

SPRINT NEXTEL CORP
Form 10-Q
August 04, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-04721

SPRINT NEXTEL CORPORATION

(Exact name of registrant as specified in its charter)

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Kansas
*(State or other jurisdiction of
incorporation or organization)*

48-0457967
*(I.R.S. Employer
Identification No.)*

6200 Sprint Parkway, Overland Park, Kansas
(Address of principal executive offices)

66251
(Zip code)

Registrant's telephone number, including area code:

(800) 829-0965

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes No

COMMON SHARES OUTSTANDING AT JULY 31, 2009:

VOTING COMMON STOCK

Series 1

2,815,848,425

Series 2

60,000,000

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SPRINT NEXTEL CORPORATION

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)****SPRINT NEXTEL CORPORATION****CONSOLIDATED BALANCE SHEETS**

	June 30, 2009	December 31, 2008
	<i>(in millions, except share and per share data)</i>	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,592	\$ 3,691
Marketable securities	17	28
Accounts and notes receivable, net of allowance for doubtful accounts of \$195 and \$276	3,202	3,361
Device and accessory inventory	575	528
Deferred tax assets	98	93
Prepaid expenses and other current assets	614	643
Total current assets	9,098	8,344
Investments	3,882	4,241
Property, plant and equipment, net	20,143	22,373
Intangible assets		
FCC licenses and trademarks	19,657	19,320
Customer relationships, net	1,105	1,932
Other intangible assets, net	1,542	1,634
Other assets	458	408
	\$ 55,885	\$ 58,252
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Accounts payable	\$ 2,061	\$ 2,138
Accrued expenses and other current liabilities	3,479	3,525
Current portion of long-term debt, financing and capital lease obligations	1,373	618
Total current liabilities	6,913	6,281
Long-term debt, financing and capital lease obligations	19,618	20,992
Deferred tax liabilities	6,613	7,196
Other liabilities	4,023	4,178
Total liabilities	37,167	38,647
Commitments and contingencies		
Shareholders equity		
Common shares, voting, par value \$2.00 per share, 6.5 billion shares authorized, 2.936 and 2.951 billion shares issued, 2.872 billion and 2.857 billion shares outstanding	5,872	5,902
Paid-in capital	47,095	47,314
Treasury shares, at cost	(1,282)	(1,939)
Accumulated deficit	(32,473)	(31,148)
Accumulated other comprehensive loss	(494)	(524)

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Total shareholders equity	18,718	19,605
	\$ 55,885	\$ 58,252

See Notes to the Consolidated Financial Statements

Table of Contents**SPRINT NEXTEL CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	<i>(in millions, except per share amounts)</i>			
Net operating revenues	\$ 8,141	\$ 9,055	\$ 16,350	\$ 18,389
Operating expenses				
Costs of services and products (exclusive of depreciation and amortization included below)	4,061	4,177	8,087	8,400
Selling, general and administrative	2,311	2,826	4,771	6,014
Severance and exit costs	(29)	106	298	325
Depreciation	1,453	1,467	2,870	2,972
Amortization	458	689	924	1,386
	8,254	9,265	16,950	19,097
Operating loss	(113)	(210)	(600)	(708)
Other expense				
Interest expense, net	(350)	(320)	(702)	(633)
Equity in losses of unconsolidated investments and other, net	(146)	(21)	(431)	(25)
Loss before income taxes	(609)	(551)	(1,733)	(1,366)
Income tax benefit	225	207	755	517
Net loss	\$ (384)	\$ (344)	\$ (978)	\$ (849)
Basic and diluted loss per common share	\$ (0.13)	\$ (0.12)	\$ (0.34)	\$ (0.30)
Basic and diluted weighted average common shares outstanding	2,872	2,852	2,870	2,850

See Notes to the Consolidated Financial Statements

Table of Contents**SPRINT NEXTEL CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six Months Ended June 30,	
	2009	2008
	<i>(in millions)</i>	
Cash flows from operating activities		
Net loss	\$ (978)	\$ (849)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,794	4,358
Provision for losses on accounts receivable	147	417
Share-based compensation expense	44	142
Deferred and other income taxes	(766)	(520)
Equity in losses of unconsolidated investments and other, net	431	25
Changes in assets and liabilities:		
Accounts and notes receivable	(4)	(73)
Inventories and other current assets	(92)	170
Accounts payable and other current liabilities	(42)	(470)
Non-current assets and liabilities, net		89
Other, net	(19)	(103)
Net cash provided by operating activities	2,515	3,186
Cash flows from investing activities		
Capital expenditures	(717)	(2,569)
Expenditures relating to FCC licenses	(328)	(468)
Proceeds from maturities and sales of marketable securities	11	155
Other, net	2	31
Net cash used in investing activities	(1,032)	(2,851)
Cash flows from financing activities		
Borrowings under credit facility		2,500
Proceeds from issuance of commercial paper		681
Maturities of commercial paper		(1,060)
Retirements and payments of debt and capital leases	(605)	(1,259)
Other, net	23	26
Net cash (used in) provided by financing activities	(582)	888
Net increase in cash and cash equivalents	901	1,223
Cash and cash equivalents, beginning of period	3,691	2,246
Cash and cash equivalents, end of period	\$ 4,592	\$ 3,469

See Notes to the Consolidated Financial Statements

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SPRINT NEXTEL CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(in millions)

	Common Shares	Paid-in Capital
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