
PENSION CHANGE FACT SHEET

CENTER FOR
RETIREMENT
RESEARCH
AT BOSTON COLLEGE

MARCH 2006

COMPANY NAME: Sprint Nextel Corporation

U.S. EMPLOYEES: 82,900

TYPE OF PLAN(S): Traditional Defined Benefit — 39,000 participants affected

DATE ANNOUNCED: November 2005

DATE EFFECTIVE: January 1, 2006

DESCRIPTION OF FREEZE: *Partial Freeze and Freeze for New Employees.* Employees vested prior to the August 12, 2005 purchase of Nextel Communications Inc., stopped accruing benefits on December 31, 2005. Non-vested employees will receive benefits once they qualify. New hires will not be eligible to participate in the defined benefit plan.

PLAN SOLVENCY: At year end 2004, the defined benefit plan was not solvent. The defined benefit plan assets were \$3.7 billion and the projected obligations were \$4.5 billion.

REPORTED FINANCIAL IMPLICATION: The financial implications of the freeze are not public information.

NEW ARRANGEMENTS FOR EMPLOYEES: Sprint Nextel will increase its dollar-for-dollar match on employee contributions to 401(k) plans to 5 percent of the employee's salary.

BACKGROUND: Sprint completed its purchase of Nextel Communications, Inc. on August 12, 2005. Both the acquisition and the freezing of pension plans were seen as a move to shift the business towards the mobile market — a market that, on the whole, does not offer defined benefit plans. Not all Nextel employees had a defined benefit plan at the time of the acquisition.

REFERENCES

Foster, Kyle. 2006. "Sprint Nextel Freezes Pension Plans: Competition in Wireless Drives Efforts to Cut Labor Costs." *Washington Post*. (January 24).

Gunasegaram, David (spokesman for Sprint Nextel). 2006. Personal communication.

SEC Form 10-k/a filed April 29, 2005. (Filed by the Sprint Corporation).

U.S. Department of Labor. 2003. *Form 5500*.

Wall Street Journal. 2006. "Sprint Nextel Freezes Its Pension Plans for Some Workers." (January 21).

Note:

'U.S. Employees' are the number prior to the acquisition of Nextel Communications, Inc.