominees for the next annual meeting of the shareholders;

recommending to our board for approval the chairs and members of each board committee; and

developing, reviewing, and recommending to our board corporate governance policies and practices designed to benefit our shareholders.

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Director Compensation

DIRECTOR COMPENSATION

The compensation of our outside directors is partially equity-based and is designed to comply with our *Corporate Governance Guidelines*, which provide that the guiding principles behind our outside director compensation practices are: (1) alignment with shareholder interests; (2) preservation of outside director independence; and (3) preservation of the fiduciary duties owed to all shareholders. Our outside directors are also reimbursed for direct expenses relating to their activities as members of our board.

Components of Compensation

Compensation Element	2011 Compensation
Annual Retainer	$80,000
Chairman Retainer	$150,000
Audit Chair Retainer	$20,000
Compensation Chair Retainer	$15,000
Finance, Nominating and other Special Chair Retainer[1]	$10,000
Meeting Fees (per meeting):	
In Person	$2,000
Telephonic	$1,000
Restricted Stock Units[2]	Annual grant value of $110,000

(1) Includes any non-standing committee of directors established from time to time, but excludes the Executive Committee.

(2) Generally, the restricted stock units, or RSUs, underlying which are shares of our common stock, are granted each year on the date of the annual meeting of shareholders. Each grant vests in full upon the subsequent annual meeting. Any new outside board member joining our board receives a grant of prorated RSUs upon his or her appointment that vests in full upon the subsequent annual meeting.

The dollar value of the outside directors targeted annual grant is prorated for the time period between the date of the director s initial appointment to our board and the date of the subsequent annual meeting. The prorated RSU grant is intended to offer a competitive compensation package to our outside directors, to immediately align the interests of outside directors with our shareholders interests and to be consistent with the manner in which the cash retainers are paid upon an outside director joining our board.

Deferred Compensation Plans

We maintain a Deferred Compensation Plan, a nonqualified and unfunded plan under which our outside directors can defer receipt of all or part of their annual and additional retainer fees and meeting fees into various investment funds and stock indices, including a fund that tracks our shares of common stock. In 2011, no directors participated in our Deferred Compensation Plan. Our directors may also participate in our Directors Shares Plan, under which they can elect to use all or part of their annual and additional retainer fees and meeting fees to

purchase shares of our common stock in lieu of receiving cash payments. Our outside directors can also elect to defer receipt of these shares. In 2011, no directors participated in our Directors Shares Plan.

On an annual basis, our outside directors are given the opportunity to either enroll in or discontinue their participation in one or both of these plans. Our directors are also provided the opportunity to elect before the end of each calendar year to defer the receipt of shares

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Director Compensation

underlying any portion of any RSU awarded in the following calendar year. Two of our directors elected to defer the receipt of shares underlying their 2011 RSU awards vesting in 2012.

Stock Ownership Guidelines

Our director stock ownership guidelines provide that our outside directors should hold equity or equity interests in our shares with a fair value of at least three times the annual retainer fee. Each outside director is expected to meet this ownership level by the third anniversary of the director s initial election or appointment to our board. Our director stock ownership guidelines provide our board with flexibility to grant exceptions based on its consideration of individual circumstances. As of December 31, 2011, all but one of our outside directors were in compliance with our director stock ownership guidelines. Mr. Nilsson was not in compliance because he uses shares to cover his tax withholding. He is required to withhold taxes because he is not a U.S. citizen. If he did not use shares to cover his withholding taxes, he would have been compliant. The same stock and stock equivalents that count towards the stock ownership guidelines for our executive officers (as described below under Executive Compensation Compensation Discussion and Analysis Stock Ownership Guidelines) are used to determine our outside directors compliance with the director stock ownership guidelines.

In addition, outside directors are required to retain for a period of at least 12 months all shares or share equivalents (for example, stock options) received from us, except for shares sold for the payment of taxes as a result of shares becoming available to the outside director or delivered to pay for the acquisition of additional shares through the exercise of a stock option or otherwise. The 12-month period begins on the date any vesting periods have lapsed on the shares or share equivalents (including stock options). The outside directors are subject to this

holding period until they leave our board.

Other Benefits

We believe that it serves the interests of our company and our shareholders to enable our outside directors to utilize our communications services. Accordingly, each outside director is entitled to receive wireless devices, including accessories and the related wireless service, wireline long distance services, and long distance calling cards with a maximum limit of $12,000 per year. Outside directors may also receive specialized equipment, on an as-needed basis, with equipment valued at greater than $1,000 requiring Compensation Committee approval. In addition to the value of the communications service, the value of any additional services and features (for example, ringers, call tones, directory assistance) and the value of the wireless devices, replacements and associated accessories are included in the value of the communications benefit. There may be other circumstances in which devices are provided to board members (such as demonstration, field testing, and training units, or devices for use while traveling internationally); these devices must be returned or they will be converted to a consumer account and applied toward the wireless devices under this communications benefit.

Under our charitable matching gifts program, the Sprint Foundation matches contributions made to qualifying organizations on a dollar-for-dollar basis, up to the annual donor maximum of $5,000. The annual maximum contribution per donor, per organization is $2,500. As described in the director compensation table, Messrs. Glasscock and Hance were the only outside directors for whom the Sprint Foundation provided matching charitable contributions in 2011.

We do not offer retirement benefits to outside directors.

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Director Compensation

2011 Director Compensation Table

The following table provides compensation information for our outside directors who served during 2011. Compensation information for Mr. Hesse, our President and Chief Executive Officer, can be found in the Executive Compensation section of this proxy statement.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
Robert R. Bennett	138,000	110,000		248,000
Gordon M. Bethune	127,000	110,000		237,000
Larry C. Glasscock	154,000	110,000	1,500	265,500
James H. Hance, Jr.	278,000	110,000	2,500	390,500
V. Janet Hill	128,000	110,000		238,000
Frank Ianna	123,750	110,000		233,750
Sven-Christer Nilsson	106,000	110,000		216,000
William R. Nuti	109,000	110,000		219,000
Rodney O Neal	109,000	110,000		219,000

(1) Consists of annual retainer fees; chairman and committee chair fees; and board and committee meeting fees.

(2) Represents the grant date fair value of 20,755 RSUs granted to our outside directors on May 10, 2011 based on the Company s closing stock price of $5.30 on that date. The grant date fair value is calculated in accordance with FASB ASC Topic 718.

For a discussion of the assumptions used in determining the compensation cost associated with stock awards, see note 13 of the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2011. We did not issue stock options to outside directors as part of our 2011 outside director compensation program.

As of December 31, 2011, each of the outside directors held 20,755 stock awards in the form of RSUs. Although we issued no cash dividends in 2011, it is our policy that any cash dividend equivalents on the RSUs granted to the outside directors are reinvested into RSUs, which vest when the underlying RSUs vest.

As of December 31, 2011, V. Janet Hill was the only outside director that held outstanding stock option awards. Mrs. Hill held options, all of which are vested, with respect to 72,785 shares. Stock options granted to Mrs. Hill were granted under the Nextel incentive equity plan prior to the Sprint-Nextel merger. Since the merger, we have not issued stock options to our outside directors as part of our outside director compensation program.

(3) Consists of charitable matching contributions made on the director s behalf in 2011 under our Sprint Foundation matching gift program described on page 15.

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Audit Committee Report

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed and discussed our audited consolidated financial statements with management. The Audit Committee has also discussed with the independent registered public accounting firm the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board, or PCAOB, in Rule 3200T.

The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm s communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence.

The Audit Committee met with senior management periodically during 2011 to consider the adequacy of our internal controls and discussed these matters with our independent registered public accounting firm and with appropriate financial personnel. The Audit Committee also discussed with senior management our disclosure controls and procedures and the certifications by our CEO and our Chief Financial Officer, or CFO, which are required for certain of our filings with the SEC. The Audit Committee met privately with the independent registered public accounting firm, our internal auditors and other members of management, each of whom has unrestricted access to the Audit Committee.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the board that our audited consolidated financial statements be included in our annual report on Form 10-K for the year ended December 31, 2011 for filing with the SEC.

The Audit Committee

Larry C. Glasscock, Chair

Robert R. Bennett

James H. Hance, Jr.

Frank Ianna

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Executive Compensation

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This compensation discussion and analysis describes and analyzes our compensation program for our named executive officers, who are: Daniel R. Hesse, President and CEO; Joseph J. Euteneuer, CFO; Keith O. Cowan, President, Strategic Planning and Corporate Initiatives; Steven L. Elfman, President, Network Operations and Wholesale; Robert L. Johnson, Chief Service and Information Technology Officer; and Robert H. Brust, our former CFO, who retired in April 2011.

Compensation Overview

Philosophy and Objectives of Our Executive Compensation Program

Attract and retain qualified and experienced executives by providing base salaries, target incentives, and benefits that are market competitive, and require that a large portion of direct compensation is earned over a multi-year period with forfeiture to the extent that vesting requirements are not met.

Pay for performance by tying a substantial portion of our executives compensation opportunities directly to our performance through short- and long-term incentive compensation plans that include performance objectives most critical to driving our continued financial and operational improvement and long-term shareholder value.

Align compensation with shareholder interests by structuring our compensation programs to align executive interests with those of our shareholders, mitigate the possibility that our executives undertake excessively risky business strategies, and adhere to corporate governance best practices.

Components of Our Executive Compensation Program

The major components of our executive compensation program include base salary, our short-term incentive compensation (STIC) plan, and our long-term incentive compensation (LTIC) plan. The base salary and target opportunities under the STIC and LTIC plans for our named executive officers in 2011 are listed below.

Named Executive Officer	Base Salary	STIC plan	LTIC plan
Mr. Hesse	$1,200,000	$2,400,000	$12,000,000
Mr. Euteneuer	$775,000	$1,007,500	$3,500,000
Mr. Cowan	$725,000	$906,250	$2,500,000
Mr. Elfman	$650,000	$812,500	$3,250,000
Mr. Johnson	$510,000	$510,000	$1,400,000

Delivering on the Sprint Turnaround

We have faced significant headwinds in recent years. Although we are far from finished from delivering Sprint s turnaround, our progress has been significant. We plan to accomplish this turnaround in three phases: (1) Phase One, the recovery and strengthening of our business; (2) Phase Two, the investment phase; and (3) Phase Three, margin expansion. As Phase One concludes, our Company is recovering and our brand is strengthening. This improvement is illustrated by the measures that existed at the first earnings call after Mr. Hesse became our CEO for the fourth quarter 2007, and our fourth quarter earnings call for 2011, four years later.

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Executive Compensation

Delivering the Sprint Turnaround

	4Q 2007 Earnings Call	*4Q 2011 Earnings Call*
Net Subscriber Additions[1]	*(2.2) million YoY Decline*	*3.3 million YoY Growth*
Service Revenue[2]	*(1)% YoY Decline*	*3% YoY Growth*
Customer Satisfaction[3]	*Worst*	*Best*
Brand Health	*Declining*	*Improving*

(1) Change in Total Year Net Subscriber Additions, (2) Change in Annual Total Service Revenue, (3) ACSI Customer Satisfaction Score among Top 4 National Wireless Carriers. YoY means year-over-year.

Phase One

In Phase One, our executive compensation program provided strong incentives for executives to achieve the improvements illustrated above and focused on three priorities: improving the customer experience, strengthening the brand, and generating cash.

2011 STIC Plan

Our STIC plan is our annual cash bonus plan, which creates a strong incentive to achieve or exceed critical operating and financial objectives that are the leading drivers of sustainable increases in shareholder value. The table below summarizes our key priorities in 2011, the metrics selected in support of these priorities, and the rationale for why each was chosen by the Compensation Committee:

Priority	**Objective**	**Rationale**
Customer Experience	Postpaid subscriber churn, which is a measure of our ability to retain our customers who pay for their wireless service on a contract basis, typically for one- or two- year periods.	Measures the degree to which we retain our most profitable customers.
Strengthening our Brand	Postpaid Net Additions, which is a measure of the new wireless customers we gain, net of deactivations, for those customers who pay for their services on a contract basis.	Measures the degree to which we have attracted new customers to our brands.
	Prepaid Net Additions, which is the same measure as postpaid net additions but refers to those customers who do not pay for their service on a	

	contract basis.	
Generating Cash	Net service revenue, or NSR, which is our operating revenue less equipment revenue.	Measures the degree to which we have stabilized annual revenue, which is the key to driving long-term growth in profitability.
	Adjusted OIBDA, which means adjusted Operating Income Before Depreciation and Amortization less severance, exit costs and other special items.	Measures our ability to generate cash and profit, which are critical to our ability to invest in our business and service our debt.

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Executive Compensation

On October 4, 2011, we announced that we would be offering the iPhone® to our customers. We believe the iPhone® will generate long-term benefits, including growth in valuable postpaid subscribers, a reduction in variable cost of service per unit, and long-term accretion to cash flows from operations. However, because the iPhone® carries a higher equipment net subsidy, it resulted in a reduction in adjusted OIBDA and cash flows from operations in our fourth quarter.

The Compensation Committee endeavors to set targets at aggressive but attainable levels in light of then-current and prospective business conditions. Subject to the limitation of the payout achieved under the Internal Revenue Code Section 162(m), or Section 162(m), objective discussed on page 31, the Compensation Committee retains the discretion to increase or reduce the size of any award or payout under the STIC plan to ensure that extraordinary circumstances do not inequitably increase or decrease compensation.

Our budget and STIC plan targets were set without consideration of any iPhone® impact. Due to the timing of the iPhone® negotiations and confidentiality obligations to Apple, Inc., the Compensation Committee believed that our launch of the iPhone® was an extraordinary circumstance, and, therefore, decided to exclude from our results for STIC plan purposes the total financial impact related to the iPhone®. The adjusted results are detailed in the table below.

In particular, while the exclusion of the positive effect on net service revenue, postpaid churn and, postpaid net additions resulted in a slightly lower performance against that target, the exclusion of adjusted OIBDA results increased the payout under the STIC plan overall. The Compensation Committee believed that reducing bonus payouts to reflect costs related to this strategic decision would have unfairly punished employees, including our named executive officers, and potentially impaired the perception of fairness in our compensation system.

For the 2011 STIC plan, the Compensation Committee approved the aggregate payout percentage, as compared to targeted opportunity, for our employees, including our named executive officers, at approximately 73.7%. Had the adjustment to reflect the iPhone® impact not been made, the payments would have been approximately 63.7%. The incremental payout to our named executive officers with respect to this adjustment was approximately $563,000 in the aggregate.

Our STIC plan objectives, targets, adjustments to account for the iPhone®, and actual results with the iPhone® for 2011 are summarized in the table below:

Objective	Weight	Target	Adjusted without iPhone® Impact	Actual with iPhone® Impact	Difference between Adjusted and Actual
Postpaid Churn	20%	1.74%	1.89%	1.86%	.03%
Postpaid Net Adds	20%	788,000	(397,000)	(98,000)	(299,000)
Prepaid Net Adds	20%	2,237,000	2,512,000	2,512,000	
Net Service Revenue	20%	$30,526 mm	$30,741 mm	$30,768 mm	($27) mm
Adjusted OIBDA	20%	$5,635 mm	$5,707 mm	$5,072 mm	$635 mm

Despite the improvements during the past four years and described above, we underperformed in 2011 on the challenging targets the Compensation Committee set for adjusted OIBDA, postpaid churn, and postpaid net subscriber additions. For most of 2011, we competed in a challenging environment in which two of our largest competitors offered the iPhone®, a highly desirable device that created an advantage in their ability to acquire and retain customers. Notwithstanding this disadvantage, we grew revenues and achieved near-target results for the net service revenue objective.

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Executive Compensation

2011 LTIC Plan

Our LTIC plan is designed to encourage retention, linking payment of performance-based awards to achievement of financial objectives critical to our long-term success, and granting equity awards to directly link executive interests with those of our shareholders.

In 2011, we granted three types of awards under our LTIC plan:

Performance units Each unit has a value of $1.00, and named executive officers earn a cash payout that vests on December 31, 2013 and will be paid in the 1st Quarter of 2014. The performance unit award is allocated one-third to each of three annual performance periods (2011, 2012, and 2013) with cash payouts ranging from 0% to 150% based on achievement against objectives during the three performance periods.

Performance-based RSUs RSUs vest on the third anniversary of the grant date. The award is allocated one-third to each of three annual performance periods (2011, 2012, and 2013) with vesting of each third conditioned on achievement against objectives.

Stock options Non-qualified stock options vest ratably on each of the three anniversaries of the grant date with an exercise price equal to the fair market value (closing price on the NYSE) of our stock on the grant date. To determine the number of stock options to be delivered under the 2011 LTIC plan, we used a Black-Scholes valuation model discussed below in footnote 3 to the 2011 Summary Compensation Table.

With respect to the performance units and performance-based RSUs, the Compensation Committee selected objectives to support our turnaround efforts as described below.

Priority	Objective	Rationale
Generating Cash	Net service revenue	Measures the degree to which we have grown annual revenue, which is the key to driving long-term growth in profitability.
	Free cash flow, which is the cash provided by our operating activities less the cash used in our investing activities other than short-term investments and equity method investments during the applicable period.	Measures our ability to generate cash, which is critical to our ability to invest in our business and service our debt.

For the same reasons and subject to the limitation of the payout percentage achieved under Section 162(m) objectives discussed on page 31, the Compensation Committee excluded the positive impact on revenue and the negative impact on free cash flow attributable to the iPhone® for purposes of measuring LTIC performance. In addition, our board-approved budgets and corresponding performance targets were established before we reached the final terms of our spectrum-hosting arrangement with LightSquared, Inc., which included an advance cash payment that benefited free cash flow. Therefore, the Compensation Committee also adjusted the free cash flow results to exclude the positive impact of this transaction on payouts.

For the 2011 annual performance period under the 2011 LTIC plan, the Compensation Committee approved the aggregate payout percentage for the performance units, as compared to targeted opportunity, for our named executive officers at approximately 106.5%. Had the adjustments described above not been made, the payments would have been approximately 91.5%. The Compensation Committee also approved the payout percentage for the performance-based RSUs, which was not adjusted and remained at 100%. The incremental payout to our named executive officers with respect to this adjustment was approximately $1,058,600 in the aggregate.

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Executive Compensation

Our LTIC plan objectives, targets, adjustments to account for the iPhone® and LightSquared, and actual results with the iPhone® and LightSquared for 2011 are summarized in the table below:

	Free Cash Flow Performance Target (in millions)				Net Service Revenue Performance Target (in millions)			
	Target ($)	Adjusted without Impacts ($)(1)	Actual with Impacts ($)	Difference between Adjusted and Actual	Target ($)	Adjusted without Impacts ($)(1)	Actual with Impacts ($)	Difference between Adjusted and Actual
Performance Units	700	722	429	293	30,526	30,741	30,768	27
Performance-based RSUs	0	N/A	429	N/A	29,026	N/A	30,768	N/A

(1) Adjusted to exclude the impacts of the iPhone® and LightSquared.

Because the payout for the performance-based RSUs is capped at 100% and there is no graduated scale for partial payout for performance below target, the Compensation Committee set the free cash flow and net service revenue targets at a lower but still meaningful level than for the performance units.

As expressed in the table below, the current value of compensation for Mr. Hesse is well below the market-competitive target opportunity. This is primarily reflective of our stock price. The current value of compensation for other named executive officers is similarly below the target opportunity, which reflects our philosophy of ensuring that pay is closely correlated with changes in shareholder value over time.

Current Value *Compensation means base salary, actual bonus earned and fair market value of outstanding performance-based RSU awards and the intrinsic value of outstanding options (plus any amount realized upon exercise of options) as of December 31, 2011. Mr. Hesse, however, has not exercised any options during his tenure.*

Compensation ***Target*** *means base salary, target bonus and grant date fair value of all equity awards granted in the applicable year(s).*

Year 2007 includes Mr. Hesse s base salary, sign-on awards of RSUs and stock options as well as a cash bonus. Mr. Hesse started on December 17, 2007.

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Executive Compensation

Our mix of fixed and performance-based compensation target opportunities under the STIC and LTIC plans for 2011 for Mr. Hesse can be illustrated by the following:

CEO Compensation Ratio

Phase Two

As discussed on page 18, we are in the process of a three-stage turnaround. To enhance the focus on Phase Two, investment for future growth, the Compensation Committee made several changes in the design of our STIC and LTIC plans for 2012:

Performance measurement - during Phase One we measured performance on a semi-annual basis in our STIC plan and an annual basis in our LTIC plan to ensure that goals were set commensurate with our rapidly evolving results. The stabilization of our business enables a return to a more traditional and best practice performance measurement system, and for 2012 we will measure performance in the STIC plan over a one-year period and in the LTIC plan over a three-year period.

Performance metrics - to increase our emphasis on profitability, *Adjusted OIBDA* will have a 40% weighting in our 2012 STIC plan (twice the amount allocated 2011). The other objectives in the 2012 STIC plan are *postpaid churn* with a 30% weighting (to maintain our focus on the customer experience) and *total net additions* with a 30% weighting (to maintain our focus on improving the brand).

To increase our focus on successful investment, our 2012 LTIC plan will have a new objective (with a 33.3% weighting for performance units and performance-based RSUs) that focuses on the implementation of *Network Vision* (measured by a number of completed cell sites). Network Vision is a multi-year network infrastructure initiative intended to provide subscribers with an enhanced network experience by improving voice quality, coverage, and data speeds, while enhancing network flexibility, reducing operating costs, and improving environmental sustainability through the utilization of multiple spectrum bands onto a single multi-mode base station.

The other two objectives in our 2012 LTIC plan remain net service revenue (with a 33.3% weighting) and free cash flow (with a 33.4%). The weighting change relative to 2011 (which was each at 50%) reflects the shift in our focus from stabilizing top line revenue to investing in the future in order to drive both growth and increased profitability.

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Executive Compensation

Corporate Governance Highlights

We endeavor to maintain good governance standards, including with respect to our executive compensation practices. Several highlights are listed below:

We have stock ownership guidelines and a clawback policy.

Our named executive officers receive few perquisites, entitlements or elements of non-performance-based compensation, except for market-competitive salaries and modest benefits that are comparable to those provided to all employees.

Our severance benefits are moderate: with no benefit in excess of two times base salary plus bonus, change-in-control benefits payable only upon a double-trigger qualified termination, and no golden parachute or excise tax gross-ups.

The Compensation Committee retains an independent advisor that performs no other work for the Company.

Setting Executive Compensation

Role of Compensation Consultant and Executive Officers

The Compensation Committee has retained Frederic W. Cook & Co., Inc., or Cook, as its independent compensation consultant. Cook provides no services to us other than advisory services for executive and director compensation and has no other relationships with the Company. Cook works with management only at the request and under the direction of the Compensation Committee and only on matters for which the Compensation Committee has oversight responsibility.

To ensure independence, the Compensation Committee has a policy regarding executive compensation consultants that codifies this relationship. Representatives of Cook attend Compensation Committee meetings at the Compensation Committee s request and provide guidance to the Compensation Committee on a variety of compensation issues. The primary point of contact at Cook frequently communicates with the chair of the Compensation Committee and interacts with all the Compensation Committee members without management present.

Cook has reviewed the compensation components and levels for our named executive officers and advised the Compensation Committee on the appropriateness of our compensation programs, including our incentive and equity-based compensation plans, retention incentives and proposed employment agreements, as these matters arose during the year. The Compensation Committee has directed that Cook provide this advice taking into account our overall executive compensation philosophy as described above. Cook prepares benchmarking data discussed below, reviews the results with the Compensation Committee, and provides recommendations and an opinion on the reasonableness of new compensation plans, programs and arrangements.

In addition to its ongoing support of the Compensation Committee and continuous advice on compensation design, levels and emerging market practices, Cook periodically conducts a comprehensive review of our overall executive compensation program including direct and indirect elements of compensation to ensure that the program operates in support of our short- and long-term financial and strategic objectives and that it aligns with evolving corporate governance best practices. Cook last completed such a comprehensive study in 2010 and found that, overall, the program supported our specific business and human resource objectives, including unique issues related to our rapidly evolving turn-around initiatives.

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Executive Compensation

Our CEO periodically discusses the design of and makes recommendations with respect to our compensation programs and the compensation levels of our other named executive officers and certain key personnel with the Compensation Committee.

Process for Setting Executive Compensation

The Compensation Committee annually reviews the compensation packages of our named executive officers and other key personnel in the form of tally sheets. These tally sheets value each component of compensation and benefits, including a summary of the outstanding equity holdings of each named executive officer as of year-end and the value of such holdings at various assumed stock prices. The tally sheets also set forth the estimated value that each of our named executive officers would realize upon termination under various scenarios.

The Compensation Committee uses these tally sheets when considering adjustments to base salaries and awards of equity-based or other remuneration and in establishing incentive plan target opportunity levels as follows:

- comparing each named executive officer s total compensation against a similar position in our peer group;
- understanding the impact of decisions on each individual element of compensation on total compensation for each named executive officer;
- evaluating total compensation of each named executive officer from an internal equity perspective; and
- assuring that equity compensation represents a portion of each named executive officer s total compensation that is in line with our philosophy of motivating the executives to align their interests with our shareholders.

Although the Compensation Committee reviews and considers the amounts realizable by our named executive officers under different termination scenarios, including those in connection with a change in control, as well as the current equity-based award holdings, these are not the primary considerations in the assessment and determination of annual compensation for our named executive officers.

Use of Benchmarking Data

To assist in setting total compensation levels that are reasonably competitive, the Compensation Committee reviews market trends in executive compensation and a competitive analysis prepared by Cook. This information is derived from the most recent proxy statement data of companies in a peer group of telecommunications and high-technology companies and, where limited in its functional position match to our executives, is supplemented with data on our peer group from a published compensation survey prepared by Towers Watson of approximately 80 participating all industry companies with revenues exceeding $4 billion.

Taking into consideration the recommendation of Cook, the Compensation Committee determines companies for our peer group based on similarity of their business model and product offerings as well as comparability from a size perspective, including annual revenue, market capitalization, net income, enterprise value and number of employees. For example, our revenue is above the median of our peer group while our enterprise value is below the median. The Compensation Committee approved the use of the following 13 companies for its 2011 executive compensation benchmarking analyses:

AT&T, Inc., Comcast Corporation, Computer Sciences Corporation, Dell Inc., DIRECTV, Hewlett-Packard Company, Motorola Inc., Qwest Corporation (now CenturyLink, Inc.), Qualcomm Incorporated, Texas Instruments Incorporated, Time Warner Inc., Verizon Communications Inc., Xerox Corporation

We removed Sun Microsystems from our peer group for our 2011 compensation decisions because it was acquired. In August of 2011, we made the following changes to our peer group that was used in our 2012 executive compensation decisions: removed Hewlett-Packard Company from our peer group, replaced Motorola with Motorola Solutions, Inc., and replaced Time Warner, Inc. with Time Warner Cable, Inc.

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Executive Compensation

For 2011, Cook provided the Compensation Committee with an analysis of the compensation of the named executive officers of each of the peer group companies as well as a summary of data at the 25th percentile, median, and 75th percentile for each element of compensation.

The Compensation Committee does not follow a specific formula in making its pay decisions, but rather uses benchmarks as a frame of reference and generally targets total compensation at the median of our peer group to reflect our relative position within it, with an opportunity to earn total payouts in the 75th percentile for overachievement relative to the peer group. The Compensation Committee exercises its judgment by taking into consideration a multitude of other important factors such as experience, individual performance, and internal pay equity. Furthermore, our executives realized pay is ultimately dependent on company performance. With respect to our named executive officers total targeted compensation for 2011, Messrs. Elfman, Euteneuer and Johnson were above median and the remaining named executive officers were below the median.

Primary Components of Executive Compensation

What follows is a discussion and analysis of the primary elements of our 2011 named executive officer compensation program.

Base Salary

Base salary is designed to attract and retain executives. Our named executive officers salaries are based on a number of factors, including the nature, responsibilities and reporting relationships of the position, individual performance of the executive, salary levels for incumbents in comparable positions at peer companies, as well as other executives within our organization, and experience and tenure of the executive. To minimize fixed costs during our turnaround and emphasize variable, performance-based compensation, the Compensation Committee has not made increases to base salary levels for our named executive officers, except in the case of Mr. Johnson due to many of the above-noted factors as well as the mid-year addition of significant responsibilities to his role. See 2011 Summary Compensation Table.

Short-Term Incentive Compensation Plan

Our STIC plan is our annual cash bonus plan, which we believe will ultimately result in an increase in shareholder value because our incentives under it are linked to business objectives that we believe will deliver our long-term success.

For the 2011 STIC plan, the Compensation Committee continued using two six-month performance periods for determining the amount of plan payments because it wanted to maintain flexibility to revisit the performance criteria at mid-year, if necessary. This flexibility enables the setting of goals that are sufficiently challenging to justify and support the costs associated with payout at various levels of performance. Such flexibility also protects against the possibility of a compensation windfall or deficit during a period in which the economic and telecommunications environment was still highly volatile. The first performance period was from January 1, 2011 through June 30, 2011, and the second was from July 1, 2011 through December 31, 2011. Each performance period had discrete performance objectives, and named executive officers must have been employed through December 31, 2011 in order to be eligible to receive full or prorated compensation for either period unless their termination during the year was the result of death, disability, retirement, or involuntary termination without cause.

In February 2011, the Compensation Committee established financial and operational objectives and their respective weightings and targets for the first half-year performance period, as well as reviewing

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Executive Compensation

proposed second half-year performance objectives. In early August, 2011, it approved the objectives, weightings and targets as previously discussed in February for the second half-year performance period. While our 2010 STIC plan emphasized a drive toward revenue generation, the Compensation Committee determined that our 2011 STIC plan should balance our senior management team s and other plan participants focus among our most critical financial and strategic objectives, which remained as growing revenue and earnings while increasing subscriber growth and reducing churn. To that end, the Compensation Committee established the following objectives for our 2011 STIC plan for each six-month performance period, each equally weighted at 20%:

- net service revenue;
- adjusted OIBDA;
- postpaid churn;
- postpaid net additions; and
- prepaid net additions.

To further our goal of tying a significant portion of each named executive officer s total annual compensation to our business performance, the STIC plan provides for a payment equal to the named executive officer s targeted opportunity (set at a percentage of his base salary) only if our actual results meet the targets. Similarly, a payment in excess of a named executive officer s targeted opportunity may be made if our actual performance exceeds the targeted objectives (capped at 200%), a payment below opportunity may be made if our actual performance is below the target objectives but exceeded the minimum threshold level, and no payout would be made if our actual performance does not exceed the minimum threshold level.

Long-Term Incentive Compensation Plan

Our LTIC plan serves our compensation objectives by linking payment to achievement of financial objectives, and by linking executive interests with those of our shareholders.

Following evaluation of our recent LTIC plans and assessment of the near-term factors critical to driving long-term shareholder value, in February 2011, following the board s approval of the 2011 budget, the Compensation Committee established the terms of the 2011 LTIC plan. This plan continued granting an executive s targeted 2011 LTIC opportunity in the form of performance-based opportunities: 50% in performance units (approximately 49% for Mr. Hesse), 30% in performance-based RSUs (approximately 36% for Mr. Hesse) and 20% in non-qualified stock options (approximately 15% for Mr. Hesse). In determining the weightings among the LTIC components, the Compensation Committee balanced the desire to incentivize achievement of critical financial objectives, stock price appreciation considerations, and affordability of the LTIC plan from both a share usage and aggregate cost perspective. In particular, placing less weight on the stock option component of the 2011 LTIC plan was intended to mitigate a potential windfall associated with possible significant increases in our stock price that were not tied to our performance but to rising equity markets generally.

Performance units Each unit has a value of $1.00, and executives earn a cash payout that vests on December 31, 2013 and would be paid in the 1st Quarter of 2014. The performance unit award is allocated one-third to three annual performance periods (2011, 2012, and 2013) with cash payouts ranging from 0 to 150% based on achievement against objectives during the three performance periods.

Performance-based RSUs RSUs vest on the third anniversary of the grant date. The award is allocated one-third to three annual performance periods (2011, 2012, and 2013) with vesting of each third conditioned on achievement against objectives.

Stock options Nonqualified stock options vest ratably on each of the three anniversaries of the grant date, with an exercise price equal to the fair market value (closing price on the NYSE) of our stock on the grant date. To determine the number of stock options to be delivered under the

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2011 LTIC plan, we used a Black-Scholes valuation model discussed below in footnote 3 to the 2011 Summary Compensation Table. For Mr. Hesse, the mix of LTIC plan awards was more heavily weighted by the Compensation Committee towards the components in which vesting is dependent on achievement of specific financial objectives. In particular, the number of shares underlying Mr. Hesse s awards that are subject to performance-based vesting exceeds the number of shares underlying the awards that are subject to time-based vesting. This approach is intended to ensure that long-term compensation earned by our CEO, who is the executive most accountable to shareholders, is most sensitive to performance against long-term goals.

We believe the establishment of three separate performance periods enhanced our ability to maintain ongoing focus on achievement of the most critical milestones for the next three years that are integral to our continued turnaround and allowed our Compensation Committee to set appropriately aggressive, yet attainable, targets, as well as mitigate risk of a windfall if we were to experience unforeseen overachievement over a three-year period. To ensure that our executives remain focused on sustaining long-term performance, however, the payment of these performance-based awards will not occur until after the end of all three performance periods.

The 2011 LTIC plan continued our prior years focus on generating cash through establishing free cash flow and net service revenue as the equally-weighted performance objectives for the first annual performance period.

Other Compensation Decisions for 2011

2011 Compensation Opportunities

As part of its annual evaluation of the balance of the primary elements of our executive compensation, in particular in relation to our peer group so as to promote retention and motivation of our executive talent, the Compensation Committee also decided to adjust certain executives compensation for 2011. Accordingly, Mr. Hesse s STIC plan opportunity for 2011 increased to 200% of his base pay and his target LTIC plan opportunity for 2011 increased to $12 million. For 2011, Mr. Elfman s target LTIC plan opportunity increased to $3.25 million and Mr. Johnson s target LTIC plan opportunity increased to $1.4 million. Additionally, Mr. Johnson s annual base salary was increased to $483,000, and then it was increased to $510,000 effective August 1, 2011 to reflect his significant additional responsibilities.

2011 Performance Period for the 2009 and 2010 LTIC Plans

In early 2011, the Compensation Committee approved the results for the 2010 performance period of the 2009 and 2010 LTIC plans. In addition, the Compensation Committee set goals for the 2011 performance period of the Company s 2009 and 2010 LTIC plans with respect to free cash flow and net service revenue. Please refer to footnotes 2 and 4 of the 2011 Summary Compensation Table and footnotes 2, 4 and 6 of the 2011 Grants of Plan-Based Awards for a discussion of these awards.

New CFO Compensation

After finalizing a search for the replacement of Mr. Brust after his departure as CFO in April, 2011, the Compensation Committee approved an employment agreement for Mr. Euteneuer, effective on April 4, 2011, incorporating the terms of his compensation package. The primary components of which are: (1) annual base salary of $775,000; (2) STIC plan target opportunity of 130% of base salary, which for 2011 was $1,007,500, prorated for his hire date; (3) $3,500,000 in LTIC plan target opportunity; (4) $500,000 sign-on bonus payable 50% after his hire date and 50% after six months of employment; and (5) a sign-on award of 125,000 time-based restricted shares of our common stock, which vests on the third anniversary of his hire date. As part of our recruiting efforts, we agreed to reimburse Mr. Euteneuer s legal fees in connection with the negotiation of his employment agreement.

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Other Components of Executive Compensation

Our named executive officers total rewards opportunities consist of a number of other elements important to our compensation philosophy for 2011 of attracting, retaining, and motivating our named executive officers:

Employee Benefit Plans and Programs. Our compensation program includes a comprehensive array of health and welfare benefits in which our eligible employees, including our named executive officers, are eligible to participate. We pay all of the costs for some of these benefit plans and participants contribute a portion of the cost for other benefit plans.

Retirement Programs. Our retirement program consists of the Sprint Nextel 401(k) Plan, which provides participants, with our help of a profit sharing matching contribution opportunity and, beginning in 2011, a fixed matching contribution on up to 2% of eligible compensation, an opportunity to build financial security for their future. The amount of any matching contributions made by us to participating named executive officers is included in the All Other Compensation column of the 2011 Summary Compensation Table.

Deferred Compensation. Certain employees, including our named executive officers, are offered the opportunity to participate in the Sprint Nextel Deferred Compensation Plan, a nonqualified and unfunded plan, under which they may defer to future years the receipt of certain compensation in addition to that eligible under the 401(k) plan. Participants may elect to defer up to 50% of base salary and 75% of STIC plan payments. We believe this plan helps attract and retain executives by providing the participant another tax efficient retirement plan. Participants elect to allocate deferred and any matching contributions among one or more hypothetical investment options, which include one option that tracks our common stock and other options that track broad-based bond and equity indices. Our plan provides for a matching contribution using the same matching contribution percentage as our 401(k) plan of eligible earnings above the applicable annual limit, which is intended to compensate highly-compensated employees for limitations placed on our 401(k) plan by federal tax law. For 2011, Mr. Hesse was the only named executive officer who participated in the Sprint Nextel Deferred Compensation Plan.

Personal Benefits and Perquisites. The limited personal benefits and perquisites that we provide to our named executive officers are summarized in footnote 5 to the 2011 Summary Compensation Table below. As a result of the recommendations contained in an independent, third-party security study, the Compensation Committee established an overall security program for Mr. Hesse. Under the security program, we currently provide Mr. Hesse with residential security systems and equipment, and he is required to use our aircraft for business and non-business travel. We believe these measures ensure the safety of Mr. Hesse and enable him to devote his full attention to company business. Mr. Hesse is permitted to have his family accompany him on the corporate aircraft for business and non-business travel. As noted above, Mr. Euteneuer received reimbursement of his legal fees relating to the negotiation of his employment agreement; additionally, in 2011, he had non-business use of our corporate aircraft. Our Officer Relocation Program provides certain benefits, which include some tax gross-up benefits, for relocation at our request. As described in footnote 5 to the 2011 Summary Compensation Table, Mr. Johnson received benefits under this program in 2011. Pursuant to the terms of his employment agreement, Mr. Euteneuer has up to 12 additional months from his hire date to complete his relocation in exchange for the forfeiture of certain other benefits provided under the program.

Executive Severance Policy. Providing severance to our named executive officers helps attract and retain high quality talent by (1) mitigating the risks associated with leaving their former employer or position and assuming the challenges of a new position with us, and (2) providing income continuity following an unexpected termination of employment. Under our executive severance policy, our board will seek shareholder approval for any future severance agreement or arrangement with an executive officer, including our named executive officers, that provides (a) severance pay in excess of two times the senior executive s base salary plus bonus and

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(b) continuation of group health, life insurance, and other benefits in excess of 24 months following the executive s termination. The policy permits, without shareholder approval: (x) accelerated vesting of RSUs, stock options and any other LTIC plan awards, and (y) continued vesting during the severance period of any such awards. The policy also requires that we seek shareholder approval of any future severance agreement or arrangement that provides for the reimbursement of excise taxes imposed under Internal Revenue Code Section 4999 to a senior level executive. The severance benefits to which our named executive officers are entitled, as provided in the their employment agreements and described in Potential Payments upon Termination of Employment or Change of Control, allow us to attract and retain a management team and secure our competitive advantage in the event of their departure through corresponding restrictive covenants.

Change in Control. If a transaction that could result in a change in control were under consideration, we expect that our named executive officers would face uncertainties about how the transaction may affect their continued employment with us. We believe it is in our shareholders best interest if our named executive officers remain employed and focused on our business through any transition period following a change in control and remain independent and objective when considering possible transactions that may be in shareholders best interests but possibly result in the termination of their employment. Our change in control benefits accomplish this goal by providing each eligible named executive officer with a meaningful severance benefit in the event that a change in control occurs and, within a specified time period of the change in control, his employment is involuntarily terminated without cause or voluntarily terminated for good reason.

The Sprint Nextel Change in Control Severance Plan, which we refer to as the CIC plan, provides severance benefits to a select group of senior executives, including our named executive officers, in the event of a qualified termination of employment in connection with a transaction that results in a change in control. Mr. Brust did not participate in the CIC plan, but his employment agreement provided for certain benefits in the event of a termination in connection with such a transaction. Any of these benefits payable would be reduced to the extent of any severance benefit otherwise available under any other applicable policy, program, or plan so that there would be no duplication of benefits. The benefits upon termination in connection with a change in control to which our named executive officers are entitled, as described in Potential Payments upon Termination of Employment or Change of Control, are likewise competitive within our peer group.

Tax Deductibility of Compensation

Section 162(m) limits to $1 million the amount of non-performance-based remuneration that we may deduct from our taxable income in any tax year with respect to our CEO and the three other most highly compensated executive officers, other than the CFO, at the end of the year. Section 162(m) provides, however, that we may deduct from our taxable income without regard to the $1 million limit the full value of all qualified performance-based compensation.

Our base salary and perquisites and other personal benefits are not considered qualified performance-based compensation and therefore are subject to the limit on deductibility. Our STIC plan and LTIC plan awards may be considered qualified performance-based compensation if certain requirements are met, including among others that the maximum number of stock option or full value share awards and the maximum amount of other cash performance-based remuneration that may be payable to any one executive officer has been disclosed to and approved by shareholders prior to the award or payment.

The Compensation Committee considers Section 162(m) deductibility in designing our compensation program and incentive-based compensation plans. In general, we design our STIC and LTIC plans to be compliant with the performance-based compensation rules of Section 162(m) in order to maximize deductibility. In certain circumstances, however, the Compensation Committee has determined

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it necessary in order to retain executives and attract candidates for senior level positions to offer compensation packages in which the non-performance-based elements exceed the $1 million Section 162(m) limit.

The awards under our 2011 STIC and LTIC plans are considered performance-based compensation under Section 162(m), except for Mr. Hesse s award under the STIC plan and his performance unit award under the LTIC plan allocated to the 2013 calendar year performance period due to the limits set under our incentive compensation plan, as well as Mr. Johnson s award under the STIC plan and his performance based RSU award under the LTIC plan due to the terms of his employment agreement.

For the 2011 STIC plan, the Compensation Committee also established an annual Section 162(m) objective for the named executive officer s potentially subject to Section 162(m), other than Mr. Hesse due to the limits set under our incentive plan, at a small fraction of a percentage of our adjusted operating income. The Compensation Committee is precluded from exercising upward discretion to the payout achieved under this objective. The Compensation Committee exercised its discretion to make payments under the STIC plan at levels below the payout achieved under the Section 162(m) objective for 2011 as guided by the performance metrics discussed on page 20.

For the 2011 LTIC plan, the Compensation Committee also established, for the 2011 performance period, Internal Revenue Code Section 162(m) objectives for the named executive officer s potentially subject to Section 162(m). The Section 162(m) objective for performance units was a small fraction of a percentage of our adjusted operating income, and for performance-based restricted stock units was a required threshold level of adjusted operating income achievement. The Compensation Committee is precluded from exercising upward discretion to the payout achieved under these objectives. The achieved result under the Section 162(m) objectives met or exceeded the achieved result under the free cash flow and net service revenue objectives. The Compensation Committee exercised its discretion to approve payout percentages under the 2011 LTIC plan at or below the payout percentage achieved under the applicable Section 162(m) objective as guided by the performance metrics discussed on pages 21 and 22.

Clawback Policy

We have a clawback policy, which provides that, in addition to any other remedies available to us under applicable law, we may recover (in whole or in part) any bonus, incentive payment, commission, equity-based award, or other compensation received by certain executives, including our named executive officers, if our board or any committee of our board determines that such bonus, incentive payment, commission, equity-based award, or other compensation is or was based on any financial results or operating objectives that were impacted by the officer s knowing or intentional fraudulent or illegal conduct, and recovery is appropriate.

Stock Ownership Guidelines

We have stock ownership guidelines for our named executive officers and other members of our senior management team. The board believes ownership by executives of a meaningful financial stake in our company serves to align executives interests with those of our shareholders. Our guidelines require that our CEO hold shares of our common stock with a value equal to five times his base salary, and that the other named executive officers hold shares of our common stock with a value equal to three times their respective base salaries. Eligible shares and share equivalents counted toward ownership consist of:

- common or preferred stock, including those purchased through our Employee Stock Purchase Plan;
- restricted stock or RSUs;

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- intrinsic value (the excess of the current stock price over the option s exercise price) of vested, in-the-money stock options; and
- share units held in our 401(k) plan and various deferred compensation plans.

Persons subject to the stock ownership guidelines have five years beginning on the date on which the person becomes subject to the ownership guidelines, or until December 31, 2012 if later, to achieve the ownership requirement. As of December 31, 2011, all of our named executive officers, except Mr. Euteneuer, had met the stock ownership guidelines. Mr. Euteneuer has until April 4, 2016 to meet his ownership requirement.

2011 Shareholder Say-on-Pay Vote

The Company provides its shareholders with the opportunity to cast an annual advisory vote on named executive officer compensation (a say-on-pay proposal). At the Company s annual meeting of shareholders held in May 2011, 85% of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Compensation Committee considered the 2011 voting results at discussions among its members during its meetings, and the Compensation Committee believes this vote affirms shareholders support of the Company s approach to executive compensation. As a result of this consideration, the Company did not change its approach to named executive officer compensation in 2011. The Compensation Committee will continue to consider the outcome of the Company s say-on-pay votes when making future compensation decisions for the named executive officers.

Compensation Committee Report

The Compensation Committee has reviewed and discussed Sprint Nextel s Compensation Discussion and Analysis with management. Based on these reviews and discussions, the Compensation Committee recommended to the board that Sprint Nextel s Compensation Discussion and Analysis be included in this proxy statement and Annual Report on Form 10-K for the year ended December 31, 2011.

The Compensation Committee

Gordon M. Bethune, Chair

V. Janet Hill

William R. Nuti

Rodney O Neal

Relationship of Compensation Practices to Risk Management

We have assessed whether there are any risks arising from our compensation policies and practices for our employees and factors that may affect the likelihood of excessive risk taking. Based on that review, we have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

In coming to this conclusion, in late 2011 and early 2012, our human resources department reviewed the Company s incentive plans, surveying sales, and nonsales related compensation programs, as well as executive and nonexecutive compensation programs. Pay philosophies, performance objectives and overall incentive plan designs were reviewed. Human resources discussed plan elements with representatives from the business functions responsible for incentive plan design and administration. Design features were assessed to determine whether there is likelihood that incentive plans could encourage excessive risk-taking resulting in a material adverse effect on the Company and to ensure that appropriate governance is in place to mitigate risk under unforeseen circumstances. The results of this assessment were reviewed by the Compensation Committee on February 22, 2012. In addition, the Compensation Committee s independent consultant, Cook, considered risk in all aspects of the plans in which our executives participate and advised the Compensation Committee accordingly. Cook confirmed that there are no aspects of the programs described in the preceding Compensation Disclosure and Analysis, or for our employees in general, that create an incentive to take risks that are reasonably likely to have a material adverse effect on the Company.

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2011 Summary Compensation Table

The table below summarizes the compensation of our named executive officers that is attributable to the fiscal years ended December 31, 2011, 2010, and 2009. The named executive officers are our CEO and president, our CFO, our former CFO, and our three other most highly compensated executive officers ranked by their total compensation in the table below.

Each of our named executive officers has an employment agreement with us. For more information regarding our compensation philosophy and a discussion of the elements of our compensation program, see Compensation Discussion and Analysis.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	All Other Compensation ($)(5)	Total ($)
Daniel R. Hesse Chief Executive Officer and President	2011	1,200,000	829,322	3,222,768				