NEXTEL PARTNERS INC
Form S-4
August 25, 2004

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As filed with the Securities and Exchange Commission on August 24, 2004

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

NEXTEL PARTNERS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**4813**	**91-1930918**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

4500 Carillon Point, Kirkland, Washington 98033,
(425) 576-3600
(Address, Including Zip Code, and Telephone Number Including Area Code, of the Registrant's Principal Executive Offices)

Donald Manning, Esq.
4500 Carillon Point
Kirkland, Washington 98033
(425) 576-3600
(Name, Address, Including Zip Code, and Telephone Number Including Area Code, of Agent for Service)

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315 Fifth Avenue South, Suite 1000
Seattle, WA 98104-2682
(206) 676-7000

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Note	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
$8^1/_8$% Senior Notes due 2011	$25,000,000(1)	100%	$25,000,000	$1,056(2)

(1) Represents the maximum principal amount at maturity of $8^1/_8$% Senior Notes due 2011 that may be issued pursuant to the exchange offer described in this registration statement.

(2) Calculated under Rule 457(f)(2) of the Securities Act as follows: the product of 0.0001267 and $8,333,333.33, one-third of the principal amount at maturity of the outstanding notes that may be tendered to the registrant, which has an accumulated capital deficit, in exchange for the notes registered under this registration statement.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not offer these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated August 24, 2004

PROSPECTUS

EXCHANGE OFFER FOR $8^{1}/_{8}$% SENIOR NOTES DUE 2011 FOR ANY AND ALL OUTSTANDING UNREGISTERED $8^{1}/_{8}$% SENIOR NOTES DUE 2011 OF NEXTEL PARTNERS, INC.

This is an offer to exchange the outstanding, unregistered Nextel Partners $8^{1}/_{8}$% Senior Notes you now hold for new, substantially identical $8^{1}/_{8}$% Senior Notes that will be free of the transfer restrictions that apply to the old notes. This offer will expire at 5:00 p.m., New York City time, on , 2004, unless we extend it.

The new notes will not trade on any established exchange. The new notes have the same financial terms and covenants as the old notes and are subject to the same business and financial risks.

For a discussion of risks that you should consider in deciding whether to tender outstanding notes in the exchange offer, see "Risk Factors" beginning on page 13.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2004.

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References to Additional Information

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. Unless the context requires otherwise, all references in this document to "this prospectus" include all documents incorporated by reference in this prospectus. You may obtain documents that are filed by us with the Securities and Exchange Commission without charge by requesting the documents, in writing or by telephone, from the Commission or:

Nextel Partners, Inc.
4500 Carillon Point
Kirkland, WA 98033
Attention: Investor Relations
Telephone: (425) 576-3600

If you would like to request copies of these documents, you must do so no later than , 2004, which is 5 business days before the expiration date of the exchange offer, in order to receive them before the expiration of the exchange offer.

In making an investment decision, you must rely on your own examination of our business and the terms of the exchange offer, including the merits and risks involved. You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained or incorporated by reference in this prospectus; and

- no person has been authorized to give any information or to make any representation concerning us or the exchange notes (other than as contained or incorporated by reference in this prospectus and information given by our duly authorized officers and employees in connection with investors' examination of us and the terms of the exchange offer) and, if given or made, that other information or representation should not be relied upon as having been authorized by us.

We are not making any representation to you regarding the legality of an investment by you under appropriate legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the exchange notes.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are

offering to sell the exchange notes only where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the exchange notes.

Industry and Market Data

In this prospectus, we rely on industry and market data obtained through company research, surveys and studies conducted by third parties and industry and general publications. We have not independently verified market and industry data from third-party sources. While we believe internal company surveys are reliable and market definitions are appropriate, neither these surveys nor these definitions have been verified by any independent sources. As a result, although we believe the information is reliable, we cannot guarantee the accuracy or completeness of the information. The term "Pop" means the population equivalents as estimated by us from the 2000 census and other publicly available information.

PROSPECTUS SUMMARY

The following summary highlights information that we present more fully elsewhere in this prospectus or incorporated by reference herein. You should read this entire prospectus and each of the incorporated documents carefully.

Nextel Partners

Overview

We provide fully integrated, wireless digital communications services using the Nextel® brand name in mid-sized and rural markets throughout the United States. We offer four distinct wireless services in a single wireless handset. These services include Nationwide Direct Connect℠, cellular voice, short messaging and cellular Internet access, which provides users with wireless access to the Internet and an organization's internal databases as well as other applications, including e-mail. We hold licenses for wireless frequencies in markets where over 53 million people, or Pops, live and work. We have constructed and operate a digital mobile network compatible with the digital mobile network constructed and operated by Nextel in targeted portions of these markets, including 13 of the top 100 metropolitan statistical areas and 56 of the top 200 metropolitan statistical areas in the United States ranked by population. Our combined Nextel Digital Wireless Network constitutes one of the largest fully integrated digital wireless communications systems in the United States, currently covering 296 of the top 300 metropolitan statistical areas in the United States. As of June 30, 2004, our portion of the Nextel Digital Wireless Network covered approximately 39 million Pops and we had approximately 1,414,000 digital handsets in service in our markets.

Our relationship with Nextel was created to accelerate the build-out and expand the reach of the Nextel Digital Wireless Network. In January 1999, we entered into a joint venture agreement with Nextel WIP. Nextel, through Nextel WIP, contributed to us cash and licenses for wireless frequencies and granted us the exclusive right to use the Nextel brand name in exchange for ownership in us and our commitment to build out our compatible digital wireless network in selected markets and corridors, in most cases adjacent to operating Nextel markets. As of June 30, 2004, Nextel WIP owned 30.0% of our outstanding common stock and was our largest stockholder. By the end of 2002, we had successfully built all of the markets we were initially required to build under our 1999 agreement with Nextel. Since 1999 we have exercised options to expand our network into additional markets. By June 2003, we had completed the construction of all of these additional markets. Through our affiliation with Nextel our customers have seamless nationwide coverage on the entire Nextel Digital Wireless Network.

Our senior management team has substantial operating experience, with most members averaging over 16 years in the telecommunications and technology industries. Key stockholders, in addition to Nextel WIP, include Cascade Investments, LLC, an investment company controlled by William H. Gates III ("Cascade Investments"), Motorola Inc. ("Motorola") and Eagle River Investments, LLC, an investment company controlled by Craig M. McCaw ("Eagle River").

We offer a package of wireless voice and data services under the Nextel brand name targeted primarily to business users. We currently offer the following four services, which are fully integrated and accessible through a single wireless handset:

- digital cellular, including advanced calling features such as speakerphone, conference calling, voicemail, call forwarding and additional line service;

- Direct Connect service, the digital walkie-talkie service that allows customers to instantly connect with business associates, family and friends without placing a phone call;

short messaging, the service that utilizes the Internet to keep customers connected to clients, colleagues and family with text, numeric and two-way messaging; and

Nextel Online® services, which provide customers with Internet-ready handsets access to the World Wide Web and web-based applications such as e-mail, address books, calendars and advanced Java enabled business applications.

Strategy

Provide Differentiated Package of Wireless Services. Along with Nextel, we offer fully integrated, wireless communications services Nationwide Direct Connect, digital cellular, short messaging and Nextel Online all in a single wireless device with no roaming charges nationwide. We believe this "four-in-one" offering is particularly attractive to business users. We further believe that for customers who desire multiple wireless services, the convenience of combining multiple wireless communications options in a single handset for a single package price with a single billing statement is an important feature that helps distinguish us from many of our competitors. Our Direct Connect service has an over ten-year history of delivering virtually instantaneous communication and is available to over 14 million Nextel and Nextel Partners customers.

Deliver Unparalleled Customer Service. In addition to providing our four-in-one service offering, our goal is to differentiate ourselves by delivering the highest quality customer service in the industry, including low rates of dropped and blocked calls. In 2003, a significant part of our employees' bonus was tied to achieving a targeted level of customer satisfaction as measured in monthly surveys conducted by an outside vendor. We believe that this monetary bonus helped focus our entire company on achieving our customer service business objective, and we are providing a similar incentive to our employees in 2004. To further underscore the importance of customer service and to keep pace with our growing customer base, we added a 30,000 square-foot expansion to our existing customer call center in Panama City Beach, Florida in the third quarter of 2004. The customer care center in Florida and the customer care center in Las Vegas, Nevada work in tandem to provide seamless customer support and ensure operating efficiencies.

Target Business Customers. We focus on business customers, particularly those customers who employ a mobile workforce. We have initially concentrated our sales efforts on a number of distinct groups of mobile workers, including personnel in the transportation, delivery, real property and facilities management, construction and building trades, landscaping, government, public safety and other service sectors. We have developed disciplined sales training procedures and strategies that are specifically tailored to a business-to-business sales process as opposed to the widespread retail sales strategies used by many of our competitors. In addition, we, along with Nextel, work with third-party vendors to develop unique data applications for our business customers. We expect to gradually expand our target customer groups to include additional industry groups. We believe this focus on business customers has resulted in higher monthly average revenue per unit, or ARPU, and lower average monthly service cancellations than industry averages. Our ARPU for the quarter ended June 30, 2004 was $68 (or $77, including roaming revenues received from Nextel) compared to an industry average of approximately $50 as of December 31, 2003. In addition, the average monthly rate at which our customers canceled service with us, or "churn," was approximately 1.4% for the second quarter of 2004 compared to an industry average of over 2% for 2003. Our ARPU and churn rate equate to lifetime revenue per subscriber, or LRS, of approximately $4,857 for the second quarter of 2004, which we believe is one of the highest in the industry. See "Selected Consolidated Financial Data Additional Reconciliations of Non-GAAP Financial Measures (Unaudited)" for more information regarding our use of ARPU and LRS as non-GAAP financial measures.

Maintain a Robust, Reliable Network. Our objective is to maintain a robust and reliable digital wireless network in our markets that covers all key population areas in those markets and operates seamlessly with Nextel's network. We have constructed our portion of the Nextel Digital Wireless Network using the same Motorola-developed iDEN technology used by Nextel. As required, we built and now operate our portion of the Nextel Digital Wireless Network in accordance with Nextel's standards, which enables both companies to achieve a consistent level of service throughout the United States. Our customers have access to digital quality and advanced features whether they are using our or Nextel's portion of the Nextel Digital Wireless Network. This contrasts with the hybrid analog/digital networks of cellular competitors, which do not support all features in the analog-only portions of their networks.

Maintain Effective Pricing Strategy with Focus on Mid-Sized and Tertiary Markets. We operate in mid-sized and tertiary markets, which we believe have demographics similar to markets served by Nextel. We believe our targeted customer base in these markets has historically been underserved and thus finds our differentiated service offering very attractive. We believe our focus on high quality, underserved customers, coupled with our differentiated service offering, helps allow us to rapidly increase penetration within our targeted customer base while maintaining an effective pricing strategy.

Recent Developments

On July 8, 2004, the Federal Communications Commission ("FCC") adopted a reconfiguration plan with respect to the public safety spectrum in the 800 MHz band, pursuant to which we and Nextel would be permitted to reconfigure certain of our spectrum ranges and relocate existing licensees in those ranges. The FCC released its order with respect to the reconfiguration plan on August 6, 2004, which we have not had an opportunity to review in full, and it is therefore uncertain how the plan will affect us or the costs that might be involved, although we do not expect any resulting costs to have an adverse impact on our financial condition.

Corporate Information

We were incorporated in the State of Delaware in July 1998. Our principal executive offices are located at 4500 Carillon Point, Kirkland, Washington 98033. Our telephone number is 425-576-3600.

Summary Description of the Exchange Offer

The Exchange Offer	We are offering to exchange $1,000 principal amount at maturity of Nextel Partners $8^1/_8$% Senior Notes due 2011 which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for each $1,000 principal amount at maturity of Nextel Partners outstanding unregistered $8^1/_8$% Senior Notes due 2011 which were issued on May 19, 2004 in a private offering. In order to be exchanged, an old note must be properly tendered and accepted. We will exchange all notes validly tendered and not validly withdrawn. There is $25 million aggregate principal amount at maturity of old notes outstanding.
Expiration and Exchange Dates	This offer will expire at 5:00 p.m., New York City time, on , 2004 unless we extend it, and we will consummate the exchange on the next business day.
Registration Rights	You have the right to exchange the old notes that you now hold for new notes with substantially identical terms. This exchange offer is intended to satisfy these rights. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights with respect to your notes.
Conditions	This offer is subject to various conditions. We reserve the right to terminate or amend the offer at any time before the expiration date if specified events occur.
Withdrawal Rights	You may withdraw your tender of old notes at any time before the offer expires.
Certain Federal Income Tax Considerations of the Exchange	Davis Wright Tremaine LLP has acted as our special tax counsel in rendering an opinion as to certain United States federal income tax consequences of the exchange. It is their opinion that the exchange will not be a taxable event for United States federal income tax purposes, and thus you will not recognize any taxable gain or loss or any interest income as a result of such exchange.
Resale Without Further Registration	We believe that the new notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act so long as the following statements are true:
	you are not a broker;
	you acquire the new notes issued in the exchange offer in the ordinary course of your business;
	you are not one of our "affiliates," as defined in Rule 405 of the Securities Act; and

	you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate in the distribution of the new notes issued to you in the exchange offer.
	By tendering your notes as described below, you will be making representations to this effect.
Transfer Restrictions on New Notes	You may incur liability under the Securities Act if:
	(1) any of the representations listed above are not true; and
	(2) you transfer any new note issued to you in the exchange offer without:
	delivering a prospectus meeting the requirements of the Securities Act; or
	qualifying for an exemption under the Securities Act's requirements to register your new notes.
	We do not assume or indemnify you against any such liability. Each broker-dealer that is issued new notes for its own account in exchange for old notes that were acquired as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the new notes. A broker-dealer may use this prospectus for an offer to resell, a resale or other transfer of the new notes issued to it in the exchange offer.
Procedures for Tendering Old Notes	Each holder of old notes who wishes to accept the exchange offer must:
	complete, sign and date the accompanying letter of transmittal, or a facsimile thereof; or
	arrange for The Depository Trust Company to transmit certain required information to the exchange agent in connection with a book-entry transfer.
	You must mail or otherwise deliver such documentation and your old note(s) to The Bank of New York, the exchange agent, at the address set forth under "The Exchange Offer Exchange Agent."
Failure to Exchange Will Affect You Adversely	If you are eligible to participate in the exchange offer and you do not tender your old notes, you will not have any further registration or exchange rights and your old notes will continue to be subject to restrictions on transfer. Accordingly, the liquidity of the old notes could be adversely affected.

Special Procedures for Beneficial Owners	If you beneficially own old notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should contact the registered holder promptly and instruct it to tender on your behalf. If you wish to tender on your own behalf, you must, before completing and executing the letter of transmittal for the exchange offer and delivering your old notes, either arrange to have your old notes registered in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.
Guaranteed Delivery Procedures	You may comply with the procedures described in this prospectus under the heading "The Exchange Offer Guaranteed Delivery Procedures" if you wish to tender your old notes and:
	time will not permit your required documents to reach the exchange agent by the expiration date of the exchange offer;
	you cannot complete the procedure for book-entry transfer on time; or
	your old notes are not immediately available.
Exchange Agent	The exchange agent with respect to the exchange offer is The Bank of New York. The address, telephone number and facsimile number of the exchange agent are set forth in "The Exchange Offer Exchange Agent" and in the letter of transmittal.
Use of Proceeds	We will not receive any cash proceeds from the issuance of the exchange notes offered by this prospectus.

Summary Description of the New Notes

The new notes have the same financial terms and covenants as the old notes, which are as follows:

Issuer	Nextel Partners, Inc.
Maturity	July 1, 2011
Interest Rate and Payment Dates	Interest on the notes will accrue at the rate of $8^1/_8$% per annum, payable semi-annually in cash in arrears on January 1 and July 1 of each year, beginning on July 1, 2004.
Ranking	The new notes are senior unsecured indebtedness and rank:
	pari passu to all of our existing and future senior unsecured indebtedness, including our outstanding 14% senior discount notes, 11% senior notes, $12^1/_2$% senior discount notes, $8^1/_8$% senior notes and $1^1/_2$% convertible senior notes;
	senior to all of our existing and future subordinated indebtedness; and
	effectively junior to all of our subsidiaries' obligations (including secured and unsecured obligations) and junior to our secured obligations, to the extent of the assets securing such obligations.
Optional Redemption	We may redeem any of the notes at any time on or after July 1, 2007, in whole or in part, in cash at the redemption prices described in this prospectus, plus accrued and unpaid interest to the date of redemption. In addition, on or before July 1, 2006, we may redeem up to 35% of the aggregate principal amount of notes originally issued at a redemption price of 108.125% with the proceeds of public equity offerings within 60 days of the closing of any such public equity offering. We may make that redemption only if, after the redemption, at least 65% of the aggregate principal amount of notes originally issued remains outstanding.
Covenants	The indenture contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:
	incur additional indebtedness;
	create liens;
	pay dividends or make other equity distributions;
	purchase or redeem capital stock;
	make investments;
	sell assets;

- engage in any business other than telecommunications;
- engage in transactions with affiliates; and
- effect a consolidation or merger.

These limitations are subject to a number of important qualifications and exceptions. For more details, see "Description of the Notes Covenants."

For additional information regarding the notes, see "Description of the Notes" and "Certain United States Federal Tax Considerations."

Risk Factors

See "Risk Factors" following this summary for a discussion of risks relating to the new notes, all of which apply to the old notes as well.

Summary Consolidated Financial Data

The consolidated financial data set forth below should be read in conjunction with the section entitled "Selected Consolidated Financial Data" included in this prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes incorporated by reference in this prospectus. Our historical financial results discussed throughout this prospectus include the operations we acquired from Nextel WIP on January 29, 1999 in connection with our initial capitalization, which operations had previously been managed by Nextel.

	Year Ended December 31,					Six Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	
	(dollars in thousands)						
Consolidated Statements of Operations Data:							
Operating revenues:							
Service revenues(1)	$ 28,136	$ 130,125	$ 363,573	$ 646,169	$ 964,386	$ 427,049	$ 599,494
Equipment revenues(1)	4,584	5,745	13,791	24,519	54,658	15,029	39,036
Total revenues	32,720	135,870	377,364	670,688	1,019,044	442,078	638,530
Operating expenses:							
Cost of service revenues (excludes depreciation of $11,309, $35,148, $62,899, $85,750, $109,572, $53,176 and $59,277, respectively)	18,807	84,962	192,728	267,266	318,038	149,073	170,291
Cost of equipment revenues(1)	10,742	26,685	59,202	87,130	114,868	44,935	73,582
Selling, general and administrative	34,862	117,975	210,310	313,668	402,300	187,369	231,230
Stock-based compensation (primarily selling, general and administrative related)	27,256	70,144	30,956	12,670	1,092	481	554
Depreciation and amortization(2)	12,689	38,272	76,491	101,185	135,417	65,994	73,199
Total operating expenses	104,356	338,038	569,687	781,919	971,715	447,852	548,856
Operating income (loss)	(71,636)	(202,168)	(192,323)	(111,231)	47,329	(5,774)	89,674
Other income (expense):							
Interest expense, net	(65,362)	(102,619)	(126,096)	(164,583)	(152,294)	(79,397)	(58,248)
Interest income	24,585	63,132	32,473	7,091	2,811	1,282	979
Gain (loss) on early extinguishment of debt		(23,485)		4,427	(95,093)	(68,127)	(54,971)
Total other income (expense)	(40,777)	(62,972)	(93,623)	(153,065)	(244,576)	(146,242)	(112,240)
Loss before deferred income tax provision and cumulative effect of change in accounting principle	(112,413)	(265,140)	(285,946)	(264,296)	(197,247)	(152,016)	(22,566)
Income tax provision				(18,188)	(7,811)	(6,090)	7,835
Loss before cumulative effect of change in accounting principle	(112,413)	(265,140)	(285,946)	(282,484)	(205,058)	(158,106)	(14,731)
Cumulative effect of change in accounting principle			(1,787)				
Net loss	(112,413)	(265,140)	(287,733)	(282,484)	(205,058)	(158,106)	(14,731)
Mandatorily redeemable preferred stock dividends(3)		(5,667)	(3,504)	(3,950)	(2,141)	(2,141)	

	Year Ended December 31,					Six Months Ended June 30,	
Loss attributable to common stockholders	$ (112,413)	$ (270,807)	$ (291,237)	$ (286,434)	$ (207,199)	$ (160,247)	$ (14,731)

	As of December 31,					As of June 30, 2004
	1999	2000	2001	2002	2003	(unaudited)
	(dollars in thousands)					
Consolidated Balance Sheet Data:						
Cash and cash equivalents and short-term investments	$ 568,729	$ 928,346	$ 557,285	$ 195,029	$ 268,811	$ 222,392
Property, plant and equipment, net	252,223	532,702	845,934	1,000,076	1,025,096	1,011,544
FCC operating licenses, net	151,056	245,295	283,728	348,440	371,898	374,064
Total assets	1,015,327	1,793,084	1,821,721	1,735,925	1,889,310	1,854,893
Current liabilities	58,503	120,423	127,972	161,567	185,425	187,068
Long-term debt	785,484	1,067,684	1,327,829	1,424,600	1,653,539	1,633,794
Series B redeemable preferred stock(3)		27,517	31,021	34,971		
Total stockholders' equity (deficit)	170,616	570,215	319,504	76,379	(13,296)	(19,322)
Total liabilities and stockholders' equity (deficit)	$ 1,015,327	$ 1,793,084	$ 1,821,721	$ 1,735,925	$ 1,889,310	$ 1,854,893

	Year Ended December 31,					Six Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	
	(in thousands)						
Consolidated Statements of Cash Flows Data:							
Cash flows from operating activities	$ (66)	$ (116,028)	$ (153,894)	$ (116,469)	$ 87,154	$ (20,659)	$ 80,846
Cash flows from investing activities	$ (365,851)	$ (514,003)	$ (260,249)	$ (201,648)	$ (214,504)	$ (106,319)	$ (4,839)
Cash flows from financing activities	$ 520,174	$ 969,310	$ 224,950	$ 81,280	$ 182,448	$ 131,884	$ 60,447

	Year Ended December 31,					Six Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	
	(dollars in thousands)						
Other Data:							
Covered Pops (end of period) (millions)	6	24	33	36	38	37	39
Subscribers (end of period)	46,100	227,400	515,900	877,800	1,233,200	1,053,600	1,414,000
Adjusted EBITDA(4)	$ (31,691)	$ (93,752)	$ (84,876)	$ 2,624	$ 183,838	$ 60,701	$ 163,427
Net capital expenditures(5)	$ 151,743	$ 303,573	$ 374,001	$ 250,841	$ 161,845	$ 88,666	$ 59,021

(1) Effective July 1, 2003, we adopted Emerging Issues Task Force, or EITF, Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables," and elected to apply the provisions prospectively to our existing customer arrangements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a more detailed description of the impact of our adoption of this policy.

(2) Effective January 2002, we no longer amortize the cost of FCC licenses as a result of implementing Statement of Financial Accounting Standards, or SFAS, No. 142, "Goodwill and Other Intangible Assets." See Note 1 of the Notes to Consolidated Financial Statements included elsewhere herein under the caption "FCC Licenses" for a more detailed description of the impact and adoption of SFAS No. 142.

(3) In May 2003, the Financial Accounting Standards Board, or FASB, issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within the scope of the statement as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of

the issuer. This statement was effective for all freestanding financial instruments entered into or modified after May 31, 2003; otherwise it was effective at the beginning of the first interim period beginning after June 15, 2003. We identified that our Series B mandatorily redeemable preferred stock was within the scope of this statement and reclassified it to long-term debt and began recording the Series B mandatorily redeemable preferred stock dividends as interest expense beginning July 1, 2003. We redeemed all of our outstanding Series B mandatorily redeemable preferred stock on November 21, 2003 and currently have no preferred stock outstanding.

(4)

The term "EBITDA" refers to a financial measure that is defined as earnings (loss) before interest, taxes, depreciation and amortization; we use the term "Adjusted EBITDA" to reflect that our financial measure also excludes cumulative effect of change in accounting principle, loss from disposal of assets, gain (loss) from early extinguishment of debt and stock-based compensation. Adjusted EBITDA is commonly used to analyze companies on the basis of leverage and liquidity. However, Adjusted EBITDA is not a measure determined under generally accepted accounting principles, or GAAP, in the United

States of America and may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA should not be construed as a substitute for operating income or as a better measure of liquidity than cash flow from operating activities, which are determined in accordance with GAAP. We have presented Adjusted EBITDA to provide additional information with respect to our ability to meet future debt service, capital expenditure and working capital requirements. The following schedule reconciles Adjusted EBITDA to net cash from operating activities reported on our Consolidated Statements of Cash Flows, which we believe is the most directly comparable GAAP measure:

	Year Ended December 31,					Six Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	
				(in thousands)			
Net cash from operating activities (as reported on Consolidated Statements of Cash Flows)	$ (66)	$ (116,028)	$ (153,894)	$ (116,469)	$ 87,154	$ (20,659)	$ 80,846
Adjustments to reconcile to Adjusted EBITDA:							
Cash paid interest expense, net of amounts capitalized	17,302	43,176	70,138	98,777	103,485	51,359	70,051
Interest income	(24,585)	(63,132)	(32,473)	(7,091)	(2,811)	(1,282)	(979)
Change in working capital	(24,342)	42,232	31,353	27,407	(3,990)	31,283	13,509
Adjusted EBITDA	$ (31,691)	$ (93,752)	$ (84,876)	$ 2,624	$ 183,838	$ 60,701	$ 163,427

(5)

Net capital expenditures exclude capitalized interest and are offset by net proceeds from the sale and leaseback transactions of telecommunication towers and related assets to third parties accounted for as operating leases. Net capital expenditures as defined are not a measure determined under GAAP in the United States of America and may not be comparable to similarly titled measures reported by other companies. Net capital expenditures should not be construed as a substitute for capital expenditures reported on the Consolidated Statements of Cash Flows, which is determined in accordance with GAAP. We report net capital expenditures in this manner because we believe it reflects the net cash used by us for capital expenditures and to satisfy the reporting requirements for our debt covenants. The following schedule reconciles net capital expenditures to capital expenditures reported on our Consolidated Statements of Cash Flows, which we believe is the most directly comparable GAAP measure:

	Year Ended December 31,					Six Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	
				(in thousands)			
Capital expenditures (as reported on Consolidated Statements of Cash Flows)	$ 121,345	$ 264,513	$ 398,611	$ 274,911	$ 179,794	$ 84,824	$ 64,318
Less: cash paid portion of capitalized interest	(1,231)	(5,545)	(5,449)	(1,993)	(1,283)	(676)	(506)
Less: cash proceeds from sale and lease-back transactions accounted for as operating leases	(2,246)	(9,259)	(10,425)	(2,562)	(6,860)	(6,250)	(779)
Change in capital expenditures accrued or unpaid	33,875	53,864	(8,736)	(19,515)	(9,806)	10,768	(4,012)
Net capital expenditures	$ 151,743	$ 303,573	$ 374,001	$ 250,841	$ 161,845	$ 88,666	$ 59,021

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to fixed charges for each of the periods indicated:

	Year Ended December 31,					Six Months Ended June 30,	
	1999	**2000**	**2001**	**2002**	**2003**	**2003**	**2004**
				(unaudited)			
Ratio of earnings (loss) to fixed charges(1)							.68x

(1) Earnings (loss) represent earnings (loss) before deferred income tax provisions and cumulative effect of change in accounting principle and fixed charges (excluding capitalized interest). Fixed charges consist of interest (including capitalized interest), amortization of deferred financing costs and the estimated portion of rental expense that is representative of the interest factor. For the years ended December 31, 1999, 2000, 2001, 2002 and 2003 and the six months ended June 30, 2003 and 2004, earnings were insufficient to cover charges by $126,075, $280,852, $298,494, $267,529, $198,953. $153,109 and $23,072, respectively. The difference between the deficiencies disclosed above and the net loss before deferred income tax provision and cumulative effect of change in accounting principle for the years ended December 31, 1999, 2000, 2001, 2002 and 2003 and the six months ended June 30, 2003 and 2004 represents interest capitalized by us.

RISK FACTORS

Before tendering the old notes in the exchange offer, you should carefully consider the risk factors described below as well as all the other information in this prospectus or incorporated by reference herein, including our consolidated financial statements and related notes. The new notes, like the old notes, entail substantial risks, and our business, operating results and financial condition could be seriously harmed due to any of the following risks. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

We have a history of operating losses, may incur operating losses in the future and may not be able to generate the earnings necessary to fund our operations, sustain the continued growth of our business or repay our debt obligations, including these notes.

We did not commence commercial operations until January 29, 1999, and the portion of the Nextel Digital Wireless Network we began operating on that date only had a few months of operating history. Since then, we have had a history of operating losses, and, as of June 30, 2004, we had an accumulated deficit of approximately $1.2 billion. We may incur operating losses in the future. We cannot assure you that we will become profitable or sustain profitability in the future. If we fail to achieve significant and sustained growth in our revenues and earnings from operations, we will not have sufficient cash to fund our current operations, sustain the continued growth of our business or repay our debt obligations, including these notes. In addition, the slowdown in the U.S. economy generally has added economic and consumer uncertainty that could adversely affect our revenue growth. Our failure to fund our operations or continued growth would have an adverse impact on our financial condition, and our failure to make any required payments would result in defaults under all of our debt agreements, which could result in the cessation of our business.

If Nextel experiences financial or operational difficulties, our business may be adversely affected.

Our business plan depends, in part, on Nextel continuing to build and sustain customer support of its brand and the Motorola iDEN technology. If Nextel encounters financial problems or operating difficulties relating to its portion of the Nextel Digital Wireless Network or experiences a significant decline in customer acceptance of its products or the Motorola iDEN technology, our affiliation with and dependence on Nextel may adversely affect our business, including the quality of our services, the ability of our customers to roam within the entire network and our ability to attract and retain customers. Additional information regarding Nextel, its domestic digital mobile network business and the risks associated with that business can be found in Nextel's Annual Report on Form 10-K for the year ended December 31, 2003, as well as Nextel's other filings made under the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act") (SEC file number 0-19656).

Our highly leveraged capital structure and other factors could limit both our ability to obtain additional financing and our growth opportunities and could adversely affect our business in several other ways.

The total non-current portion of our outstanding debt including capital lease obligations was approximately $1.6 billion as of June 30, 2004 and greatly exceeds the level of our revenues and stockholders' equity (deficit). As of June 30, 2004, the non-current portion of total long-term debt outstanding included $700.0 million outstanding under our credit facility, $1.2 million of outstanding 11% senior notes due 2010, $138.8 million at their accreted value of outstanding $12^1/_2$% senior discount notes due 2009, $300.0 million of outstanding $1^1/_2$% convertible senior notes due 2008, $474.6 million of outstanding $8^1/_8$% senior notes due 2011, and $19.3 million of capital lease obligations. In aggregate, this indebtedness represented approximately 101% of our total book capitalization at that date.

Our large amount of outstanding indebtedness, and the fact that we may need to incur additional debt in the future, could significantly impact our business for the following reasons:

- it limits our ability to obtain additional financing, if needed, to implement any enhancement of our portion of the Nextel Digital Wireless Network, including any enhanced iDEN services, to expand wireless voice capacity, enhanced data services or potential "third generation" or "3G" mobile wireless services, to cover our cash flow deficit or for working capital, other capital expenditures, debt service requirements or other purposes;

- it will require us to dedicate a substantial portion of our operating cash flow to fund interest expense on our credit facility and other indebtedness, reducing funds available for our operations or other purposes;

- it makes us vulnerable to interest rate fluctuations because our credit facility term loan bears interest at variable rates; and

- it limits our ability to compete with competitors who are not as highly leveraged, especially those who may be able to price their service packages at levels below those which we can or are willing to match.

Our ability to make payments on our indebtedness, including these notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based on our current level of operations and anticipated cost savings and operating improvements, we believe our cash flow from operations, available cash and available borrowings under our credit facility will be adequate for the foreseeable future to meet our estimated capital requirements to build out and maintain our portion of the Nextel Digital Wireless Network using the current 800 MHz iDEN system.

We cannot be sure, however, that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule or that future borrowings will be available to us under our credit facility in an amount sufficient to enable us to pay our indebtedness, including these notes, and our obligations under our credit facility or our existing senior discount notes, convertible senior notes and senior notes, or to fund our other liquidity needs. In addition, if our indebtedness, including these notes, cannot be repaid at maturity or refinanced, we will not be able to meet our obligations under our debt agreements, including these notes, which could result in the cessation of our business.

If we default on our debt or if we are liquidated, the value of our assets may not be sufficient to satisfy our obligations. We have a significant amount of intangible assets, such as licenses granted by the FCC. The value of these licenses will depend significantly upon the success of our business and the growth of the specialized mobile radio, or SMR, and wireless communications industries in general.

General conditions in the wireless communications industry or specific competitors' results, including potential decreases in new subscriber additions, declining ARPU or increased customer dissatisfaction, may adversely affect the market price of our notes and Class A common stock and, as a result, could impair our ability to raise additional capital through the sale of our equity or debt securities. In addition, the fundraising efforts of Nextel or any of its affiliates may also adversely affect our ability to raise additional funds.

Implementation of mandated wireless local number portability could negatively impact our business.

The FCC mandated that wireless carriers provide for local number portability ("LNP") by November 24, 2003 in the top 100 metropolitan statistical areas ("MSAs") in the United States. In addition, wireless carriers in areas outside of the top 100 MSAs must port a telephone number on request within six months, or by May 24, 2004, whichever is later. LNP allows subscribers to keep their wireless phone number when switching to a different service provider. We implemented LNP in our markets that are within the top 100 MSAs in the United States that were required to be completed by November 24, 2003 and implemented LNP in our remaining markets by the May 24, 2004 deadline. We anticipate number portability could increase churn, which is likely to increase our costs. A high rate of churn would adversely affect our results of operations because of loss of revenue and the cost of adding new subscribers, which generally includes a commission expense and/or significant handset discounts. A high rate of churn is a significant factor in income and profitability for participants in the wireless industry. We may be required to subsidize product upgrades and /or reduce pricing to match competitors' initiatives and retain customers, which could adversely impact our revenues and profitability. Since the launch, the wireless industry has continued to work to improve its ability to support number portability. If consumer dissatisfaction results, it could adversely impact industry growth.

Our future performance will depend on our and Nextel's ability to succeed in the highly competitive wireless communications industry.

Our ability to compete effectively with established and prospective wireless communications service providers depends on many factors, including the following:

- If the wireless communications technology that we and Nextel use does not continue to perform in a manner that meets customer expectations, we will be unable to attract and retain customers. Customer acceptance of the services we offer is and will continue to be affected by technology-based differences and by the operational performance and reliability of system transmissions on the Nextel Digital Wireless Network. If we are unable to address and satisfactorily resolve performance or other transmission quality issues as they arise, including transmission quality issues on Nextel's portion of the Nextel Digital Wireless Network, we may have difficulty attracting and retaining customers, which would adversely affect our revenues.

- As personal communication services and cellular operators, such as Verizon Wireless, Sprint PCS and ALLTEL, begin to offer two-way radio dispatch services, our historical competitive advantage of being uniquely able to combine that service with our mobile telephone service may be impaired. Further, some of our competitors have attempted to compete with Direct Connect by offering unlimited mobile-to-mobile calling plan features and reduced rate calling plan features for designated groups. If these calling plan modifications are perceived by our existing and potential customers as viable substitutes for our differentiated services, our business may be adversely affected.

- Because the Nextel Digital Wireless Network does not currently provide roaming or similar coverage on a nationwide basis that is as extensive as is available through most cellular and personal communication services providers, we may not be able to compete effectively against those providers. In addition, some of our competitors provide their customers with handsets with both digital and analog capability, which expands their coverage, while we have only digital capability. We cannot be sure that we, either alone or together with Nextel, will be able to achieve comparable system coverage or that a sufficient number of customers or potential customers will be willing to accept system coverage limitations as a trade-off for our multi-function wireless communications package.

- Neither we nor Nextel has the extensive direct and indirect channels of products and services distribution that are available to some of our competitors. The lack of these distribution channels

could adversely affect our operating results. Although we have recently expanded our distribution channels to include retail locations, we cannot assure you that these distribution channels will be successful. Moreover, many of our competitors have established extensive networks of retail locations, including locations dedicated solely to their products, and multiple distribution channels and, therefore, have access to more potential customers than we do.

Because of their greater resources and potentially greater leverage with multiple suppliers, some of our competitors may be able to offer handsets and services to customers at prices that are below the prices that we can offer for comparable handsets and services. If we cannot, as a result, compete effectively based on the price of our product and service offerings, our revenues and growth may be adversely affected.

The wireless telecommunications industry is experiencing significant technological change. Our digital technology could become obsolete or it may not be a suitable platform for the implementation of new and emerging technologies and service offerings. We rely on digital technology that is not compatible with, and that competes with, other forms of digital and non-digital voice communication technology. Competition among these differing technologies could result in the following: segment the user markets, which could reduce demand for specific technologies, including our technology; reduce the resources devoted by third-party suppliers, including Motorola, which supplies all of our current digital technology, to developing or improving the technology for our systems; and otherwise adversely affect market acceptance of our services.

We offer our subscribers access to digital two-way mobile data and Internet connectivity under the brand name Nextel Online. We cannot be sure that these services will continue to perform satisfactorily, be utilized by a sufficient number of our subscribers or produce sufficient levels of customer satisfaction or revenues. Because we have less spectrum than some of our competitors, and because we have elected to defer the implementation of 3G services, any digital two-way mobile data and Internet connectivity services that we may offer could be significantly limited compared to those services offered by other wireless communications providers with larger spectrum positions. The success of these new services will be jeopardized if: we are unable to offer these new services profitably; these new service offerings adversely impact the performance or reliability of the Nextel Digital Wireless Network; we, Nextel or third-party developers fail to develop new applications for our customers; or we otherwise do not achieve a satisfactory level of customer acceptance and utilization of these services.

We expect that as the number of wireless communications providers in our market areas increases, including providers of both digital and analog services, our competitors' prices in these markets will decrease. We may encounter further market pressures to reduce our digital wireless network service offering prices; restructure our digital wireless network service offering packages to offer more value; or respond to particular short-term, market-specific situations, for example, special introductory pricing or packages that may be offered by new providers launching their services in a particular market. A reduction in our pricing would likely have an adverse effect on our revenues and operating results.

Because of the numerous features we offer and the fact that Motorola is our sole source of handsets, our mobile handsets are, and are likely to remain, significantly more expensive than mobile analog telephones and are, and are likely to remain, somewhat more expensive than digital cellular or personal communication services telephones that do not incorporate a comparable multi-function capability. The higher cost of our equipment may make it more difficult or less profitable to attract customers who do not place a high value on our multi-service offering. This may reduce our growth opportunities or profitability.

The proposed acquisition of AT&T Wireless by Cingular Wireless, if it is completed, would likely create the largest wireless phone provider in the United States, with significantly more resources and a larger customer base than us or any other competing company. This concentration of resources in the marketplace could result in increased cost efficiency for Cingular, allowing it to obtain more favorable terms from its suppliers, which could enable Cingular to discount its handsets or services to customers.

Any failure to effectively integrate our portion of the Nextel Digital Wireless Network with Nextel's portion effectively would have an adverse effect on our results of operations.

Pursuant to our operating agreements with Nextel WIP, Nextel WIP provides us with important services and assistance, including a license to use the Nextel brand name and the sharing of switches that direct calls to their destinations. Any interruption in the provision of these services could delay or prevent the continued integration of our portion of the Nextel Digital Wireless Network with Nextel's portion, which is essential to the overall success of our business.

Moreover, our business plan depends on our ability to implement integrated customer service, network management and billing systems with Nextel's systems to allow our respective portions of the Nextel Digital Wireless Network to operate together and to provide our and Nextel's customers with seamless service. Integration requires that numerous and diverse computer hardware and software systems work together. Any failure to integrate these systems effectively may have an adverse effect on our results of operations.

Difficulties in operating our portion of the Nextel Digital Wireless Network could increase the costs of operating the network, which would adversely affect our ability to generate revenues.

The continued operation of our portion of the Nextel Digital Wireless Network involves a high degree of risk. Before we are able to build additional cell sites in our markets to expand coverage, fill in gaps in coverage or increase capacity, we will need to:

- select and acquire appropriate sites for our transmission equipment, or cell sites;
- purchase and install low-power transmitters, receivers and control equipment, or base radio equipment;
- build out the physical infrastructure;
- obtain interconnection services from local telephone service carriers on a timely basis; and
- test the cell site.

Our ability to perform these necessary steps successfully may be hindered by, among other things, any failure to:

- lease or obtain rights to sites for the location of our base radio equipment;
- obtain necessary zoning and other local approvals with respect to the placement, construction and modification of our facilities;
- acquire additional necessary radio frequencies from third parties or exchange radio frequency licenses with Nextel WIP;
- commence and complete the construction of sites for our equipment in a timely and satisfactory manner; or
- obtain necessary approvals, licenses or permits from federal, state or local agencies, including land use regulatory approvals and approvals from the Federal Aviation Administration and Federal Communications Commission with respect to the transmission towers that we will be using.

Before fully implementing our portion of the Nextel Digital Wireless Network in a new market area or expanding coverage in an existing market area, we must complete systems design work, find appropriate sites and construct necessary transmission structures, receive regulatory approvals, free up frequency channels now devoted to non-digital transmissions and begin systems optimization. These processes may take weeks or months to complete and may be hindered or delayed by many factors, including unavailability of antenna sites at optimal locations, land use and zoning controversies and limitations of available frequencies. In addition, we may experience cost overruns and delays not within our control caused by acts of governmental entities, design changes, material and equipment shortages, delays in delivery and catastrophic occurrences. Any failure to construct our portion of the Nextel Digital Wireless Network on a timely basis may adversely affect our ability to provide the quality of services in our markets consistent with our current business plan, and any significant delays could have a material adverse effect on our business.

Under certain circumstances, Nextel WIP has the ability to purchase, and a majority of our Class A stockholders can cause Nextel WIP to purchase, all of our outstanding Class A common stock.

Under our restated certificate of incorporation and our operating agreements, in certain circumstances and subject to certain limitations, Nextel WIP has the ability to purchase, or to cause and fund redemption by us of, all of the outstanding shares of our Class A common stock. In addition, under the provisions of our restated certificate of incorporation, upon the occurrence of certain events, the holders of a majority of our outstanding Class A common stock can require Nextel WIP to purchase, or cause and fund a redemption by us of, all of the outstanding shares of our Class A common stock. The circumstances that could trigger Nextel WIP's purchase right include the occurrence of January 29, 2008 (subject to certain postponements by our board of directors); failure by us to implement certain required changes to our business; failure by Nextel WIP to fund certain changes to our digital transmission technology; or termination of our operating agreements with Nextel WIP as a result of our breach. The circumstances that could trigger our stockholders' put right include a change of control of Nextel; failure by us to implement certain required changes to our business; or termination of our operating agreements with Nextel WIP as a result of a breach by Nextel WIP.

If we do not offer services that Nextel WIP requires us to offer or we fail to meet performance standards, we risk termination of our agreements with Nextel WIP, which would eliminate our ability to carry out our current business plan and strategy.

Our operating agreements with Nextel WIP require us to construct and operate our portion of the Nextel Digital Wireless Network in accordance with specific standards and to offer certain services by Nextel and its domestic subsidiaries. Our failure to satisfy these obligations could constitute a default under the operating agreements that would give Nextel WIP the right to terminate these agreements and would terminate our right to use the Nextel brand. The non-renewal or termination of the Nextel WIP operating agreements would eliminate our ability to carry out our current business plan and strategy and adversely affect our financial condition, and could also trigger Nextel's right to purchase all of our outstanding Class A common stock, as described above.

We may be required to implement material changes to our business operations to the extent these changes are adopted by Nextel, which may not be beneficial to our business.

If Nextel adopts material changes to its operations, our operating agreements with Nextel WIP give it the right to require us to make similar changes to our operations. The failure to implement required changes could, under certain circumstances, trigger the ability of Nextel WIP to terminate the operating agreements, which could result in the adverse effects described above. Even if the required change is beneficial to Nextel, the effect on our business may vary due to differences in markets and customers. We cannot assure you that such changes would not adversely affect our business plan.

The transmission technology used by us and Nextel is different from that used by most other wireless carriers, and, as a result, we might not be able to keep pace with industry standards if more widely used technologies advance.

The Nextel Digital Wireless Network uses scattered, non-contiguous radio spectrum near the frequencies used by cellular carriers. Because of their fragmented character, these frequencies traditionally were only usable for two-way radio calls, such as those used to dispatch taxis and delivery vehicles. Nextel became able to use these frequencies to provide a wireless telephone service competitive with cellular carriers only when Motorola developed a proprietary technology it calls "iDEN." We, Nextel and Southern LINC are currently the only major U.S. wireless service providers utilizing iDEN technology on a nationwide basis, and iDEN phones are not currently designed to roam onto other domestic wireless networks.

Our operating agreements with Nextel WIP require us to use the iDEN technology in our system and prevent us from adopting any new communications technologies that may perform better or may be available at a lower cost without Nextel WIP's consent.

Future technological advancements may enable other wireless technologies to equal or exceed our current levels of service and render iDEN technology obsolete. If Motorola is unable to upgrade or improve iDEN technology or develop other technology to meet future advances in competing technologies on a timely basis, or at an acceptable cost, because of the restrictive provisions in our operating agreements with Nextel WIP, we will be less able to compete effectively and could lose customers to our competitors, all of which would have an adverse effect on our business and financial condition.

We are dependent on Motorola for telecommunications equipment necessary for the operation of our business, and any failure of Motorola to perform would adversely affect our operating results.

Motorola is currently our sole-source supplier of transmitters used in our network and wireless telephone equipment used by our customers, and we rely, and expect to continue to rely, on Motorola to manufacture a substantial portion of the equipment necessary to construct our share of the Nextel Digital Wireless Network. We expect that for the next few years, Motorola will be the only manufacturer of wireless telephones that are compatible with the Nextel Digital Wireless Network. If Motorola becomes unable to deliver such equipment, or refuses to do so on reasonable terms, then we may not be able to service our existing subscribers or add new subscribers and our business would be adversely affected. Motorola and its affiliates engage in wireless communications businesses and may in the future engage in additional businesses that do or may compete with some or all of the services we offer. We cannot assure you that any potential conflict of interest between us and Motorola will not adversely affect our ability to obtain equipment in the future. In addition, the failure by Motorola to deliver necessary technology improvements and enhancements and system infrastructure and subscriber equipment on a timely, cost-effective basis would have an adverse effect on our growth and operations. We generally have been able to obtain adequate quantities of base radios and other system infrastructure equipment from Motorola, and adequate volumes and mix of wireless telephones and related accessories from Motorola, to meet subscriber and system loading rates, but we cannot be sure that equipment quantities will be sufficient in the future. Additionally, in the event of shortages of that equipment, our agreements with Nextel WIP provide that available supplies of this equipment would be allocated proportionately between Nextel and us.

Costs and other aspects of a future deployment of advanced digital technology could adversely affect our operations and growth.

Based on our current outlook and the current outlook of Nextel, we anticipate eventually deploying advanced digital technology that will allow high capacity wireless voice and high-speed data transmission, and potentially other advanced digital services. The technology that we would deploy to provide these types of broadband wireless services is sometimes referred to as "third-generation" or "3G." We and Nextel are focusing activities on maximizing our ability to offer 3G capabilities while continuing to fully utilize our iDEN digital wireless network. Significant capital expenditures may be required in implementing this 3G technology, and we cannot assure you that we will have the financial resources necessary to fund these expenditures or, if we do implement this technology, that it would provide the advantages that we would expect. Moreover, it may be necessary to acquire additional frequencies to implement 3G technologies, and we cannot be sure that we will be able to obtain such spectrum on reasonable terms, if at all. The actual amount of the funds required to finance and implement this technology may significantly exceed our current estimate. Further, any future implementation could require additional unforeseen capital expenditures in the event of unforeseen delays, cost overruns, unanticipated expenses, regulatory changes, engineering design changes, equipment unavailability and technological or other complications. In addition, there are several types of 3G technologies that may not be fully compatible with each other or with other currently deployed digital technologies. If the type of technology that we either choose to deploy or are required to deploy to maintain compatibility with the technology chosen by Nextel does not gain widespread acceptance or perform as expected, or if our competitors develop 3G technology that is more effective or economical than ours, our business would be adversely affected.

We may not be able to obtain additional spectrum, which may adversely impact our ability to implement our business plan.

We may seek to acquire additional spectrum, including through participation as a bidder, or member of a bidding group, in government-sponsored auctions of spectrum. We may not be able to accomplish any spectrum acquisition or the necessary additional capital for that purpose may not be available on acceptable terms, or at all. If sufficient additional capital is not available, to the extent we are able to complete any spectrum acquisition, the amount of funding available to us for our existing businesses would be reduced. Even if we are able to acquire additional spectrum, we may still require additional capital to finance the pursuit of any new business opportunities associated with our acquisition of additional spectrum, including those associated with the potential provision of any new 3G wireless services. This additional capital may not be available on reasonable terms, or at all.

Our network may not have sufficient capacity to support our anticipated customer growth.

Our business plan depends on assuring that our portion of the Nextel Digital Wireless Network has adequate capacity to accommodate anticipated new customers and the related increase in usage of our network. This plan relies on:

- the ability to obtain additional spectrum when and where required;
- the availability of wireless telephones of the appropriate model and type to meet the demands and preferences of our customers; and
- the ability to obtain and construct additional cell sites and obtain other infrastructure equipment.

We cannot assure you that we will not experience unanticipated difficulties in obtaining these items, which could adversely affect our ability to build our portion of the network.

Potential systems limitations on adding customers may adversely affect our growth and performance.

Our success in generating revenues by attracting and retaining large numbers of customers to our portion of the Nextel Digital Wireless Network is critical to our business plan. In order to do so, we must maintain effective procedures for customer activation, customer service, billing and other support services.

Even if our system is technically functional, we may encounter other factors that could adversely affect our ability to successfully add customers to our portion of the Nextel Digital Wireless Network, including:

- inadequate or inefficient systems or business processes and related support functions, especially related to customer service and accounts receivable collection; and

- an inappropriately long length of time between a customer's order and activation of service for that customer, especially because the current activation time for our new customers is longer than that of some of our competitors.

Customer reliance on our customer service functions may increase as we add new customers. Our inability to timely and efficiently meet the demands for these services could decrease or postpone subscriber growth, or delay or otherwise impede billing and collection of amounts owed, which would adversely affect our revenues.

Our existing debt agreements contain restrictive and financial covenants that limit our operating flexibility.

The indenture governing these notes and the indentures governing our existing senior discount notes, convertible senior notes and senior notes and the credit facility of Nextel Partners Operating Corp., one of our wholly owned subsidiaries ("OPCO"), contain covenants that, among other things, restrict our ability to take specific actions even if we believe them to be in our best interest. These include restrictions on our ability to:

- incur additional debt;

- pay dividends or distributions on, or redeem or repurchase, capital stock;

- create liens on assets;

- make investments, loans or advances;

- issue or sell capital stock of certain of our subsidiaries;

- enter into transactions with affiliates;

- enter into a merger, consolidation or sale of assets; or

- engage in any business other than telecommunications.

In addition, our credit facility imposes financial covenants that require our principal subsidiary to comply with specified financial ratios and tests, including minimum interest coverage ratios, maximum leverage ratios and minimum fixed charge coverage ratios. We cannot assure you that we will be able to meet these requirements or satisfy these covenants in the future, and if we fail to do so, our debts could become immediately payable at a time when we are unable to pay them, which would adversely affect our ability to carry out our business plan and would have a negative impact on our financial condition.

If an event constituting a change of control or fundamental change occurs under our indentures, we may be required to redeem or repurchase all of our outstanding notes even if our credit facility prohibits such redemption or repurchase or we lack the resources to make such redemption or repurchase.

Upon the occurrence of a defined change of control or fundamental change under the indentures governing these notes and our existing senior discount notes, convertible senior notes and senior notes, other than a change of control involving certain of our existing stockholders, we could be required to redeem or repurchase these notes and our existing senior discount notes, convertible senior notes and

senior notes. However, our credit facility prohibits us, except under certain circumstances, from redeeming or repurchasing any of our outstanding notes, including these notes, before their stated maturity. In the event we become subject to a change of control at a time when we are prohibited from redeeming or repurchasing our outstanding notes, including these notes, our failure to redeem or repurchase such notes would constitute an event of default under the respective indentures, which would in turn result in a default under our credit facility. Any default under our indentures or credit facility would result in an acceleration of such indebtedness, which would harm our financial condition and adversely impact our ability to implement our business plan and could result in the cessation of our business. Moreover, even if we obtained consent under our credit facility, we cannot be sure that we would have sufficient resources to redeem or repurchase our outstanding notes, including these notes, and still have sufficient funds available to successfully pursue our business plan.

We are dependent on our current key personnel, and our success depends upon our continued ability to attract, train and retain additional qualified personnel.

The loss of one or more key employees could impair our ability to successfully operate our portion of the Nextel Digital Wireless Network. We believe that our future success will also depend on our continued ability to attract and retain highly qualified technical, sales and management personnel.

Concerns that the use of wireless telephones may pose health and safety risks may discourage the use of our wireless telephones.

Studies and reports have suggested that, and additional studies are currently being undertaken to determine whether, radio frequency emissions from enhanced specialized mobile radio, or ESMR, cellular and personal communications service, or PCS, wireless telephones may be linked with health risks, including cancer, and may interfere with various electronic medical devices, including hearing aids and pacemakers. The actual or perceived risk of wireless telephones could adversely affect us through a reduced subscriber growth rate, a reduction in subscribers, reduced network usage per subscriber or reduced financing available to the mobile communications industry generally.

Litigation by individuals alleging injury from health effects associated with radio frequency emissions from wireless telephones has been brought against us and other mobile wireless carriers and manufacturers. In addition, purported class action litigation has been filed seeking to require all wireless telephones to include an earpiece that would enable use of the telephones without holding them against the user's head. While it is not possible to predict the outcome of this litigation, circumstances surrounding it could increase the cost of our wireless telephones as well as increase other costs of doing business.

Due to safety concerns, some state and local legislatures have passed or are considering legislation restricting the use of wireless telephones while driving automobiles. The passage of this type of legislation could decrease demand for our services.

Regulatory authorities exercise considerable power over our operations, which could be exercised against our interests and impose additional unanticipated costs.

The FCC and state telecommunications authorities regulate our business to a substantial degree. The regulation of the wireless telecommunications industry is subject to constant change by legislation and by new rules and regulations of the FCC. We cannot predict the effect that any legislation or FCC rulemaking may have on our future operations. We must comply with all applicable regulations to conduct our business. Modifications of our business plans or operations to comply with changing regulations or actions taken by regulatory authorities might increase our costs of providing service and adversely affect our financial condition. In addition, we anticipate FCC regulation or Congressional legislation that creates additional spectrum allocations that may also have the effect of adding new entrants into the mobile telecommunications market.

If we fail to comply with the terms of our licenses or applicable regulations, we could lose one or more licenses or face penalties and fines. For example, we could lose a license if we fail to construct or operate facilities as required by the license. If we lose licenses, that loss could have a material adverse effect on our business and financial condition.

We may not be able to meet a December 31, 2005 FCC deadline with respect to A-GPS handset subscriber penetration, in which event the FCC could impose fines or take other regulatory action that could have an adverse effect on our business.

On August 2, 2004, we filed our required Phase I and Phase II E911 Quarterly Report with the FCC which sets forth our compliance with the FCC's mandates regarding the sale of A-GPS capable handsets. A-GPS capable handsets are used to locate customers placing emergency 911-telephone calls. The FCC currently requires that by December 31, 2005, 95% of our subscriber base must use A-GPS capable handsets. In our quarterly FCC report, we notified the FCC that we do not project that we can meet the FCC's December 31, 2005 benchmark of 95% A-GPS handset penetration. If we are not able to achieve this benchmark or obtain a waiver or postponement of this benchmark, the FCC could impose fines or take other regulatory action that could have an adverse effect on our business.

Nextel WIP has contractual approval rights that allow it to exert significant influence over our operations, and it can acquire additional shares of our stock.

Pursuant to our amended and restated shareholders' agreement and operating agreements, the approval of the director designated by Nextel WIP, and/or of Nextel WIP itself, is required in order for us to:

- make a material change in our technology;
- modify our business objectives in any way that is inconsistent with our objectives under our material agreements, including our operating agreements with Nextel WIP;
- dispose of all or substantially all of our assets;
- make a material change in or broaden the scope of our business beyond our current business objectives; or
- enter into any agreement the terms of which would be materially altered in the event that Nextel WIP either exercises or declines to exercise its rights to acquire additional shares of our stock under the terms of the amended and restated shareholders' agreement or our restated certificate of incorporation.

These approval rights relate to significant transactions, and decisions by the Nextel WIP-designated director could conflict with those of our other directors, including our independent directors.

In addition, the amended and restated shareholders' agreement does not prohibit Nextel WIP or any of our other stockholders or any of their respective affiliates from purchasing shares of our Class A common stock in the open market. Any such purchases would increase the voting power and influence of the purchasing stockholder and could result in a change of control of us. Shares of Class A common stock are immediately and automatically convertible into an equal number of shares of Class B common stock upon the acquisition of such shares of Class A common stock by Nextel, by any of its majority-owned subsidiaries, or by any person or group that controls Nextel. We recently amended our restated certificate of incorporation in response to a request from Nextel WIP to increase the number of shares of Class B common stock that is authorized for issuance thereunder. We are also aware that, in connection with our public equity offering in November 2003, Nextel indicated an interest in purchasing shares of Class A common stock from existing stockholders through a private placement or through open-market purchases. Additionally, if we experience a change of control, Nextel WIP could purchase all of our licenses for $1.00, provided that it enters into a royalty-free agreement with us to allow us to use the licenses in our territory for as long as our operating agreements with Nextel WIP remain in effect. Such an agreement would be subject to approval by the FCC.

Significant stockholders represented on our board of directors can exert significant influence over us and may have interests that conflict with those of our other stockholders.

As of June 30, 2004, our officers, directors and greater than 5% stockholders together controlled approximately 47% of our outstanding common stock. As a result, these stockholders, if they act together, will be able to greatly affect the management and affairs of our company and matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control of our company.

In addition, under our amended and restated shareholders' agreement, Nextel WIP and Madison Dearborn Capital Partners II, L.P. ("Madison Dearborn Partners") each have the right to designate a member to our board of directors. We cannot be certain that any conflicts that arise between our interests and those of these stockholders will always be resolved in our favor. Moreover, as described above, Nextel WIP has certain approval rights that allow it to exert significant influence over our operations.

Madison Dearborn Partners and Eagle River each own significant amounts of our capital stock, and Madison Dearborn Partners currently has a representative on our board of directors. Each of these entities or their affiliates has significant investments in other telecommunications businesses, some of which may compete with us currently or in the future. We do not have a non-competition agreement with any of our stockholders, and thus their or their affiliates' current and future investments could create conflicts of interest with us. See "Principal Stockholders."

Anti-takeover provisions could prevent or delay a change of control that stockholders may favor.

Provisions of our charter documents, amended and restated shareholders' agreement, operating agreements and Delaware law may discourage, delay or prevent a merger or other change of control of our company that stockholders may consider favorable. We have authorized the issuance of "blank check" preferred stock and have imposed certain restrictions on the calling of special meetings of stockholders. If we experience a change of control, Nextel WIP could purchase all of our licenses for $1.00, provided that it enters into a royalty-free agreement with us to allow us to use the frequencies in our territory for as long as our operating agreements remain in effect. Such an agreement would be subject to approval by the FCC. Moreover, a change of control could trigger an event of default under our credit facility and the indentures governing our senior discount notes, convertible senior notes and senior notes. These provisions could have the effect of delaying, deferring or preventing a change of control in our company, discourage bids for our Class A common stock at a premium over the market price, lower the market price of our Class A common stock, or impede the ability of the holders of our Class A common stock to change our management.

Regulations to which we are subject may affect the ability of some of our investors to have an equity interest in us. Additionally, our restated certificate of incorporation contains provisions that allow us to redeem shares of our securities in order to maintain compliance with applicable federal and state telecommunications laws and regulations.

Our business is subject to regulation by the FCC and state regulatory commissions or similar state regulatory agencies in the states in which we operate. This regulation may prevent some investors from owning our securities, even if that ownership may be favorable to us. The FCC and some states have statutes or regulations that would require an investor who acquires a specified percentage of our securities or the securities of one of our subsidiaries to obtain approval from the FCC or the applicable state commission to own those securities. Moreover, our restated certificate of incorporation allows us to redeem shares of our stock from any stockholder in order to maintain compliance with applicable federal and state telecommunications laws and regulations.

The new notes offered hereby have been issued under a separate indenture than, and will not be fungible with, our currently outstanding registered $8^1/_8$% senior notes due 2011.

The notes offered hereby have been issued under a separate indenture than our outstanding registered $8^1/_8$% senior notes due 2011. As a result, the notes offered hereby are not fungible with our currently outstanding registered $8^1/_8$% senior notes due 2011. Consequently, the liquidity and trading prices of the notes offered hereby may be adversely affected.

An active trading market for the notes may not develop.

Prior to this offering, there was no public market for these notes. We do not plan to list the notes on any securities exchange or to include them in any automated quotation system. In addition, there is a relatively small principal amount of these notes currently outstanding. A debt security with a smaller outstanding principal amount available for trading (a smaller "float") may command a lower price than would a comparable debt security with a greater float. Therefore, the market price for these notes may be affected adversely. The reduced float may also result in a more volatile trading price of the notes.

We also cannot assure you that an active trading market for the notes will develop or as to the liquidity or sustainability of any such market, your ability to sell your notes or the price at which you will be able to sell your notes. Future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results, the price of our Class A common stock and the market for similar securities.

Changes in our credit ratings or the financial and credit markets could adversely affect the market price of the notes.

The market price of the notes will be based on a number of factors, including:

- our ratings with major credit rating agencies;
- the prevailing interest rates being paid by companies similar to us; and
- the overall condition of the financial and credit markets.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the price of the notes. In addition, credit rating agencies continually revise their ratings for companies that they follow, including us. We cannot assure you that credit rating agencies will rate the notes, or if they do rate the notes, that they will maintain their ratings on the notes. A negative change in our rating could have an adverse effect on the market price of the notes.

Because the notes that you hold are unsecured, you may not be fully repaid if we become insolvent.

We have limited operations of our own and derive substantially all of our revenue and cash flow from our subsidiaries. The notes are not secured by any of our assets or those of our subsidiaries. None of our subsidiaries will guarantee these notes. Our obligations under our credit facility, however, are secured by liens on assets of our subsidiaries and a pledge of their capital stock. Creditors of our subsidiaries (including the lenders under our credit facility and trade creditors) will generally be entitled to payment from the assets of those subsidiaries before those assets can be distributed to us. Therefore, you may not be fully repaid if we become insolvent. If we become insolvent, the holders of our secured debt would receive payments from the assets used as security before you receive payments.

If you do not exchange your outstanding notes you may have difficulty in transferring them at a later time.

We will issue exchange notes in exchange for the outstanding notes after the exchange agent receives your outstanding notes, the letter of transmittal and all related documents. You should allow adequate time for delivery if you choose to tender your outstanding notes for exchange notes. Outstanding notes that are not exchanged will remain subject to restrictions on transfer and will not have any rights to registration.

You must comply with the procedures for the exchange offer in order to receive the exchange notes.

You are responsible for complying with all exchange offer procedures. You should allow sufficient time to ensure that the exchange agent receives all required documents before the expiration date. Neither we nor the exchange agent has any duty to inform you of any defects or irregularities with respect to the tender of your outstanding notes for exchange notes.

If you do participate in the exchange offer for the purpose of participating in the distribution of the exchange notes, you must comply with the registration and prospectus delivery requirements of the Securities Act for any resale transaction. Each broker-dealer who holds outstanding notes for its own account due to market-making or other trading activities and who receives exchange notes for its own account must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. If any outstanding notes are not tendered in the exchange or are tendered but not accepted, the trading market for such outstanding notes could be negatively affected due to the limited number of outstanding notes expected to remain outstanding following the completion of the exchange offer.

FORWARD-LOOKING STATEMENTS

Some statements and information contained in this prospectus or incorporated herein by reference are not historical facts, but are forward-looking statements. They can be identified by the use of forward-looking words such as "believes," "expects," "plans," "may," "will," "would," "could," "should" or "anticipates" or other comparable words, or by discussions of strategy, plans or goals that involve risks and uncertainties that could cause actual results to differ materially from those currently anticipated. You are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including those set forth below under "Risk Factors" and as described from time to time in our reports filed with the SEC. Forward looking statements include, but are not limited to, statements with respect to the following:

our business plan, its advantages and our strategy for implementing our plan;

the characteristics of the geographic areas and occupational markets that we are targeting in our portion of the Nextel Digital Wireless Network;

the implementation and performance of the technology being deployed or to be deployed in our various markets, including the expected 6:1 voice coder software upgrade being developed by Motorola and technologies to be implemented in connection with the completed launch of Nationwide Direct Connect capability;

our ability to attract and retain customers;

our anticipated capital expenditures, funding requirements and contractual obligations, including our ability to access sufficient debt or equity capital to meet operating and financing needs;

the availability of adequate quantities of system infrastructure and subscriber equipment and components to meet our service deployment, marketing plans and customer demand;

the ability to achieve and maintain market penetration and average subscriber revenue levels;

the development and availability of new handsets with expanded applications and features, and market acceptance of such handsets and service offerings;

the availability and cost of acquiring additional spectrum;

the quality and price of similar or comparable wireless communications services offered or to be offered by our competitors, including providers of PCS and cellular services;

future legislation or regulatory actions relating to specialized mobile radio services, other wireless communications services or telecommunications services generally;

delivery and successful implementation of any new technologies deployed in connection with any future enhanced iDEN or next generation or other advanced services we may offer; and

the costs of compliance with regulatory mandates, particularly the requirement to deploy location-based 911 capabilities and wireless number portability.

USE OF PROCEEDS

We will not receive any proceeds from this exchange offer.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of June 30, 2004 on an actual basis.

You should read this table in conjunction with our consolidated financial statements and the related notes incorporated by reference in this prospectus.

	As of June 30, 2004 (unaudited) (dollars in thousands)
Cash and cash equivalents and short-term investments	$ 222,392
Debt:	
Credit facility (non-current portion)	$ 700,000
11% senior notes due 2010	1,157
$12^{1}/_{2}$% senior discount notes due 2009	138,807
$1^{1}/_{2}$% convertible senior notes due 2008	300,000
$8^{1}/_{8}$% senior notes due 2011 (June 2003 and May 2004)	474,570
Capital lease obligations	19,260
Total non-current portion of long-term debt	1,633,794
Stockholders' equity (deficit):	
Class A common stock and additional paid-in capital	1,023,647
Class B common stock and additional paid-in capital	163,312
Deferred compensation	(907)
Accumulated deficit	(1,205,374)
Total stockholders' equity (deficit)	(19,322)
Total capitalization	$ 1,614,472

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read together with the consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference in this prospectus. The selected consolidated statement of operations data shown below for the years ended December 31, 2001, 2002 and 2003 and the balance sheet data as of December 31, 2002 and 2003 are derived from our audited consolidated financial statements incorporated by reference in this prospectus. The selected consolidated statement of operations data shown below for the years ended December 31, 1999 and 2000 and the balance sheet data as of December 31, 1999, 2000 and 2001 are derived from our audited consolidated financial statements but are not included elsewhere in this prospectus or incorporated by reference. The financial data for the six months ended June 30, 2003 and 2004 have been derived from our unaudited consolidated financial statements. The unaudited consolidated financial statements reflect, in the opinion of management, all adjustments necessary for the fair presentation of the financial condition and the results of operations for such periods. Operating results for the six months ended June 30, 2004 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2004.

	Year Ended December 31,					Six Months Ended June 30,	
	1999	**2000**	**2001**	**2002**	**2003**	**2003**	**2004**
						(unaudited)	
	(dollars in thousands)						
Consolidated Statements of Operations Data:							
Operating revenues:							
Service revenues(1)	$ 28,136	$ 130,125	$ 363,573	$ 646,169	$ 964,386	$ 427,049	$ 599,494
Equipment revenues(1)	4,584	5,745	13,791	24,519	54,658	15,029	39,036
Total revenues	32,720	135,870	377,364	670,688	1,019,044	442,078	638,530
Operating expenses:							
Cost of service revenues (excludes depreciation of $11,309, $35,148, $62,899, $85,750, $109,572, $53,176 and $59,277, respectively)	18,807	84,962	192,728	267,266	318,038	149,073	170,291
Cost of equipment revenues(1)	10,742	26,685	59,202	87,130	114,868	44,935	73,582
Selling, general and administrative	34,862	117,975	210,310	313,668	402,300	187,369	231,230
Stock-based compensation (primarily selling, general and administrative related)	27,256	70,144	30,956	12,670	1,092	481	554
Depreciation and amortization(2)	12,689	38,272	76,491	101,185	135,417	65,994	73,199
Total operating expenses	104,356	338,038	569,687	781,919	971,715	447,852	548,856
Operating income (loss)	(71,636)	(202,168)	(192,323)	(111,231)	47,329	(5,774)	89,674
Other income (expense):							
Interest expense, net	(65,362)	(102,619)	(126,096)	(164,583)	(152,294)	(79,397)	(58,248)
Interest income	24,585	63,132	32,473	7,091	2,811	1,282	979
Gain (loss) on early extinguishment of debt		(23,485)		4,427	(95,093)	(68,127)	(54,971)
Total other income (expense)	(40,777)	(62,972)	(93,623)	(153,065)	(244,576)	(146,242)	(112,240)
Loss before deferred income tax provision and cumulative effect of change in accounting principle	(112,413)	(265,140)	(285,946)	(264,296)	(197,247)	(152,016)	(22,566)
Income tax provision				(18,188)	(7,811)	(6,090)	7,835
Loss before cumulative effect of change in accounting principle	(112,413)	(265,140)	(285,946)	(282,484)	(205,058)	(158,106)	(14,731)

	Year Ended December 31,					Six Months Ended June 30,	
Cumulative effect of change in accounting principle			(1,787)				
Net loss	(112,413)	(265,140)	(287,733)	(282,484)	(205,058)	(158,106)	(14,731)
Mandatorily redeemable preferred stock dividends(3)		(5,667)	(3,504)	(3,950)	(2,141)	(2,141)	
Loss attributable to common stockholders	$ (112,413)	$ (270,807)	$ (291,237)	$ (286,434)	$ (207,199)	$ (160,247)	$ (14,731)
Loss per share attributable to common stockholders, basic and diluted:							
Loss per share before cumulative effect of change in accounting principle	$ (38.18)	$ (1.33)	$ (1.19)	$ (1.17)	$ (0.82)	$ (0.64)	$ (0.06)
Cumulative effect of change in accounting principle			(0.01)				
Net loss per share attributable to common stockholders	$ (38.18)	$ (1.33)	$ (1.20)	$ (1.17)	$ (0.82)	$ (0.64)	$ (0.06)

	As of December 31,					As of June 30,
	1999	2000	2001	2002	2003	2004
						(unaudited)
	(dollars in thousands)					
Consolidated Balance Sheet Data:						
Cash and cash equivalents and short-term investments	$ 568,729	$ 928,346	$ 557,285	$ 195,029	$ 268,811	$ 222,392
Property, plant and equipment, net	252,223	532,702	845,934	1,000,076	1,025,096	1,011,544
FCC operating licenses, net	151,056	245,295	283,728	348,440	371,898	374,064
Total assets	1,015,327	1,793,084	1,821,721	1,735,925	1,889,310	1,854,893
Current liabilities	58,503	120,423	127,972	161,567	185,425	187,068
Long-term debt	785,484	1,067,684	1,327,829	1,424,600	1,653,539	1,633,794
Series B redeemable preferred stock(3)		27,517	31,021	34,971		
Total stockholders' equity (deficit)	170,616	570,215	319,504	76,379	(13,296)	(19,322)
Total liabilities and stockholders' equity (deficit)	$ 1,015,327	$ 1,793,084	$ 1,821,721	$ 1,735,925	$ 1,889,310	$ 1,854,893

	Year Ended December 31,					Six Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	
	(dollars in thousands)						
Consolidated Statements of Cash Flows Data:							
Cash flows from operating activities	$ (66)	$ (116,028)	$ (153,894)	$ (116,469)	$ 87,154	$ (20,659)	$ 80,846
Cash flows from investing activities	$ (365,851)	$ (514,003)	$ (260,249)	$ (201,648)	$ (214,504)	$ (106,319)	$ (4,839)
Cash flows from financing activities	$ 520,174	$ 969,310	$ 224,950	$ 81,280	$ 182,448	$ 131,884	$ 60,447

	Year Ended December 31,					Six Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
	(unaudited)						
	(dollars in thousands, except ratios)						
Other Data:							
Covered Pops (end of period) (millions)	6	24	33	36	38	37	39
Subscribers (end of period)	46,100	227,400	515,900	877,800	1,233,200	1,053,600	1,414,000
Adjusted EBITDA(4)	$ (31,691)	$ (93,752)	$ (84,876)	$ 2,624	$ 183,838	$ 60,701	$ 163,427
Net capital expenditures(5)	$ 151,743	$ 303,573	$ 374,001	$ 250,841	$ 161,845	$ 88,666	$ 59,021
Ratio of earnings (loss) to fixed charges(6)							.68x

(1)

Effective July 1, 2003, we adopted Emerging Issues Task Force, or EITF, Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables," and elected to apply the provisions prospectively to our existing customer arrangements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a more detailed description of the impact of our adoption of this policy.

(2)

Effective January 2002, we no longer amortize the cost of FCC licenses as a result of implementing Statement of Financial Accounting Standards, or SFAS, No. 142, "Goodwill and Other Intangible Assets." See Note 1 of the Notes to Consolidated Financial Statements included elsewhere herein under the caption "FCC Licenses" for a more detailed description of the impact and adoption of SFAS No. 142.

(3)

In May 2003, the Financial Accounting Standards Board, or FASB, issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within the scope of the statement as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. This statement was effective for all freestanding financial instruments entered into or modified after May 31, 2003; otherwise it was effective at the beginning of the first interim period beginning after June 15, 2003. We identified that our Series B mandatorily redeemable preferred stock was within the scope of this statement and reclassified it to long-term debt and began recording the Series B mandatorily redeemable preferred stock dividends as interest expense beginning July 1, 2003. We redeemed all of our outstanding Series B mandatorily redeemable preferred stock on November 21, 2003 and currently have no preferred stock outstanding.

(4)

The term "EBITDA" refers to a financial measure that is defined as earnings (loss) before interest, taxes, depreciation and amortization; we use the term "Adjusted EBITDA" to reflect that our financial measure also excludes cumulative effect of change in accounting principle, loss from disposal of assets, gain (loss) from early extinguishment of debt and stock-based compensation. Adjusted EBITDA is commonly used to analyze companies on the basis of leverage and liquidity. However, Adjusted EBITDA is not a measure determined under generally accepted accounting principles, or GAAP, in the United States of America and may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA should not be construed as a substitute for operating income or as a better measure of liquidity than cash flow from operating activities, which are determined in accordance with GAAP. We have presented Adjusted EBITDA to provide additional information with respect to our ability to meet future debt service, capital expenditure and working capital requirements. The following schedule reconciles Adjusted EBITDA to net cash from operating activities reported on our Consolidated Statements of Cash Flows, which we believe is the most directly comparable GAAP measure:

	Year Ended December 31,					Six Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	
				(in thousands)			
Net cash from operating activities (as reported on Consolidated Statements of Cash Flows)	$ (66)	$ (116,028)	$ (153,894)	$ (116,469)	$ 87,154	$ (20,659)	$ 80,846
Adjustments to reconcile to Adjusted EBITDA:							
Cash paid interest expense, net of amounts capitalized	17,302	43,176	70,138	98,777	103,485	51,359	70,051
Interest income	(24,585)	(63,132)	(32,473)	(7,091)	(2,811)	(1,282)	(979)
Change in working capital	(24,342)	42,232	31,353	27,407	(3,990)	31,283	13,509
Adjusted EBITDA	$ (31,691)	$ (93,752)	$ (84,876)	$ 2,624	$ 183,838	$ 60,701	$ 163,427

(5)

Net capital expenditures exclude capitalized interest and are offset by net proceeds from the sale and leaseback transactions of telecommunication towers and related assets to third parties accounted for as operating leases. Net capital expenditures as defined are not a measure determined under GAAP in the United States of America and may not be comparable to similarly titled measures reported by other companies. Net capital expenditures should not be construed as a substitute for capital expenditures reported on the Consolidated Statements of Cash Flows, which is determined in accordance with GAAP. We report net capital expenditures in this manner because we believe it reflects the net cash used by us for capital expenditures and to satisfy the reporting requirements for our debt covenants. The following schedule reconciles net capital expenditures to capital expenditures reported on our Consolidated Statements of Cash Flows, which we believe is the most directly comparable GAAP measure:

	Year Ended December 31,					Six Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	
				(in thousands)			
Capital expenditures (as reported on Consolidated Statements of Cash Flows)	$ 121,345	$ 264,513	$ 398,611	$ 274,911	$ 179,794	$ 84,824	$ 64,318
Less: cash paid portion of capitalized interest	(1,231)	(5,545)	(5,449)	(1,993)	(1,283)	(676)	(506)
Less: cash proceeds from sale and lease-back transactions accounted for as operating leases	(2,246)	(9,259)	(10,425)	(2,562)	(6,860)	(6,250)	(779)
Change in capital expenditures accrued or unpaid	33,875	53,864	(8,736)	(19,515)	(9,806)	10,768	(4,012)
Net capital expenditures	$ 151,743	$ 303,573	$ 374,001	$ 250,841	$ 161,845	$ 88,666	$ 59,021

(6) Earnings (loss) represent earnings (loss) before deferred income tax provisions and cumulative effect of change in accounting principle and fixed charges (excluding capitalized interest). Fixed charges consist of interest (including capitalized interest), amortization of deferred financing costs and the estimated portion of rental expense that is representative of the interest factor. For the years ended December 31, 1999, 2000, 2001, 2002 and 2003 and the six months ended June 30, 2003 and 2004, earnings were insufficient to cover charges by $126,075, $280,852, $298,494, $267,529, $198,953, $153,109 and $23,072, respectively. The difference between the deficiencies disclosed above and the net loss before deferred income tax provision and cumulative effect of change in accounting principle for the years ended December 31, 1999, 2000, 2001, 2002 and 2003 and the six months ended June 30, 2003 and 2004 represents interest capitalized by us.

Additional Reconciliations of Non-GAAP Financial Measures (Unaudited)

The information presented in this prospectus includes financial information prepared in accordance with GAAP, as well as other financial measures that may be considered non-GAAP financial measures.

Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. As described more fully below, management believes these non-GAAP measures provide meaningful additional information about our performance and our ability to service our long-term debt and other fixed obligations and to fund our continued growth. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP.

ARPU Average Revenue Per Unit

ARPU is an industry term that measures total service revenues per month from our subscribers divided by the average number of subscribers in commercial service during the period. ARPU, itself, is not a measurement determined under GAAP in the United States of America and may not be similar to ARPU measures of other companies; however, ARPU uses GAAP measures as the basis for calculation. We believe that ARPU provides useful information concerning the appeal of our rate plans and service offering and our performance in attracting high value customers. The following schedule reflects the ARPU calculation and provides a reconciliation of service revenues used for the ARPU calculation to service revenues reported on our Consolidated Statements of Operations, which we believe is the most directly comparable GAAP measure to the service revenues measure used for the ARPU calculation:

	Year Ended December 31,					Three Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
	(in thousands, except ARPU)						
ARPU (without roaming revenues)							
Service revenues	$ 28,136	$ 130,125	$ 363,573	$ 646,169	$ 964,386	$ 226,507	$ 312,232
Adjust: activation fees deferred and recognized for SAB No. 101		1,355	2,398	3,197	(1,006)	574	(985)
Add: activation fees reclassified for EITF No. 00-21(1)					4,256		2,955
Less: roaming and other revenues	(8,545)	(25,671)	(58,545)	(80,452)	(115,893)	(26,917)	(37,702)
Service revenues for ARPU	$ 19,591	$ 105,809	$ 307,426	$ 568,914	$ 851,743	$ 200,164	$ 276,500
Average units (subscribers)	25	123	360	694	1,051	1,005	1,364
ARPU	$ 66	$ 71	$ 71	$ 68	$ 68	$ 66	$ 68

	Year Ended December 31,					Three Months Ended June 30,	
	1999	2000	2001	2002	2003	2003	2004
	(in thousands, except ARPU)						
ARPU (including roaming revenues)							
Service revenues	$ 28,136	$ 130,125	$ 363,573	$ 646,169	$ 964,386	$ 226,507	$ 312,232
Adjust: activation fees deferred and recognized for SAB No. 101		1,355	2,398	3,197	(1,006)	574	(985)
Add: activation fees reclassified for EITF No. 00-21(1)					4,256		2,955
Less: other revenues	(9)	(986)	(458)	(981)			(913)
Service plus roaming revenues for ARPU	$ 28,127	$ 130,494	$ 365,513	$ 648,385	$ 967,636	$ 227,081	$ 313,289
Average units (subscribers)	25	123	360	694	1,051	1,005	1,364

	Year Ended December 31,					Three Months Ended June 30,	
ARPU, including roaming revenues	$ 94	$ 88	$ 85	$ 78	$ 77	$ 75	$ 77

(1) On July 1, 2003, we adopted EITF Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables," and elected to apply the provisions prospectively to our existing customer arrangements. Subsequent to that date, each month we recognize the activation fees, phone equipment revenues and equipment costs that had been previously deferred in accordance with Staff Accounting Bulletin, or SAB, No. 101. Under the provisions of SAB No. 101, "Revenue Recognition in Financial Statements," we accounted for the sale of our phone equipment and the subsequent service to the customer as a

single unit of accounting due to the fact that our wireless service is essential to the functionality of our phones. Accordingly, we recognized revenues from the phone equipment sales and an equal amount of the cost of phone equipment revenues over the expected customer relationship period when title to the phone passed to the customer. Under EITF Issue No. 00-21, we are no longer required to consider whether a customer is able to realize utility from the phone in the absence of the undelivered service. Given that we meet the criteria stipulated in EITF Issue No. 00-21, we account for the sale of a phone as a unit of accounting separate from the subsequent service to the customer. Accordingly, we recognize revenues from phone equipment sales and the related cost of phone equipment revenues when title to the phone equipment passes to the customer for all arrangements entered into beginning in the third quarter of 2003. In December 2003, the SEC staff issued SAB No. 104, "Revenue Recognition in Financial Statements," which updated SAB No. 101 to reflect the impact of the issuance of EITF No. 00-21.

LRS Lifetime Revenue Per Subscriber

LRS is an industry term calculated by dividing ARPU (see above) by the subscriber churn rate. The subscriber churn rate is an indicator of subscriber retention and represents the monthly percentage of the subscriber base that disconnects from service. Subscriber churn is calculated by dividing the number of handsets disconnected from commercial service during the period by the average number of handsets in commercial service during the period. LRS, itself, is not a measurement determined under GAAP in the United States of America and may not be similar to LRS measures of other companies; however, LRS uses GAAP measures as the basis for calculation. We believe that LRS is an indicator of the expected lifetime revenue of our average subscriber, assuming that churn and ARPU remain constant as indicated. We also believe that this measure, like ARPU, provides useful information concerning the appeal of our rate plans and service offering and our performance in attracting and retaining high value customers. The following schedule reflects the LRS calculation:

	Year Ended December 31,				Three Months Ended June 30,	
	2000	2001	2002	2003	2003	2004
ARPU	$ 71	$ 71	$ 68	$ 68	$ 66	$ 68
Divided by: churn %						