SWIDLER & BERLIN

CHARTERED

ORIGINAL

April 22, 1998

DEPOSIT D761 DATE APR 23 1998

VIA OVERNIGHT DELIVERY

Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

980557-TI

Re: Application of NXLD Company

Dear Ms. Bayó:

Enclosed for filing on behalf of NXLD Company ("NXLD") are an original and five (5) copies of NXLD's Application Form for Authority to Provide Interexchange Telecommunications Service within the State of Florida. Also enclosed is a check in the amount of $250.00 to satisfy the requisite filing fee.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, postage-paid envelope provided. Should you have any questions concerning this filing, please do not hesitate to contact us.

Very truly yours,

Nancy Killien Spooner

Nancy Killien Spooner
Marcy A. Greene
Counsel for NXLD Company

RECEIVED APR 23 10 19 AM '98 ADMINISTRATION MAIL ROOM

Enclosures

cc: Floyd Self, Esq.

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check: AG.

DOCUMENT NO 04564-98 4-23-98

3000 K Street, N.W. ■ Suite 300
Washington, D.C. 20007-5116
(202)424-7500 ■ Telex 701131 ■ Facsimile (202)424-7645

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

NXLD Company	)	
Request for Authority to Provide Interexchange Telecommunications Service within the State of Florida	)	Docket No. ______________

APPLICATION FORM
for
AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE WITHIN THE STATE OF FLORIDA

1. This is an application for (check one):

   (X) Original Authority (New company).
   ( ) Approval of Transfer (To another certificated company).
   ( ) Approval of Assignment of Existing Certificate (To a noncertificated company).
   ( ) Approval for Transfer of Control (To another certificated company).

2. Select what type of business your company will be conducting (check all that apply):

   ( ) Facilities Based Carrier - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.

   ( ) Operator Service Provider - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.

   ( ) Reseller - company has or plans to have one or more switches, but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.

   (X) Switchless Rebiller - company has no switch or transmission facilities, but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount, but generally below the rate end users would pay for unaggregated traffic.

   ( ) Multi-Location Discount Aggregator - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers the resold service by enrolling unaffiliated customers.

3. Name of corporation, partnership, cooperative, joint venture, or sole proprietorship:

   NXLD Company

4. Name under which the applicant will do business (fictitious name, etc.):

NXLD Company will do business under its own name and under its fictitious name, Nextel Long Distance. (See Exhibit 1 for NXLD's fictitious name registration.)

5. National address (including street name and number, post office box, city, state, and zip code):

1013 Centre Road
Wilmington, Delaware 19899-0591

6. Florida address (including street name and number, post office box, city, state, and zip code):

Applicant does not have an office in the State of Florida.

7. Structure of organization:

( )	Individual	(X)	Corporation
( )	Foreign Corporation	( )	Foreign Partnership
( )	General Partnership	( )	Limited Partnership
( )	Other, ____________		

8. If applicant is an individual or partnership, please give name, title, and address of sole proprietor or partners.

Not applicable.

(a) Provide proof of compliance with the foreign limited partnership statute (Chapter 620.169 FS), if applicable.

(b) Indicate if the individual or any of the partners have previously been:

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

(2) officer, director, partner, or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

9. If incorporated, please give:

(a) Proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

See Exhibit 1.

Corporation charter number: F98000000558

(b) Name and address of the company's Florida registered agent.

Corporation Service Company
1201 Hays Street
Tallahassee, FL 32301

(c) Provide proof of compliance with the fictitious name statute (Chapter 865.09 FS), if applicable.

See Exhibit 1.

Fictitious name registration number: **G98105900001**

(d) Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

No.

(2) officer, director, partner, or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

Daniel F. Akerson, Chairman and Chief Executive Officer of NXLD, was previously President and Chief Operation Officer of MCI, a certificated facilities-based interexchange service provider in Florida. Mr. Akerson left his position with MCI to pursue new opportunities.

10. Who will serve as liaison with the Commission in regard to (please give name, title, address, and telephone number):

(a) Application:

Nancy Killien Spooner, Esq.
Marcy Greene, Esq.
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Telephone: (202) 424-7500
Facsimile: (202) 424-7645

(b) Official Point of Contact for the ongoing operations of the company:

Laura L. Holloway
General Attorney
NXLD Company
1450 G Street, N.W.
Suite 425
Washington, D.C. 20005
Telephone: (202) 296-8111
Facsimile: (202) 347-3834

(c) Tariff:

Nancy Killien Spooner, Esq.
Marcy Greene, Esq.
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Telephone: (202) 424-7500
Facsimile: (202) 424-7645

(d) Complaints/Inquiries from customers:

Customers with billing questions or complaints may reach NXLD at its toll-free number, (800) 639-6111. Through this 800 number, NXLD's customers can reach the Company's Customer Care Center during normal business hours, seven days a week for assistance with all products or billing inquiries, changes or additions to their accounts, trouble reports, or service complaints.

11. List the states in which the applicant:

(a) Has operated as an interexchange carrier.

Applicant is in the process of seeking authority to provide resold intrastate interexchange telecommunications services throughout the United States. NXLD has begun operations pursuant to authorization in Colorado, Georgia, Massachusetts, New Hampshire, and Rhode Island.

(b) Has applications pending to be certificated as an interexchange carrier.

Applicant is in the process of seeking authority to provide resold intrastate interexchange telecommunications services throughout the United States.

(c) Is certificated to operate as an interexchange carrier.

Applicant is authorized to provide resold intrastate, interexchange telecommunications services, by virtue of certification, registration or tariff requirements, or on an unregulated basis, in 13 states, including: Colorado, Georgia, Iowa, Massachusetts, Michigan, Montana, New Hampshire, New Jersey, Rhode Island, Texas, Utah, Virginia, and Wisconsin.

(d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.

None.

(e) Has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None.

(f) Has been involved in civil court proceedings with an interexchange carrier, local exchange company, or other telecommunications entity and the circumstances involved.

None.

12. What services will the applicant offer to other certificated telephone companies:

( )	Facilities	( )	Operators
( )	Billing and Collection	( )	Sales
( )	Maintenance	( )	Other n/a

13. Do you have a marketing program?

Yes.

14. Will your marketing program:

(X) Pay commissions?
( ) Offer sales franchises?
( ) Offer multi-level sales incentives?
( ) Offer other sales incentives?

15. Explain any of the offers checked in question 14 (to whom, what amount, type of franchise, etc.). **NXLD will pay commissions directly to individuals employed by NXLD to market its services. Commissions are paid for each account or for each line sold. Commissions range from $5 to $20 per line depending on the particular applicable incentive program.**

16. Who will receive the bills for your services (check all that apply)?

(X)	Residential Customers	(X)	Business Customers
( )	PATS Providers	( )	PATS Station End-Users
( )	Hotels and Motels	( )	Hotel and Motel Guests
( )	Universities	( )	Univ. Dormitory Residents
( )	Other, ______		

17. Please provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services and, if not, who will the billed party contact to ask questions about the bill (provide name and phone number) and how is this information provided?

Yes, NXLD's name will appear on bills sent to customers.

(b) Name and address of the firm who will bill for your services.

NXLD will perform its own billing operations.

18. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide interexchange telecommunications service in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements, including:

1. the balance sheet

2. income statement

3. statement of retained earnings for the most recent 3 years.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should affirm that the financial statements are true and correct.

NXLD does not have any audited financial statements available at this time. NXLD is financially qualified to provide interexchange telecommunications services, as demonstrated by the Securities and Exchange Commission Form 10-K for 1996 for Nextel Communications, Inc., NXLD's ultimate parent, attached hereto as Exhibit 2.

B. Managerial capability.

See Exhibit 3.

C. Technical capability.

See Exhibit 3.

19. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

NXLD's proposed tariff is appended hereto as Exhibit 4.

20. The applicant will provide the following interexchange carrier services (check all that apply):

( ) MTS with distance sensitive per minute rates

( ) Method of access is FGA
( ) Method of access is FGB

- ( ) Method of access is FGD
- ( ) Method of access is 800

( ) MTS with route specific rates per minute

- ( ) Method of access is FGA
- ( ) Method of access is FGB
- ( ) Method of access is FGD
- ( ) Method of access is 800

(X) MTS with statewide flat rates per minute (*i.e.*, not distance sensitive)

- ( ) Method of access is FGA
- ( ) Method of access is FGB
- (X) Method of access is FGD
- ( ) Method of access is 800

( ) MTS for pay telephone service providers

( ) Block-of-time calling plan (Reach Out Florida, Ring America, etc.)

( ) 800 Service (toll free)

( ) WATS-type Service (bulk or volume discount)

- ( ) Method of access is via dedicated facilities
- ( ) Method of access is via switched facilities

( ) Private Line Services (channel services) (*i.e.*, 1.544 mbs., DS-3, etc.)

( ) Travel Service

- ( ) Method of access is 950
- ( ) Method of access is 800 and 888

( ) 900 Service

( ) Operator Services

- ( ) Available to presubscribed customers
- ( ) Available to non-presubscribed customers (*i.e.*, to patrons of hotels, students in universities, patients in hospitals)
- ( ) Available to inmates

Services included are:

( ) Station assistance
( ) Person-to-Person assistance
( ) Directory assistance
( ) Operator verify and interrupt
( ) Conference calling

21. What does the end-user dial for each of the interexchange carrier services that were checked in services included (above)?

    Not Applicable.

22. Other:

    Applicant hereby requests a waiver to maintain its records outside the State of Florida.

** APPLICANT ACKNOWLEDGMENT STATEMENT **

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of $50 is required.

2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.

4. **APPLICATION FEE:** A non-refundable application fee of $250.00 must be submitted with the application.

5. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange telephone service.

6. **ACCURACY OF APPLICATION:** By my signature below, I, the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is a true and correct statement.

   Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775-083."

UTILITY OFFICIAL: [signature] Thomas D. Hickey, Assistant Secretary, NXLD Company

4/21/98
Date

(703) 394-3000
Telephone

FORM PSC/CMU 31 (3/96)
Required by Commission Rule Nos. 25-24.471 and 25-24.473.

APPENDICES

APPENDIX A	CERTIFICATE TRANSFER STATEMENT
APPENDIX B	CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
APPENDIX C	INTRASTATE NETWORK
APPENDIX D	FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES

EXHIBITS

EXHIBIT 1	CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS
EXHIBIT 2	FINANCIAL STATEMENTS
EXHIBIT 3	MANAGERIAL AND TECHNICAL QUALIFICATIONS
EXHIBIT 4	PROPOSED TARIFF

**** APPENDIX A ****

CERTIFICATE TRANSFER STATEMENT

Not applicable. NXLD Company is applying for original authority.

I, (TYPE NAME) ______________________________,

(TITLE) ______________________________, **of (NAME OF COMPANY)**

______________________________, and current holder of certificate

number ______________, have reviewed this application and join in the petitioner's

request for a transfer of the above-mentioned certificate.

UTILITY OFFICIAL:

______________________ Signature	______________________ Date
______________________ ______________________ Title	______________________ Telephone Number

FORM PSC/CMU 31 (3/96)
Required by Commission Rule Nos. 25-24.471 and 25-24.473.

** APPENDIX B **

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

Not applicable. NXLD Company will not collect deposits or advance payments at this time.

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be responded to in one of the following ways (applicant, please check one):

( ) The applicant will not collect deposits nor will it collect payments for service more than one month in advance.

( ) The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)

UTILITY OFFICIAL: ______________________ ______________________

Date

____

Telephone Number

FORM PSC/CMU 31 (3/96)
Required by Commission Rule Nos. 25-24.471 and 25-24.473.

**** APPENDIX C ****

INTRASTATE NETWORK

As a switchless rebiller, NXLD will not own facilities or equipment in the State of Florida.

1. **POP:** Addresses where located, and indicate if owned or leased.

    Not applicable. See above.

1)	2)
3)	4)

2. **SWITCHES:** Addresses where located, by type of switch, and indicate if owned or leased.

    Not applicable. See above.

1)	2)
3)	4)

3. **TRANSMISSION FACILITIES:** POP-to-POP facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

    Not applicable. See above.

POP-to-POP	TYPE	OWNERSHIP
1)		
2)		

**** APPENDIX C ****

INTRASTATE NETWORK (continued)

4. **ORIGINATING SERVICE:** Please provide the list of exchanges where you are proposing to provide originating service within thirty (30) days after the effective date of the certificate (Appendix D).

   NXLD seeks authority to originate interexchange telecommunications service throughout the State of Florida.

5. **TRAFFIC RESTRICTIONS:** Please explain how the applicant will comply with the EAEA requirements contained in Commission Rule 25-24.471(4)(a) (copy enclosed).

   NXLD will provide interexchange service only on a resale basis. The certificated carrier from which NXLD purchases services for resale will be responsible for complying with Commission Rule 25-24.471(4)(a).

6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has ( ) or has not (X) previously provided intrastate telecommunications in Florida. If the answer is has, fully describe the following:

   a) What services have been provided and when did these services begin?

   b) If the services are not currently offered, when were they discontinued?

UTILITY OFFICIAL:

Thomas D. Hickey
Assistant Secretary
NXLD Company

9/4/98
Date

(703) 394-3000
Telephone

FORM PSC/CMU 31 (3/96)
Required by Commission Rule Nos. 25-24.471 and 25-24.473.

** APPENDIX D **

FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES

Describe the service area in which you hold yourself out to provide service by telephone company exchange. If all services listed in your tariff are not offered at all locations, so indicate.

In an effort to assist you, attached is a list of major exchanges in Florida showing the small exchanges with which each has extended area service (EAS).

** FLORIDA EAS FOR MAJOR EXCHANGES **

Extended Service Area	with	These Exchanges
PENSACOLA:		Cantonment, Gulf Breeze Pace, Milton Holley-Navarre.
PANAMA CITY:		Lynn Haven, Panama City Beach, Youngstown-Fountain and Tyndall AFB.
TALLAHASSEE:		Crawfordville, Havana, Monticello, Panacea, Sopchoppy and St. Marks.
JACKSONVILLE:		Baldwin, Ft. George, Jacksonville Beach, Callahan, Maxville, Middleburg, Orange Park, Ponte Vedra and Julington.
GAINESVILLE:		Alachua, Archer, Brooker, Hawthorne, High Springs, Melrose, Micanopy, Newberry and Waldo.
OCALA:		Belleview, Citra, Dunnellon, Forest Lady Lake (B21), McIntosh, Oklawaha, Orange Springs, Salt Springs and Silver Springs Shores.
DAYTONA BEACH:		New Smyrna Beach.

**** APPENDIX D ****

FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES (continued)

TAMPA:	Central	None
	East	Plant City
	North	Zephyrhills
	South	Palmetto
	West	Clearwater
CLEARWATER:	St. Petersburg, Tampa-West and Tarpon Springs.	
ST. PETERSBURG:	Clearwater.	
LAKELAND:	Bartow, Mulberry, Plant City, Polk City and Winter Haven.	
ORLANDO:	Apopka, East Orange, Lake Buena Vista, Oviedo, Windermere, Winter Garden, Winter Park, Montverde, Reedy Creek and Oviedo-Winter Springs.	
WINTER PARK:	Aopoka, East Orange, Lake Buena Vista, Orlando, Oviedo, Sanford, Windermere, Winter Garden, Oviedo-Winter Springs Reedy Creek, Geneva and Montverde.	
TITUSVILLE:	Cocoa and Cocoa Beach.	
COCOA:	Cocoa Beach, Eau Gallie, Melbourne and Titusville.	
MELBOURNE:	Cocoa, Cocoa Beach, Eau Gallie and Sebastian.	
SARASOTA:	Bradenton, Myakka and Venice.	

**** APPENDIX D ****

FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES (continued)

FT. MYERS:	Cape Coral, Ft. Myers Beach, North Cape Coral, North Ft. Myers, Pine Island, Lehigh Acres and Sanibel-Captiva Islands
NAPLES:	Marco Island and North Naples.
WEST PALM BEACH:	Boyston Beach and Jupiter.
POMPANO BEACH:	Boca Raton, Coral Springs, Deerfield Beach and Ft. Lauderdale
FT. LAUDERDALE:	Coral Springs, Deerfield Beach, Hollywood and Pompano Beach.
HOLLYWOOD:	Ft. Lauderdale and North Dade.
NORTH DADE:	Hollywood, Miami and Perrine.
MIAMI:	Homestead, North Dade and Perrine.

NXLD seeks authority to originate interexchange telecommunications services throughout the State of Florida at the rates identified in its proposed tariff attached hereto as Exhibit 4.

UTILITY OFFICIAL:

Thomas D. Hickey
Assistant Secretary
NXLD Company

4/21/11
Date

(703) 394-3000
Telephone

FORM PSC/CMU 31 (3/96)
Required by Commission Rule Nos. 25-24.471 and 25-24.473.

EXHIBIT 1

Certificate of Authority to Transact Business
Fictitious Name Registration

FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

January 30, 1998

CSC

Qualification documents for NXLD COMPANY were filed on January 30, 1998 and assigned document number F98000000558. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

A corporation annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 487-6091, the Foreign Qualification/Tax Lien Section.

Michael Mays
Document Specialist
Division of Corporations

Letter Number: 798A00005419

Account number: 072100000032

Account charged: 70.00

TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE STATE OF FLORIDA:

1. NXLD Company
(Name of corporation: must include the word "INCORPORATED", "COMPANY", "CORPORATION" or words or abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person or partnership if not so contained in the name at present.

2. Delaware
(State or country under the law of which it is incorporated)

3. 52-2072853
(FEI number, if applicable)

4. January 8 1998
(Date of Incorporation)

5. Perpetual
(Duration: Year corp. will cease to exist or "perpetual")

6. expected to commence April 1998
(Date first transacted business in Florida. *(See sections 607.1501, 607.1502, and 817.155, F.S.)*

7. 1013 Centre Road
Wilmington, Delaware 19805
(Current mailing address)

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
98 JAN 30 AM 11:55

8. Telecommunications
(Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)

9. **Name and street address of Florida registered agent:** (P.O. Box or Mail Drop Box **NOT** acceptable)

Name: Corporation Service Company

Office Address: 1201 Hays Street

Tallahassee, Florida, 32301
(Zip Code)

10. **Registered agent's acceptance:**

Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

By: Carol K Dolan
(Registered agent's signature)

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

Chairman: See attached officers/directors rider

Address: ______________________

____

Vice Chairman: ______________________

Address: ______________________

____

Director: ______________________

Address: ______________________

____

Director: ______________________

Address: ______________________

____

B. OFFICERS (Street address only- P.O. Box NOT acceptable)

President: See attached officers/directors rider

Address: ______________________

____

Vice President: ______________________

Address: ______________________

____

Secretary: ______________________

Address: ______________________

____

Treasurer: ______________________

Address: ______________________

____

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DIVISION OF CORPORATIONS
98 JAN 30 AM 11:55

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. ______________________
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application.)

14. RIED R. ZULAGER, SECRETARY
(Typed or printed name and capacity of person signing application)

Tom Sidman	DIRECTOR & Vice President	1013 Centre Road Wilmington, DE 19805
Gary Begeman	DIRECTOR	1013 Centre Road Wilmington, DE 19805
D. F. Akerson	Chief Executive Officer	1013 Centre Road Wilmington, DE 19805
Tim Donahue	President	1013 Centre Road Wilmington, DE 19805
Morgan O'Brien	Vice Chair	1013 Centre Road Wilmington, DE 19085
Steven Shindler	Vice President & CFO	1013 Centre Road Wilmington, DE 19805
A.J. Long	Treasurer	1013 Centre Road Wilmington, DE 19805
Edward Davis	Assistant Treasurer	1013 Centre Road Wilmington, DE 19805
Thomas Hickey	Assistant Secretary	1013 Centre Road Wilmington, DE 19805
Michael Carper	Assistant Secretary	1013 Centre Road Wilmington, DE 19805
Ried Zulager	Secretary	1013 Centre Road Wilmington, DE 19805
William Arendt	Vice President & Controller	1013 Centre Road Wilmington, DE 19805

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SECRETARY OF STATE
DIVISION OF CORPORATIONS
98 JAN 30 AM 11:55

FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

April 15, 1998

NEXTEL LONG DISTANCE
1201 HAYS STREET
TALLAHASSEE, FL 32301-2607

Subject: **NEXTEL LONG DISTANCE**

REGISTRATION NUMBER: **G98105900001**

This will acknowledge the filing of the above fictitious name registration which was registered on April 15, 1998. This registration gives no rights to ownership of the name.

Each fictitious name registration must be renewed every five years between July 1 and December 31 of the expiration year to maintain registration. Three months prior to the expiration date a statement of renewal will be mailed.

IT IS THE RESPONSIBILITY OF THE BUSINESS TO NOTIFY THIS OFFICE IN WRITING IF THEIR MAILING ADDRESS CHANGES. Whenever corresponding please provide assigned Registration Number.

Should you have any questions regarding this matter you may contact our office at (850) 488-9000.

Reinstatement Section
Division of Corporations　　Letter No. 698A00020075

Account number: 072100000032 Account charged: 50.00

APPLICATION FOR REGISTRATION OF FICTITIOUS NAME

FILED

98 APR 15 AM 9:51

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

This space for office use only

Section 1

1. Nextel Long Distance
Fictitious Name to be Registered

2. 1201 Hays Street
Mailing Address of Business

City Tallahassee, Florida 32301-2607
Zip Code

3. Florida County Leon

4. FEI Number: 52-2072853

Section 2

A. Owner(s) of Fictitious Name If Individual(s): (Use an attachment if necessary):

1. ______
Last First M.I.
Address
City State Zip Code
SS#______

2. ______
Last First M.I.
Address
City State Zip Code
SS#______

B. Owner(s) of Fictitious Name If other than an individual: (Use attachment if necessary):

1. NXLD Company
Entity Name
1013 Centre Road, Suite 500
Address
Wilmington DE 19805-1297
City State Zip Code
Florida Registration Number F98000000558
FEI Number: 52-2072853
☐ Applied for ☐ Not Applicable

2. ______
Entity Name
Address
City State Zip Code
Florida Registration Number ______
FEI Number: ______
☐ Applied for ☐ Not Applicable

Section 3

I (we) the undersigned, being the sole (all the) party(ies) owning interest in the above fictitious name, certify that the information indicated on this form is true and accurate. I (we) further certify that the fictitious name shown in Section 1 of this form has been advertised at least once in a newspaper as defined in chapter 50, Florida Statutes, in the county where the applicant's principal place of business is located. I (we) understand that the signature(s) below shall have the same legal effect as if made under oath. (At Least One Signature Required)

RIED R. ZULAGER

[signature] April 8, 1998
Signature of Owner Date
CORPORATE SECRETARY
Phone Number: 703-906-3535

______
Signature of Owner Date
Phone Number: ______

Section 4

FOR CANCELLATION COMPLETE SECTION 4 ONLY:
FOR FICTITIOUS NAME OR OWNERSHIP CHANGE COMPLETE SECTIONS 1 THROUGH 4:

I (we) the undersigned, hereby cancel the fictitious name ______, which was registered on ______ and was assigned registration number ______

Signature of Owner Date

Signature of Owner Date

Mark the applicable boxes ☐ Certificate of Status $10 ☐ Certified Copy $30

FILING FEE: $50

Note: Acknowledgments/certificates will be sent to the address in Section 1 only.

CR4E-001 (12/95)

<u>EXHIBIT 2</u>

Financial Statements

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1996,

OR

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

For the transition period from to

Commission file number 0-19656

NEXTEL COMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**36-3939651** (I.R.S. Employer Identification No.)
1505 Farm Credit Drive, McLean, VA (Address of principal executive offices)	**22102** (Zip Code)

Registrant's telephone number, including area code: **(703) 394-3000**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Class A Common Stock, $0.001 Par Value**

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated herein by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Based on the closing sales price on March 1, 1997, the aggregate market value of the voting stock held by nonaffiliates of the registrant was $2,218,713,158.

On March 1, 1997 the number of shares outstanding of the registrant's Class A Common Stock and Class B non-voting Common Stock, $0.001 par value was 225,230,943 (including 1,610,868 shares held in treasury) and 17,830,000, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement relating to the Annual Meeting of Stockholders scheduled to be held on or about May 15, 1997 are incorporated in Part III, Items 10, 11, 12 and 13.

NEXTEL COMMUNICATIONS, INC.

PART I

Item 1. Business

Introduction

On July 28, 1995, NEXTEL Communications, Inc., a corporation organized under the laws of the State of Delaware in 1987 ("Old Nextel"), was merged with ESMR, Inc. ("ESMR"), until then a wholly owned subsidiary of Motorola, Inc. ("Motorola"). ESMR was the surviving corporation in the merger (the "Motorola Transaction") and succeeded to Old Nextel's assets and liabilities. ESMR changed its name to Nextel Communications, Inc. ("Nextel" or the "Company"), effective upon the consummation of the Motorola Transaction. References herein to Nextel or the Company for periods prior to July 28, 1995 refer to Old Nextel as the predecessor to the business and operations of Nextel. Unless the context requires otherwise, references to the Company or to Nextel are intended to include Nextel Communications, Inc. and its consolidated subsidiaries.

Information contained herein gives effect to the acquisition of approximately 1,220,000 shares of the Company's Class A Common Stock, par value $.001 per share (the "Class A Common Stock"), by Digital Radio L.L.C. (the "McCaw Investor") on April 5, 1995, an additional acquisition of 8,163,265 shares of the Company's Class A Convertible Redeemable Preferred Stock, par value $.01 per share (the "Class A Preferred Stock") and 82 shares of the Company's Class B Convertible Preferred Stock, par value $.01 per share (the "Class B Preferred Stock") by the McCaw Investor and the consummation of related transactions on July 28, 1995 (the "McCaw Transaction"), the merger of OneComm Corporation ("OneComm") with and into Nextel on July 28, 1995 (the "OneComm Transaction"), the consummation of the Motorola Transaction on July 28, 1995, the merger of a subsidiary of Nextel with American Mobile Systems Incorporated ("AMS") on July 31, 1995 (the "AMS Transaction"), and the merger of Dial Page, Inc. ("Dial Page") with and into Nextel on January 30, 1996 (the "Dial Page Transaction").

General

Nextel's business consists principally of providing a wide array of digital and analog wireless communications services to its customers in the United States, in each case utilizing frequencies licensed to its subsidiaries by the Federal Communications Commission ("FCC"). Nextel provides a differentiated package of integrated digital wireless communications services under the Nextel brand name to customers of the various networks constructed and operated by Nextel's subsidiaries in and around major metropolitan population centers throughout the country. Collectively, the Company's operations constitute one of the largest integrated wireless communications networks utilizing a single digital transmission technology currently offering commercial service in the United States. Through its digital and analog wireless communications networks, Nextel is the leading provider of specialized mobile radio ("SMR") wireless communications services in nearly all 48 states in the continental United States and in Hawaii. Nextel has significant SMR spectrum holdings in and around virtually every major business and population center in the country, including all of the top 50 metropolitan market areas in the United States.

Nextel's operating revenues primarily arise from its digital and analog wireless communications businesses in the United States, particularly the mobile telephone service and two-way radio service and, to a lesser extent, from sales and maintenance of related equipment. Nextel's business plans and efforts are to a large extent directed toward replacing the remaining traditional analog SMR systems that it currently operates with advanced mobile communications systems employing digital technology with a multi-site configuration permitting frequency reuse ("Digital Mobile networks"). A customer using Nextel's Digital Mobile network currently is able to access mobile telephone services, two-way dispatch, paging and alphanumeric short-messaging service, and in the future is expected to be able to access data transmission. The Company is implementing its Digital Mobile networks utilizing digital technology developed by Motorola (such technology is referred to as the "integrated Digital Enhanced Network" or "iDEN"). As of December 31, 1996, Nextel's Digital Mobile networks were operating in major metropolitan market areas throughout the United States that collectively accounted for approximately 50% of the total United States population.

Prior to the second quarter of 1996, the Company implemented its Digital Mobile networks in its market areas using Motorola's first generation iDEN technology. During that time frame, the Company encountered certain technology and system performance issues relating primarily to the voice transmission quality of the mobile telephone service. In response to these issues, the Company and Motorola took action on several fronts to address system performance issues in general, and voice transmission quality concerns in particular. See "Nextel's Digital Mobile Networks — Experience with First Generation iDEN Systems Implementation." Additionally, the Company, together with Motorola, in 1995 began pursuing a program directed toward the development and deployment of modifications to the first generation iDEN technology platform, which modifications were targeted specifically at improving the voice transmission quality of the mobile telephone service. The Company commenced the full-scale commercial launch of its first Digital Mobile networks incorporating the modified iDEN technology (referred to herein as "Reconfigured iDEN") in the Chicago metropolitan market area late in the third quarter of 1996. Subsequently, Nextel commenced full-scale commercial launches of the Reconfigured iDEN Digital Mobile networks in the Atlanta, Boston, Denver, Detroit and Las Vegas metropolitan market areas and in the Northern California market area, in each case accompanied by an aggressive, regionally focused marketing campaign.

Recently, Nextel announced the introduction of its national digital network and indicated that it will not charge roaming fees for its customers traveling anywhere on the national digital network. Nextel's national digital network, which covers major metropolitan areas representing approximately 50% of the United States population, will enable Nextel's mobile telephone customers to "roam" throughout the markets covered by the network at the same airtime rate charged in their home markets. The Nextel national digital network provides the same mobile telephone functionality and related features offered to customers in their home markets and eliminates the complex dialing procedures, access fees and higher per-minute airtime rates often encountered by "roaming" customers of cellular providers. Additionally, the Company recently announced a new billing policy, pursuant to which Nextel will bill its mobile telephone service customers based on the actual number of seconds of airtime used after the first minute, in contrast to the cellular industry practice of rounding all calls up to the next minute.

Over the three years ended December 31, 1996, the number of subscriber units in service on Nextel's Digital Mobile network has increased substantially, reflecting acquisitions, the commencement of Digital Mobile network service in certain markets and increased sales in markets in which Digital Mobile network services are provided. As a result, the number of subscriber units in service on Nextel's Digital Mobile network increased from 13,500 at December 31, 1994, to 85,000 at December 31, 1995 and to 300,300 at December 31, 1996. See also "Nextel's Existing Analog SMR Operations." Nextel's business and marketing strategy for its Digital Mobile networks continues to be based on, and reflect, a principal focus on multi-service business users in its markets with Digital Mobile networks.

During 1996 and into early 1997, Nextel also significantly expanded its operations and investments involving wireless communications service providers outside the United States, which are conducted under or are coordinated by or through McCaw International, Ltd. ("McCaw International"), an indirect, wholly owned subsidiary of Nextel. With the exception of the equity interests held by Nextel and by McCaw International in Clearnet Communications, Inc. ("Clearnet"), a major provider of analog and digital SMR wireless communications services throughout Canada, and the holder of one of the two nationwide personal communications services ("PCS") licenses awarded in Canada, McCaw International's subsidiaries or other entities in which McCaw International holds equity or equivalent interests own and operate wireless communications systems in Latin America and Asia. McCaw International's operating companies currently provide a variety of analog or digital wireless communications services (including analog SMR dispatch and interconnect, paging and alphanumeric short-messaging and digital mobile telephone services) in certain major metropolitan areas in Argentina, Brazil, Mexico, the Philippines and Shanghai, China.

Nextel's principal executive and administrative facility is located at 1505 Farm Credit Drive, McLean, Virginia 22102, and its telephone number at that location is (703) 394-3000.

Business Strategy

Nextel's principal business objective is to become a leading provider of wireless communications services in major markets throughout the United States and to become a major participant in the global wireless communications business by making selective international investments in wireless communications services companies in emerging markets with strong long-term economic growth prospects. To accomplish its objective in the United States, the Company intends to capitalize upon the opportunity made possible by the February 13, 1991 unanimous FCC decision approving the Company's proposal to create Digital Mobile networks within its six then-existing markets. The Company's initial strategy was to consolidate the fragmented SMR industry in the largest markets in the United States through the acquisition of SMR systems that had achieved minimum FCC loading requirements so as to permit aggregation of frequencies in a single market. See "— Regulation." The Company has also acquired spectrum through mergers and acquisitions as well as by obtaining licenses from the FCC. More recently, the Company's efforts have focused on the development and deployment of Digital Mobile networks to replace its traditional analog SMR networks. Customers of the Company's Digital Mobile networks currently are able to access mobile telephone, two-way dispatch, paging and alphanumeric short-messaging services using a single, multi-function subscriber unit. In the future, the Digital Mobile network service offerings also are expected to include data transmission capabilities.

The Company currently is considering adopting and implementing a newly developed revised business plan (the "Revised Business Plan"), which would involve a more accelerated and extensive deployment during 1997 and 1998 of the Reconfigured iDEN technology platform throughout the Company's existing and contemplated Digital Mobile networks (including primary connecting routes between affected markets) in the United States. The Company anticipates that deployment of Digital Mobile networks utilizing the Reconfigured iDEN technology platform will enable it to provide potential customers in its markets with an integrated package of wireless communications services competitive with the service packages being offered currently or expected to be offered by other providers of wireless communications services in those markets. The Revised Business Plan does not contemplate a significant increase in the population coverage to be achieved by the Digital Mobile networks in operation at the end of 1998, as compared to the population coverage targets reflected in its current business plan (the "Existing Business Plan"). However, there are significant areas of difference between the Existing Business Plan and the Revised Business Plan in terms of the geographical coverage objectives, the perceived customer demands for and utilization of the relevant wireless services and the positioning of the Company's products and services relative to those of competing wireless communications service providers. The Company believes that the implementation of its Revised Business Plan will better position Nextel both to achieve its strategic objectives and to prepare for emerging competition in the wireless communications industry, especially from certain current operators that, on their existing cellular frequencies or on other frequencies acquired by such operators or their affiliates in the recently concluded PCS spectrum auctions, are in the process of converting their wireless communications systems to digital technology formats and are moving to provide "nationwide coverage" on the resulting systems. The Company believes that a significant strategic advantage may exist in being "first to market," particularly in comparison to the new "entrepreneur block" PCS licensees and other existing or potential regional wireless communications service providers, which may encounter significant financial and other challenges in replicating or overtaking the Company's industry position once the Company successfully concludes its nationwide Digital Mobile network build-out plan and develops a sufficient customer base in its markets. See "— Revised Business Plan."

Although the Company already has taken a number of significant steps in anticipation of implementing the Revised Business Plan, and further actions currently are underway to reach that objective, several of the actions that must be taken to enable the Company to implement the Revised Business Plan are dependent on certain actions by or responses from third parties, which as yet have not been secured. See "— Revised Business Plan" and "Risk Factors — Nextel to Require Additional Financing" and "— Forward-Looking Statements."

NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES

Index to Consolidated Financial Statements and Financial Statement Schedules

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of
Nextel Communications, Inc.

We have audited the accompanying consolidated balance sheets of Nextel Communications, Inc. and subsidiaries (the "Company") as of December 31, 1995 and 1996, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the nine months ended December 31, 1994, and the years ended December 31, 1995 and 1996. Our audits also included the financial statement schedules listed in the Index at Item 14(a)(2). These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Nextel Communications, Inc. and subsidiaries at December 31, 1995 and 1996, and the results of their operations and their cash flows for the nine months ended December 31, 1994 and the years ended December 31, 1995 and 1996, in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

DELOITTE & TOUCHE LLP

McLean, Virginia
March 20, 1997, except for Note 13, as to
which the date is March 27, 1997

NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
As of December 31, 1995 and 1996
(dollars in thousands)

	1995	1996
ASSETS		
Current assets		
Cash and cash equivalents	$ 340.826	$ 139.681
Marketable securities	68.443	5.012
Accounts and notes receivable, net	41.451	90.392
Radios and accessories	21.220	45.168
Other	32.721	28.844
Total current assets	504.661	309.097
Property, plant and equipment, net	1.192.204	1.803.739
Intangible assets, net	3.549.622	4.076.300
Other assets	300.769	283.303
	$5.547.256	$ 6.472.439
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 233.269	$ 225.309
Accrued expenses and other	130.463	148.911
Current portion of long-term debt	1.277	1.524
Total current liabilities	365.009	375.744
Deferred income taxes	549.277	505.516
Long-term debt	1.687.829	2.783.041
Total liabilities	2.602.115	3.664.301
Commitments and contingencies (Notes 6, 9 and 12)		
Stockholders' equity		
Preferred stock, Class A convertible redeemable, 8.163.265 shares issued and outstanding	300.000	300.000
Preferred stock, Class B convertible, 82 shares issued and outstanding	—	—
Common stock, Class A, 175.749.359 and 211.374.665 shares issued	176	211
Common stock, Class B, non-voting convertible, 17.830.000 shares issued and outstanding	18	18
Paid-in capital	3.197.528	3.672.908
Accumulated deficit	(579.231)	(1.135.251)
Treasury shares, at cost, 24.860 and 1.621.568 shares	(768)	(31.400)
Unrealized gain on investments	32.054	14.993
Notes receivable from stockholders	(1.018)	(1.100)
Deferred compensation, net	(3.618)	(12.241)
Total stockholders' equity	2.945.141	2.808.138
	$5.547.256	$ 6.472.439

The accompanying notes are an integral part of these consolidated financial statements.

NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Nine Months Ended December 31, 1994, and the Years Ended December 31, 1995 and 1996
(dollars in thousands, except per share amounts)

	1994	1995	1996
Revenues			
Radio service revenue	$ 50,155	$ 135,753	$ 297,512
Analog equipment sales and maintenance	24,702	35,950	35,426
	74,857	171,703	332,938
Operating expenses			
Cost of radio service revenue	33,195	123,496	221,382
Cost of analog equipment sales and maintenance	18,211	28,222	26,335
Selling, general and administrative	85,077	193,321	330,256
Expenses related to corporate reorganization	—	17,372	—
Depreciation and amortization	94,147	236,178	400,831
	230,630	598,589	978,804
Operating loss	(155,773)	(426,886)	(645,866)
Other income (expense)			
Interest expense	(69,491)	(115,034)	(227,495)
Interest income	28,037	25,525	21,015
Other	33	(15,372)	(10,866)
	(41,421)	(104,881)	(217,346)
Loss before income tax benefit	(197,194)	(531,767)	(863,212)
Income tax benefit	71,345	200,602	307,192
Net loss	$ (125,849)	$ (331,165)	$ (556,020)
Net loss per common share	$ (1.25)	$ (2.31)	$ (2.50)
Weighted average number of common shares outstanding	100,639,000	143,283,000	222,779,000

The accompanying notes are an integral part of these consolidated financial statements

NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Nine Months Ended December 31, 1994 and the Years Ended December 31, 1995 and 1996

(dollars in thousands)

	Class A Preferred Stock		Class B Preferred Stock		Class A Common Stock		Class B Common Stock		Paid-in Capital	Accumulated Deficit	Treasury Shares	Unrealized (Loss) Gain on Investments	Notes Receivable from Stockholders	Deferred Compensation
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance March 31, 1994	—	$ —	—	$—	87,336,756	$ 87	504,010	$ 1	$ 972,499	$ (122,217)	$ (1,613)	$ —	$(1,259)	$ (1,194)
Issuance of common stock:														
Exercise of options and warrants					331,314				8,366		827			
NTT purchase					1,532,959	2			73,498					
Acquisitions					15,890,589	16			468,796					
Conversion of Class B common stock					504,010	1	(504,010)	(1)						
Deferred compensation									(2,837)					652
Collection of notes receivable, net of accrued interest													14	
Unrealized loss on investments												(1,214)		
Net loss										(125,849)				
Balance December 31, 1994	—	—	—	—	105,595,628	106	—	—	1,520,322	(248,066)	(786)	(1,214)	(1,245)	(542)
Issuance of common stock:														
Exercise of options and warrants					1,622,778	2			5,722		18			
Digital Radio purchase	8,163,265	300,000	82		1,220,000	1			12,644					
Acquisitions					67,310,953	67	17,830,000	18	1,654,440					
Deferred compensation									4,400					(5,076)
Collection of notes receivable, net of accrued interest													227	
Unrealized gain on investments												33,268		
Net loss										(331,165)				
Balance December 31, 1995	8,163,265	300,000	82	—	175,749,359	176	17,830,000	18	3,197,528	(579,231)	(768)	32,054	(1,018)	(5,618)
Issuance of common stock:														
Exercise of options and warrants					1,580,981	1			16,836		(1,242)			
Employee stock purchase plan									(112)		227			
Acquisitions					25,888,819	26			341,984		(37,009)			
Comcast purchase					8,155,506	8			99,897					
Exercise of anti-dilutive rights									(842)		7,392			
Deferred compensation									17,617					(8,623)
Interest on notes receivable													(82)	
Unrealized loss on investments												(17,061)		
Net loss										(556,020)				
Balance December 31, 1996	8,163,265	$300,000	82	$—	211,374,665	$211	17,830,000	$18	$3,672,908	$(1,135,251)	$(31,400)	$14,993	$(1,100)	$(12,241)

The accompanying notes are an integral part of these consolidated financial statements.

NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended December 31, 1994 and the Years Ended December 31, 1995 and 1996
(dollars in thousands)

	1994	1995	1996
Cash flows from operating activities:			
Net loss	$(125,849)	$(331,165)	$(556,020)
Adjustments to reconcile net loss to net cash used in operating activities—			
Amortization of debt issuance costs	2,490	3,739	5,752
Depreciation and amortization	94,147	236,178	400,831
Deferred income taxes	(71,730)	(201,427)	(308,262)
Accretion of senior redeemable notes, net of capitalization	60,175	90,691	182,935
Other	(407)	18,339	5,393
Change in current assets and liabilities, net of effects from acquisitions:			
Accounts and notes receivable	(2,971)	(20,484)	(37,403)
Radios and accessories	(6,448)	(1,179)	(19,939)
Other current assets	109	(18,936)	4,535
Accounts payable, accrued expenses and other	42,429	86,483	94,602
Net cash used in operating activities	(8,055)	(137,761)	(227,576)
Cash flows from investing activities:			
Payments for acquisitions, net of cash acquired	(81,457)	(75,917)	56,736
Other investments and advances to affiliates	(63,576)	(51,605)	(38,380)
Payments for acquisitions of FCC licenses	(1,780)	(10,000)	(19,031)
Capital expenditures (Note 1)	(340,715)	(270,943)	(434,641)
Maturities of marketable securities	252,586	112,095	64,438
Other	(10,883)	9,162	34,636
Net cash used in investing activities	(245,825)	(287,208)	(336,242)
Cash flows from financing activities:			
Borrowings under credit agreements	—	—	581,408
Borrowings (repayments) on revolving line of credit, net	—	154,134	(296,704)
Other (repayments) borrowings, net	(2,623)	(6,357)	1,009
Debt issuance costs	—	—	(37,676)
Common stock issued	74,685	16,112	108,087
Preferred stock issued	—	300,000	—
Treasury stock issued	—	—	6,549
Notes receivable from stockholders	14	227	—
Net cash provided by financing activities	72,076	464,116	362,673
Net (decrease) increase in cash and cash equivalents	(181,804)	39,147	(201,145)
Cash and cash equivalents, beginning of period	483,483	301,679	340,826
Cash and cash equivalents, end of period	$ 301,679	$ 340,826	$ 139,681

The accompanying notes are an integral part of these consolidated financial statements

NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Operations and Significant Accounting Policies

Operations — Nextel Communications, Inc., and its subsidiaries ("Nextel" or the "Company") provide wireless communications services to their customers utilizing specialized mobile radio ("SMR") frequencies licensed to them by the Federal Communications Commission ("FCC"). The Company is principally engaged in the acquisition and operation of SMR communications systems in the United States and the sale and servicing of related equipment. Through its subsidiaries McCaw International, Ltd. ("MIL") and Nextel Investment Company ("NIC"), and other subsidiaries that are involved in the international wireless investments and business activities managed and/or coordinated through MIL, Nextel has interests in wireless operations in Canada, Mexico, Brazil, Argentina, the Philippines, and Shanghai, China. The Company's initial strategy was to consolidate the fragmented SMR industry in the largest markets in the United States through the acquisition of SMR systems that had achieved minimum FCC loading requirements so as to permit the aggregation of frequencies in a single market. Subsequently, the Company's business plan has been focused on the development and deployment of Digital Mobile networks to replace its traditional analog SMR networks.

The Company's principal business objective is to become a leading provider of wireless telecommunications services in major markets throughout the United States. The Company's efforts to accomplish its principal objective have consisted largely of acquiring spectrum and implementing wireless communications services in its markets by constructing and operating advanced mobile communications systems employing digital technology with a multi-site configuration permitting frequency reuse ("Digital Mobile networks"). The Company has acquired spectrum domestically and internationally through mergers and acquisitions.

Concentrations of Risk — The Company believes that the geographic and industry diversity of its customer base minimizes the risk of incurring material losses due to concentrations of credit risk.

The Company is party to certain equipment purchase agreements with Motorola (see Notes 6 and 12). For the foreseeable future the Company expects that it will need to rely on Motorola for the manufacture of a substantial portion of the equipment necessary to construct its Digital Mobile networks.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation and Change in Fiscal Year — The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Investments in companies in which ownership interests range from twenty to fifty percent and in which the Company exercises significant influence over operating and financial policies are accounted for using the equity method. Other investments are accounted for using the cost method. All significant intercompany transactions and balances have been eliminated in consolidation.

Effective December 31, 1994, the Company changed its fiscal year end from March 31 to December 31.

Cash and Cash Equivalents — Cash equivalents consist of time deposits and highly liquid investments with original maturities of three months or less.

Supplemental disclosures of cash flow information and non-cash investing and financing activities are as follows:

	Nine Months Ended December 31, 1994	Year Ended December 31, 1995	Year Ended December 31, 1996
	(in thousands)		
Cash paid:			
Interest paid	$6,628	$8,454	$32,660
Income taxes paid	$ 519	$ 389	$ 1,290

Under its previous vendor financing agreements (see Note 6), the Company directly financed certain of its equipment purchases. During the nine months ended December 31, 1994 and the years ended December 31, 1995 and 1996 the total equipment acquired under these vendor financing agreements was $104.6 million, $117.8 million and $102.5 million, respectively, resulting in total cash and non-cash capital expenditures of $466.6 million, $419.7 million and $570.0 million, respectively. Total capital expenditures include interest capitalized in connection with the construction and development of the Digital Mobile networks of approximately, $21.3 million, $31.0 million and $32.9 million during the nine months ended December 31, 1994 and the years ended December 31, 1995 and 1996, respectively.

Investments — Marketable debt securities and certificates of deposits with maturities greater than three months are classified as marketable securities. Marketable equity securities intended to be held more than one year are classified as other long-term assets.

The Company accounts for investments in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." All of the Company's marketable investments are classified as available-for-sale as of the balance sheet date and are reported at fair value, with unrealized gains and losses, net of tax, recorded as a component of stockholders' equity. Realized gains or losses and declines in value, if any, judged to be other than temporary on available-for-sale securities are reported in other income or expense. Investments that are not considered marketable instruments are recorded at the lower of cost or market and included in other assets. Management of the Company believes its investment policy limits exposure to concentrations of credit risk.

Radios and Accessories — Radios and accessories are valued at the lower of cost or market. Cost is determined by the first-in, first-out method.

Property, Plant and Equipment — Property, plant and equipment, including improvements that extend useful lives, are recorded at cost, while maintenance and repairs are charged to operations as incurred. Depreciation and amortization are computed using the straight-line method based on estimated useful lives of 31 years for buildings, 3 to 10 years for equipment, and 3 years for furniture and fixtures. Leasehold improvements are amortized over the shorter of the respective lives of the leases or the useful lives of the improvements.

Construction in Progress includes labor, material, transmission and related equipment, engineering, site development, interest and other costs relating to the construction and development of the Digital Mobile networks.

Intangible Assets — Intangible assets are recorded at cost and are amortized using the straight-line method based on estimated useful lives of 20 years for FCC licenses and the excess of purchase price over fair value of net assets acquired, 10 years for customer lists, and up to 20 years for other intangibles. Noncompetition covenants are amortized over the lives of the covenants.

Long-Lived Assets — Effective January 1, 1996, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to Be Disposed of" ("SFAS 121"). Long-lived assets and identifiable intangibles to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is measured by comparing the carrying value of the long-lived asset to the estimated undiscounted future cash flows expected to result from use of the assets and their eventual disposition. The Company determined that as of December 31, 1996, there had been no impairment in the carrying value of long-lived assets.

Interest Rate Swap Agreements — The Company entered into interest rate swap agreements as a means of managing its interest rate exposure. These agreements have the effect of converting certain of the Company's variable rate obligations to fixed rate obligations. Net amounts paid or received are reflected as adjustments to interest expense.

Revenue Recognition — Revenue is recognized for air-time and other services over the period earned and for sales of equipment when delivered.

Digital Mobile Network Equipment Sales and Related Costs — Effective January 1, 1996, the Company classified equipment sales revenue and related costs of its Digital Mobile network operations within selling, general and administrative expenses. The loss on the sale of subscriber units used in the Digital Mobile networks results from the Company's subsidy of Digital Mobile unit sales and represents marketing costs for the Digital Mobile networks. The statements of operations for the nine months ended December 31, 1994 and the year ended December 31, 1995 have been reclassified to conform with this presentation. Equipment sales and related costs of the Company's Digital Mobile network operations are as follows:

	Nine Months Ended December 31, 1994	Year Ended December 31, 1995	
		1995	1996
		(in thousands)	
Equipment Sales	$ 8,820	$ 53,515	$129,252
Cost of Equipment Sales	14,852	67,274	154,678
	$(6,032)	$(13,759)	$(25,426)

Income Taxes — Deferred tax assets and liabilities are determined based on the temporary difference between the financial reporting and tax bases of assets and liabilities applying enacted statutory tax rates in effect for the year in which the differences are expected to reverse. Future tax benefits, such as net operating loss carryforwards, are recognized to the extent that realization of such benefits is considered to be more likely than not.

Foreign Currency Translation — Results of operations for foreign investments are translated using average exchange rates during the period, while assets and liabilities are translated at the exchange rate in effect at the reporting date. Gains or losses from translating foreign currency financial statements are accumulated in a separate component of stockholders' equity. There were no material foreign currency translation gains or losses for the periods presented.

Net Loss Per Share — Net loss per share is based on the weighted average number of common shares outstanding during the period and does not include common equivalent shares since their effect would be anti-dilutive.

Reclassifications — Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncements — In March 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 128, "Earnings per share" ("SFAS 128"), which supersedes Accounting Principles Board Opinion No. 15. SFAS 128 is effective for 1997 and simplifies the computation of earnings per share by replacing the presentation of primary earnings per share with a presentation of basic earnings per share. The Statement requires dual presentation of basic and diluted earnings per share by entities with complex capital structures. Basic earnings per share includes no dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities that could share in the earnings of an entity, similar to fully diluted earnings per share. Management of the Company does not believe that there will be any material effect from adopting SFAS 128 in 1997.

2. Business Combinations and Other Transactions

Business Combinations

Nine Months Ended December 31, 1994 — During the nine months ended December 31, 1994, the Company consummated various acquisitions of SMR operations in Florida with an aggregate purchase price of approximately $52.3 million.

In April 1994, the Company acquired PowerFone Holdings, Inc. ("PowerFone"), an operator of SMR systems in Detroit, Cleveland, Cincinnati, Indianapolis, St. Louis, Pittsburgh and upstate New York, for approximately 7.6 million shares of Class A Common Stock, having an aggregate market value of approximately $266.0 million at closing.

In August 1994, the Company completed the acquisition of Questar Telecom, Inc. ("QTI"), a wholly-owned subsidiary of Questar Corporation, and certain subsidiaries of Advanced Mobilcomm, Inc. (collectively "AMI-West"). QTI and AMI-West operated SMR systems in the Western regions of the United States. The Company issued approximately 3.9 million and 1.9 million shares of Class A Common Stock to the stockholders of QTI and AMI-West, respectively, having an aggregate market value of approximately $153.0 million at closing.

In a series of transactions, the Company completed the acquisition of Saber Communications, Inc., an operator of SMR systems in Alabama, Louisiana and Mississippi, for approximately $48.0 million in cash.

Year Ended December 31, 1995 — On July 28, 1995, the Company acquired from Motorola, Inc. ("Motorola") substantially all of its owned or managed 800 MHz SMR licenses and related assets located throughout the continental United States (the "Motorola SMR Business") in exchange for approximately 41.7 million shares of Class A Common Stock and 17.8 million shares of Class B Non-voting Common Stock (the "Motorola Transaction"), having an aggregate market value of approximately $1,160.0 million at closing.

On July 28, 1995, the merger with OneComm Corporation ("OneComm") was consummated (the "OneComm Merger") whereby the stockholders of OneComm received approximately 22.5 million shares of Class A Common Stock (or rights to receive such stock), having an aggregate market value of approximately $402.0 million at closing. OneComm is an operator of SMR systems in the Rocky Mountain, Pacific Northwest, Midwest, North Central and Ohio Valley areas.

On July 31, 1995, the merger with American Mobile Systems Incorporated ("AMS"), an operator of SMR systems in Florida, was consummated (the "AMS Transaction"), whereby the stockholders of AMS received approximately 4.2 million shares of Class A Common Stock (or rights to receive such stock), having an aggregate market value of approximately $81.3 million at closing.

In October 1995, the Company acquired certain SMR Properties from Comcast Corporation (see Note 10) in exchange for approximately 463,000 shares of Class A Common Stock, having an aggregate market value of approximately $7.2 million at closing.

As a result of the business combinations consummated in 1995, the Company began to implement a plan to consolidate, resize and relocate the corporate headquarters and certain other functions of the various combining entities (the "Corporate Reorganization"). Accordingly, the Company accrued certain estimated expenses directly related to such Corporate Reorganization activities, including employee severance and closure of duplicate facilities. The charge to operations relating to the Corporate Reorganization ($17.4 million) represents costs with respect to employees, facilities and related items of the Company prior to the consummation of such business combinations. Corporate Reorganization costs related to the acquired entities ($9.9 million) have been included in the cost of the respective business combinations. As of December 31, 1995 and 1996, approximately $361,000 and $13.9 million, respectively, of such costs have been paid relating to the Company and $1.5 million and $9.9 million, respectively, of such costs have been paid relating to acquired entities.

Year Ended December 31, 1996 — On January 30, 1996, the merger with Dial Page, Inc. ("Dial Page"), was consummated (the "Dial Page Merger"), whereby the stockholders of Dial Page received approximately 26.8 million shares of Class A Common Stock (or rights to receive such stock), having an aggregate value of approximately $277.9 million on the contract date. Dial Page is an operator of analog SMR systems in the Southeastern United States.

The following presents the unaudited pro forma consolidated results of operations for the nine months ended December 31, 1994 and the year ended December 31, 1995, as if the acquisitions described above, had occurred at the beginning of each period presented. The 1995 pro forma results include acquisitions consummated during the years ended December 31, 1995 and 1996 and the 1994 pro forma results include acquisitions consummated during the nine months ended December 31, 1994 and the year ended December 31, 1995. The pro forma effects of acquisitions consummated in 1996 were not material. The pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the transactions been consummated as indicated nor are they intended to indicate results that may occur in the future.

	Nine Months Ended December 31, 1994	Year Ended December 31, 1995
	(in thousands)	
Revenues	$ 172,631	$ 261,393
Net loss	$(289,252)	$(526,699)
Net loss per share	$ (1.37)	$ (2.34)

In 1996, the Company also acquired several other businesses at a net cost of $20.0 million. The results of operations of these businesses were not material in relation to the Company's consolidated results of operations.

All of the acquisitions described above were accounted for by the purchase method. Accordingly, assets and liabilities have been reflected at fair value at the date of acquisition. The operating results of the acquired companies are included in the consolidated statements of operations from their respective acquisition dates.

The total purchase price and net assets acquired for acquisitions completed are as follows

	Nine Months Ended December 31, 1994	Year Ended December 31, 1995	Year Ended December 31, 1996
		(in thousands)	
Direct cost of acquisitions:			
Cash and accrued transaction costs	$ 91,780	$ 89,626	$ 30,487
Note payable	132	—	—
Common stock, warrants and options	418,195	1,654,525	296,881
Expenses related to corporate reorganization	—	9,915	—
	$ 510,107	$1,754,066	$ 327,368
Net assets acquired:			
Working capital — net	$ 1,923	$ (44,992)	$ 53,641
Property, plant and equipment	26,948	207,070	202,420
Intangible assets	629,024	2,278,310	556,250
Other assets	14,020	37,790	4,290
Long-term debt	(837)	(215,835)	(379,017)
Deferred income taxes	(160,971)	(508,277)	(110,216)
	$ 510,107	$1,754,066	$ 327,368

Other Transactions

In 1994, the Company invested an aggregate of approximately $18.1 million in cash and exchanged 2.5 million shares of Class A Common Stock for an equity interest in Clearnet Communications Inc. ("Clearnet") that as of December 31, 1996 represented an approximately 19.5% equity interest (representing approximately 1.7% of voting interest) in Clearnet. Such equity interest in Clearnet had an aggregate market value of approximately $69.0 million at closing. The Company's investment in Clearnet (classified as other long-term assets in the accompanying consolidated balance sheets) is accounted for at fair market value.

In 1995, the Company, through MIL, invested approximately $10.0 million for an approximate equity-equivalent interest of 25.2% and committed an additional $13.2 million in loan funding in the initial phase of a newly created Group Special Mobile ("GSM") digital cellular telephone system operating in Shanghai, China. During 1996, MIL advanced a total of $10.4 million of such loan funding to the Shanghai operations.

On March 2, 1995, the Company, through NIC, acquired approximately a 16.5% interest in Corporación Mobilcom S.A. de C.V. ("Mobilcom"), a Mexican SMR operator, for $10.0 million and the conversion of $42.5 million in principal amount of notes, representing funds advanced to Mobilcom in 1994. In August 1995, the Company acquired an additional 1.5% equity interest in Mobilcom for approximately $4.7 million. During the year ended December 31, 1995, the Company recorded a $15.0 million charge to operations representing an other than temporary decline in this investment as a result of the decline in the Mexican peso during 1995. The investment was accounted for using the cost method as of December 31, 1995.

On August 23, 1996, the Company, through NIC, entered into certain agreements to purchase up to 19.8% of additional equity interest in Mobilcom from the selling stockholders and Grupo Comunicaciones San Luis, S.A. De C.V. ("Grupo"), the associated company of Mobilcom, in two tranches. An additional 11.6% equity interest in Mobilcom was acquired on October 24, 1996 in exchange for 1.3 million shares of Class A Common Stock valued at $23.1 million. On January 24, 1997, the Company acquired an additional 8.2% equity interest in Mobilcom from the selling stockholders in exchange for 1.3 million shares of Class A Common Stock valued at $16.5 million bringing the Company's aggregate interest in Mobilcom to approximately 38%. Upon the closing of the first tranche, the ownership interest increased from 18.5% to 30.1% requiring a change in the accounting method used to account for the investment from the cost method to the equity method, resulting in a $10.8 million charge to other expenses.

The Company, through NIC, has the right to appoint a majority of Mobilcom board members. In order to retain the contractual right to designate a majority of the board of directors of Mobilcom, the Company must invest approximately $76.8 million in Mobilcom through certain qualified capital transactions by March 1998. As of January 31, 1997, the Company had invested $43.6 million in such qualified capital transactions. The Company has the option to purchase before March 1998, up to an additional 29.5% of Mobilcom's common stock. Certain shareholders of Mobilcom retain the right to approve certain significant transactions such as acquisitions and dispositions, and the approval of business plans of Mobilcom. In addition, beginning on October 24, 1997, holders of approximately 33% of the outstanding capital stock of Mobilcom have the right for two years to put (the "Mobilcom Put") the entire amount of their holdings to the company at its appraised fair market value of cash upon occurrence of certain events. The Mobilcom Put is automatically exercisable on October 24, 1999.

NIC has agreed under certain circumstances to attempt to provide Grupo with liquidity with respect to its 21% equity interest in Mobilcom. At any time after January 1, 1999, NIC, if requested by Grupo, will cause Mobilcom to undertake a U.S. registered public offering or sale for cash to a third party of Grupo's shares at their appraised fair market value within one year of such request. If Mobilcom fails to provide Grupo with liquidity through either of these methods, Grupo has the right to cause Mobilcom to file a registration statement in the United States covering Grupo's Mobilcom shares.

On June 14, 1996, the Company, through MIL, invested $16.0 million in cash to obtain a 30% interest in Infocom Communications Network, Inc. ("Infocom"), a wireless communications company located in the Philippines. This investment is accounted for by the equity method.

On August 6, 1996, the Company, through MIL, acquired all of the outstanding shares of Com Control Comunicacion Controlada S.A. (renamed McCaw Argentina S.A.), an Argentine company with 800 MHz SMR licenses, for $15.0 million in the form of cash and equipment.

Subsequent Transactions — On January 30, 1997, Nextel acquired 81% of the outstanding shares of Wireless Ventures of Brazil, Inc., an operator of SMR systems in Brazil ("WVB"), for a purchase price of $186.3 million, which was paid with Class A Common Stock, through a merger of WVB with a wholly-owned subsidiary of Nextel. Nextel simultaneously contributed its interest in WVB, which was renamed McCaw International ("Brazil"), Ltd., to MIL.

Pending Transactions — In October 1996, the Company entered into a definitive agreement with Pittencrieff Communications, Inc. ("Pittencrieff"), an SMR operator with licenses in Texas, Oklahoma, New Mexico and Arizona, providing for the merger of Pittencrieff with a wholly-owned indirect subsidiary of the Company (the "Pittencrieff Transaction"). Pursuant to the Pittencrieff Transaction, the Company will issue a maximum of 8,782,403 shares of Class A Common Stock, subject to certain adjustments, in exchange for all of the outstanding shares (or rights to acquire shares) of Pittencrieff common stock. The maximum dollar value of the shares of Class A Common Stock to be issued to the Pittencrieff stockholders is set at $170.0 million (subject to certain adjustments). Accordingly, if the price of the Class A Common Stock exceeds $19.36 at the closing of the Pittencrieff Transaction, the number of shares to be issued to the Pittencrieff stockholders would be decreased so that the total maximum dollar value threshold would not be exceeded. The closing of the Pittencrieff Transaction, which is subject to certain conditions, including regulatory approval and the approval of the Pittencrieff stockholders, is expected to occur in 1997.

NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Accounts and Notes Receivable

	December 31, 1995	December 31, 1996
	(in thousands)	
Trade:		
Billed	$34,855	$ 68,166
Unbilled	6,267	12,478
Reserve for doubtful accounts	(5,232)	(10,774)
	35,890	69,870
Notes receivable	—	12,295
Other	5,561	8,227
	$41,451	$ 90,392

Notes receivable, all due within one year, primarily consist of advances to foreign investees bearing interest at rates from 6% – 14.5%.

4. Property, Plant and Equipment

	December 31, 1995	December 31, 1996
	(in thousands)	
Land	$ 980	$ 1,948
Buildings and improvements	15,267	78,036
Equipment	972,063	1,287,489
Furniture and fixtures	71,603	98,555
Construction in progress	271,592	652,519
	1,331,505	2,118,547
Less accumulated depreciation and amortization	139,301	314,808
	$1,192,204	$1,803,739

5. Intangible Assets

	December 31, 1995	December 31, 1996
	(in thousands)	
FCC licenses	$2,762,502	$3,300,176
Excess of purchase price over fair value of net assets acquired	867,639	1,083,963
Customer lists	137,519	134,320
Noncompetition covenants	93,248	85,385
Other	32,204	38,783
	3,893,112	4,642,627
Less accumulated amortization	343,490	566,327
	$3,549,622	$4,076,300

6. Long-Term Debt

	December 31, 1995	December 31, 1996
	(in thousands)	
11.5% Senior redeemable discount notes due 2003, interest payable semi-annually beginning March 1, 1999, net of unamortized discount of $143,835 and $89,024	$ 390,569	$ 436,831
9.75% Senior redeemable discount notes due 2004, interest payable semi-annually beginning August 15, 1999, net of unamortized discount of $307,329 and $205,773	837,102	920,662
10.125% Senior redeemable OneComm discount notes due 2004, interest payable semi-annually beginning July 15, 1999, net of unamortized discount of $193,638 and $151,810	224,122	258,066
12.25% Senior redeemable Dial Page discount notes due 2004, interest payable semi-annually beginning October 15, 1999, net of unamortized discount of $186,584	—	355,246
10.25% Senior redeemable Dial Page discount notes due 2005, interest payable semi-annually beginning June 15, 1999, net of unamortized discount of $45,192	—	69,973
Bank credit facility, interest payable quarterly at an adjusted rate calculated either on the prime rate or LIBOR (8% to 9.75%)	—	590,000
Vendor credit facility, interest payable quarterly at 2% over the prime rate (10.25%)	—	150,000
Equipment notes payable, interest at 2% over corporate base rate as defined (10.5%)	235,075	—
Other	2,238	3,787
	1,689,106	2,784,565
Less current portion	1,277	1,524
	$1,687,829	$2,783,041

Senior Redeemable Discount Notes — In August 1993, the Company completed the issuance of $525.9 million principal amount of senior redeemable discount notes due 2003 (the "2003 Notes"). The 2003 Notes, which are unsecured obligations and noncallable until September 1, 1998, generated $300.0 million of gross proceeds.

In February 1994, the Company completed the issuance of $1,126.4 million principal amount of senior redeemable discount notes due 2004 (the "2004 Notes"). The 2004 Notes, which are unsecured obligations and noncallable until February 15, 1999, generated $700.0 million of gross proceeds.

The $409.9 million principal amount of OneComm's senior redeemable discount notes due 2004 (the "OneComm 2004 Notes") are unsecured obligations and noncallable until January 15, 1999. The OneComm 2004 Notes were assumed in connection with the OneComm Merger and were adjusted to fair value at the date of acquisition at an annual yield to stated maturity of approximately 14.2%.

The $541.8 million principal amount of Dial Page's senior redeemable discount notes due 2004 (the "Dial Page 2004 Notes") are unsecured obligations and noncallable until April 15, 1999. The Dial Page 2004 Notes were assumed in connection with the Dial Page Merger and were adjusted to fair value at the date of acquisition at an annual yield to stated maturity of approximately 14.3%.

The $115.2 million principal amount of Dial Page's senior redeemable discount notes due 2005 (the "Dial Page 2005 Notes") are unsecured obligations and noncallable until December 15, 1998. The Dial Page 2005 Notes were assumed in connection with the Dial Page Merger and were adjusted to fair value at the date of acquisition at the annual yield to stated maturity of approximately 14.3%.

The indentures governing the 2003 Notes, 2004 Notes, OneComm 2004 Notes, Dial Page 2004 Notes, and Dial Page 2005 Notes (collectively the "Notes") contain substantially similar covenants which, among other things, restrict the ability of the Company and certain of its subsidiaries to: incur additional indebtedness; pay dividends or make distributions in respect of its capital stock or make certain other restricted payments; create liens; enter into transactions with affiliates or related persons; sell certain assets, engage in any business other than the telecommunications business; or consolidate, merge or sell all or substantially all of its assets. Additionally, the indentures governing the 2003 Notes restrict the Company from encumbering the ability of certain of its restricted subsidiaries, as defined in the Notes, to pay dividends or make certain payments to the Company. Assets of the restricted subsidiaries may not be transferred to Nextel except for payments of overhead services, taxes or principal and interest on Notes. Also under these indentures, the Company and its restricted subsidiaries may only incur debt other than certain categories of permitted debt (as defined in the indentures), if the aggregate amount of its debt does not exceed 30% of its total market capitalization or if its ratio of consolidated debt to annualized operating cash flow does not exceed certain levels.

Prior to the consummation of the Motorola Transaction and the OneComm and Dial Page Mergers, the Company received consents of holders of the 2003 Notes, 2004 Notes, the OneComm 2004 Notes and the Dial Page 2004 and 2005 Notes that were required under terms of the respective indentures. In exchange for the consents, the Company agreed to pay each consenting holder of the respective notes an amount equal to $10.00 per $1,000 of principal amount at maturity of the respective notes. The Company, OneComm and Dial Page paid approximately $26.9 million for these consents, which is included in transaction costs related to the Motorola Transaction and the OneComm and Dial Page Mergers, as appropriate (see Note 2).

Bank and Vendor Credit Facilities — On September 30, 1996, Nextel, Nextel Finance Company ("NFC"), a wholly-owned subsidiary of Nextel, and certain other subsidiaries of Nextel entered into definitive agreements with respect to a secured credit facility arranged by a group of banks (the "Bank Credit Facility"). The Bank Credit Facility provides for up to $1,655.0 million of secured financing, consisting of $1,085.0 million in revolving loans and $570.0 million in term loans. The commitments to make revolving loans are reduced beginning March 31, 2001 with final maturities of the revolving loans occurring on March 31, 2003. Quarterly principal payments on the term loans commence March 31, 2001 with final maturities on June 30, 2003. Concurrently therewith, Nextel, NFC and certain other subsidiaries of Nextel entered into definitive agreements, which also became effective on September 30, 1996, with respect to the amendment, restatement and consolidation of the previously existing financing arrangements with Motorola and NTFC Capital Corporation ("NTFC") (the "Vendor Credit Facility"). The Vendor Credit Facility supersedes the previous financing agreements and provides for up to $345.0 million of secured financing, consisting of a $195.0 million revolving loan and $150.0 million in term loans, with revolving credit commitment reductions and term loan payments parallel to those of the Bank Credit Facility.

Borrowings under the Bank Credit Facility and the Vendor Credit Facility (collectively, the "Facilities") are ratably secured by liens on assets of Nextel's subsidiaries that are "restricted" subsidiaries under the terms of Nextel's public indentures. As of December 31, 1996, Nextel had drawn $590.0 million of its available financing under the Bank Credit Facility, leaving an aggregate of $1,065.0 million available for borrowing under such facility. Additionally, Nextel had drawn $150.0 million of its available financing under the Vendor Credit Facility, leaving an aggregate of $195.0 million available for borrowing under such facility. The proceeds from these borrowings were used primarily to repay the outstanding principal and accrued interest under the previous financing agreements with Motorola and NTFC and to fund operations. Commitment fees of 0.5% are payable quarterly based on the average unused balance of the Bank Credit Facility. However, the maximum permitted indebtedness (excluding indebtedness represented by the Notes) pursuant to the indentures relating to the Notes is limited to $1,560.0 million as of December 31, 1996.

The Facilities agreements contain similar covenants which limit the ability of the Company and certain of its subsidiaries to incur additional indebtedness; create liens; pay dividends or make distributions in respect of its capital stock or make certain other restricted payments; consolidate, merge or sell all or substantially all of its assets or engage in certain acquisitions; guarantee obligations of other entities, enter into hedging agreements; enter into transactions with affiliates or related persons; or engage in any business other than the telecommunications business. Additionally, the agreements require compliance with various financial ratios and the attainment of certain operating results during the terms of the credit facilities. The Facilities are secured by certain assets and capital stock of Nextel's restricted subsidiaries. At December 31, 1996, substantially all of the Company's assets were pledged in connection with these facilities.

Previous Vendor Financing — In 1991, the Company entered into agreements, as amended, with Motorola for the purchase, installation and maintenance of the Company's Digital Mobile networks infrastructure and related subscriber equipment. In addition, the Company and certain of its subsidiaries entered into financing and security agreements with Motorola which provided and secured equipment financing totaling $685.0 million (the "Motorola Financing"). Borrowings under these facilities were limited to the cost of equipment and services provided by Motorola (excluding subscriber equipment) and evidenced by individual promissory notes. At December 31, 1995, approximately $225.1 million was outstanding under these facilities. On September 30, 1996, the agreements relating to this facility were amended and restated to become the Vendor Credit Facility and the balances outstanding under the Motorola Financing were refinanced with the Vendor Credit Facility discussed above.

The Company entered into a warrant agreement with Motorola providing for the issuance of warrants for the purchase of 3.0 million shares of Class A Common Stock as an inducement to enter into certain of the aforementioned agreements. The exercise price of the warrants is $15.00 per share, the market value of the stock at the date of grant. The warrants are issuable in varying installments corresponding with the commencement date of commercial service of Digital Mobile networks in certain regional market areas. At December 31, 1995 and 1996, warrants for approximately 2.1 million shares and 2.7 million shares, respectively, were issued and exercisable, and such warrants expire at various dates ranging from October 1999 to December 2000.

In 1991, the Company entered into a financing agreement, as amended, with the NTFC providing for a $40.0 million line of credit for the purchase of six Northern Telecom Corporation switching systems and related services. The terms and conditions of the agreement were substantially identical to the Motorola Financing agreements. At December 31, 1995, $10.0 million was outstanding under this facility. On September 30, 1996, the agreements relating to this facility were amended and restated to become the Vendor Credit Facility and the balances outstanding under the NTFC financing were refinanced with the Vendor Credit Facility discussed above.

For the years subsequent to December 31, 1996, annual maturities of long-term debt are as follows (in thousands):

1997	$ 1,524
1998	1,109
1999	53,852
2000	98,960
2001	207,193
Thereafter	3,100,310
	3,462,948
Less unamortized discount	678,383
	$2,784,565

Interest Rate Swaps — In October 1996, NFC entered into an interest rate swap agreement with a notional amount of $320.0 million which will convert floating rate debt into fixed rate obligations with an effective interest rate of 5.9%. This swap commenced on October 2, 1996 for a one-year period expiring on October 2, 1997. As of December 31, 1996 based on estimates obtained from dealers, the Company would be obligated to pay $872,000 to settle this contract.

In December 1996, NFC entered into an interest rate swap agreement with a notional amount of $100.0 million which will convert floating rate debt into fixed rate obligations with an effective interest rate of 5.36%. This swap commenced on December 13, 1996 and will terminate either on December 13, 1999 or on the first day of the quarterly interest payment period when the floating rate is equal to or exceeds 6.25%, whichever comes first. As of December 31, 1996 based on estimates obtained from dealers, the Company would receive $142,000 to settle this contract.

Subsequent Transaction — On March 3, 1997, MIL completed a private placement of 951,463 units yielding $500.0 million of gross proceeds. Each unit is comprised of a 10-year senior discount note and a warrant to purchase 0.10616 shares of MIL common stock. The notes have a 13% yield to maturity, are noncallable for five years, and require no coupon payments for the first five years. The warrants are exercisable at a price of $36.45 and entitle the holders to purchase in the aggregate 1%, on a fully diluted basis, of the common stock of MIL.

7. Fair Value of Financial Instruments

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments." The estimated fair value amounts have been determined by the Company, using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

	December 31,			
	1995		1996	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(in thousands)			
Marketable securities (including equity securities classified within other long-term assets)	$ 183,544	$ 183,544	$ 97,356	$ 97,344
Other assets	$ 56,117	$ 65,007	$ 10,082	$ 10,082
Long-term debt	$1,687,829	$1,386,808	$2,783,041	$2,354,400

Cash and Cash Equivalents, Accounts and Notes Receivable, Accounts Payable and Accrued Expenses — The carrying amounts of these items are a reasonable estimate of their fair value.

Marketable Securities — The fair value of these securities are estimated based on quoted market prices.

NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 1995 and 1996, marketable securities (including equity securities classified within other long-term assets) consist of the following: .

	Cost	Fair Value	Unrealized (Loss) Gain
		(in thousands)	
1995			
Available for sale:			
Debt securities	$69.679	$ 68.443	$(1.236)
Equity securities	$59.618	$115.101	$55.483
1996			
Available for sale:			
Debt securities	$ 4.991	$ 5.000	$ 9
Equity securities	$69.159	$ 92.344	$23.185

At December 31, 1996, the net unrealized gain on investments of approximately $15.0 million included in stockholders' equity is net of a related deferred income tax liability of approximately $8.2 million.

Other Assets — The fair value of other assets, consisting primarily of investments in promissory notes and escrow deposits, are estimated by discounting future cash flows using current rates at which similar notes would be issued to similar borrowers and quoted market prices, as applicable. At December 31, 1995 and 1996, it was not practicable to value investments in nonmarketable equity securities of foreign entities with a carrying value of approximately $55.5 million and $19.7 million, respectively. Accordingly, these investments are excluded from the above table.

Long-Term Debt — The fair value of these securities are estimated based on quoted market prices of the 2003 Notes, 2004 Notes, OneComm 2004 Notes, Dial Page 2004 Notes, and Dial Page 2005 Notes. Interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities are used to estimate fair value for debt issues for which no market quotes are available.

8. Income Taxes

The components of the income tax (benefit) provision were as follows:

	Nine Months Ended December 31, 1994	Year Ended December 31, 1995	Year Ended December 31, 1996
		(in thousands)	
Current:			
State	$ 385	$ 825	$ 1.070
Deferred:			
Federal	(59.612)	(161.700)	(272.279)
State	(12.118)	(39.727)	(35.983)
	(71.730)	(201.427)	(308.262)
Income tax benefit	$(71.345)	$(200.602)	$(307.192)

The reconciliation of taxes computed at the statutory rate to the income tax benefit is as follows:

	Nine Months Ended December 31, 1994	Year Ended December 31, 1995	Year Ended December 31, 1996
		(in thousands)	
Income tax benefit at statutory rate	$(69,018)	$(186,118)	$(302,124)
State tax benefit — net	(7,626)	(25,286)	(22,701)
Amortization of goodwill	4,766	8,400	14,104
Other	533	2,402	3,529
	$(71,345)	$(200,602)	$(307,192)

Deferred tax assets and liabilities consist of the following:

	December 31, 1995	December 31, 1996
	(in thousands)	
Deferred tax assets:		
Operating loss carryforwards	$405,784	$ 725,452
Deferred interest	20,098	61,773
Other	24,196	28,459
	450,078	815,684
Valuation allowance — net operating losses	—	(41,065)
	450,078	774,619
Deferred tax liabilities:		
Property, plant and equipment	66,348	112,012
Intangibles	910,814	1,103,047
Unrealized gain	22,193	22,724
Other	—	42,352
	999,355	1,280,135
Net deferred tax liability	$549,277	$ 505,516

At December 31, 1996, the Company had approximately $1,511.0 million of consolidated net operating loss carryforwards for Federal income tax purposes which expire through 2011, and approximately $326.0 million of separate return net operating loss carryforwards which expire through 2011. The utilization of tax net operating losses may be subject to certain limitations.

During the years ended December 31, 1995 and 1996, tax benefits of approximately $1.1 million and $7.4 million, respectively, related to the exercise of employee stock options, were credited to stockholders' equity.

9. Commitments and Contingencies

Operating Lease Commitments — The Company leases various equipment and office facilities under operating leases. Leases for analog antenna sites are generally a one year term or month-to-month; digital antenna sites are generally five year terms but are cancelable after a short notice period under certain circumstances. Future rental payments for such antenna site leases will approximate $30.5 million for the year ending December 31, 1997, including amounts due to Motorola of approximately $25.9 million (see Note 12).

Office facilities and equipment other than antenna sites are leased under agreements with terms ranging from 1 to 10 years. The leases normally provide for the payment of minimum annual rentals and certain leases include provisions for renewal options of up to ten years.

For years subsequent to December 31, 1996, future minimum payments for all lease obligations that have initial noncancellable lease terms exceeding one year are as follows (in thousands):

1997	$ 74,957
1998	58,826
1999	40,694
2000	28,849
2001	18,982
Thereafter	41,649
	$263,957

Total rental expense was approximately $37.0 million, $58.9 million and $84.5 million for the nine months ended December 31, 1994, and the years ended December 31, 1995 and 1996, respectively.

Legal Contingencies — On July 10, 1995, a lawsuit titled *In Re Nextel Communications Securities Litigation* was filed in the United States District Court in the District of New Jersey. This litigation, which is being pursued as a class action suit, amends and consolidates three previously filed class action complaints and seeks damages allegedly incurred by certain stockholders and claimed to result from defendants' alleged violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The litigation also makes claims of fraud and deceit. Specifically, plaintiffs claim that such damages resulted from defendants' certain alleged false and misleading statements regarding the digital communications technology developed by Motorola and deployed by Nextel in its Digital Mobile networks. While Nextel cannot predict the outcome of this litigation, Nextel believes that the claims against it are without merit and intends to vigorously defend against them.

On September 19, 1994, a lawsuit titled *Charles Dascal v. Morgan O'Brien, Becker, Gurman, Lukas, Meyers, O'Brien and McGowan, P.C. and Nextel Communications, Inc.*, was filed in the Circuit Court of Dade County, Florida. The lawsuit, which has been transferred to the United States District Court for the Southern District of Florida, seeks compensatory damages, lost profits and special damages based on the defendants' alleged breach of fiduciary duty, misappropriation of trade secrets, negligent misrepresentation, fraud, conversion, civil theft, breach of good faith and fair dealing and unjust enrichment. The claims, which primarily concern alleged conduct by Nextel's current Vice-Chairman and former Chairman of the Board, Morgan O'Brien, in the 1970s and early 1980s prior to the formation of Nextel, assert that business plans allegedly formulated by the plaintiff relating to the development of a wireless communications system were disclosed to, and have been improperly used by, the defendants. While Nextel cannot predict the outcome of this litigation, Nextel believes that the claims against it are without merit, and intends to vigorously defend against them. On September 13, 1994, the Board of Directors determined that Morgan O'Brien, in his capacities as an officer, director and authorized representative of Nextel, was entitled to indemnification in respect of this matter.

Unless otherwise indicated, the relevant plaintiffs have not specified amounts of damages being sought. Given the Company's assessment of the claims asserted against it in each such lawsuit, the Company does not believe that such lawsuits, individually or in the aggregate, will have a material adverse effect on the Company's financial condition, results of operations or liquidity.

The Company and its subsidiaries are involved in certain other administrative proceedings and matters concerning legal issues rising in the ordinary course of business. Management can not predict the final disposition of such issues, but believes that adequate provision has been made for probable losses and that the ultimate resolution of these proceedings will not have a material adverse effect on the accompanying financial statements.

Regulatory Contingencies — On December 15, 1995, the FCC released new 800 MHz SMR licensing rules intended to provide for the auction of geographic-area based SMR licenses in the top 200 SMR channels on an Economic Area ("EA") basis. The 200 channels will be auctioned in blocks of 120 channels, 60 channels and 20 channels in an auction that the FCC has announced will occur in 1997. Once an upper 200-channel EA license is obtained, the licensee will have the authority to construct, operate and modify its systems within the licensed geographic area without first obtaining FCC approval. To ensure proper construction and use of the spectrum, EA licensees will be required to provide services to one-third of the population within two years, and two-thirds of the population within five years using more than 50% of the EA licensee's channels. Failure to meet these build out requirements will result in loss of the EA license.

Because the upper 200 channels in the 800 MHz SMR service are licensed to existing SMR providers, the EA licensee will have the authority to relocate incumbents within the EA to the lower 230 SMR channels. Consequently, Nextel may be subject to relocation in an EA for which it currently holds licenses but fails to obtain the EA geographic-area license. Any incumbent not relocated out of the EA licensed area must be provided co-channel protection by the EA licensee, and will be permitted to make only those system modifications that do not expand their current interference contour. The incumbent licenses will also be provided an opportunity to convert their current site-by-site licenses to a single license encompassing their existing authorized service area contours.

In addition to promulgating new rules for the upper 200 800 MHz channels, the FCC proposed on December 15, 1995 to license the lower 230 SMR channels on an EA basis. The FCC has proposed to auction the lower channels as an "entrepreneur block" thus limiting auction participation to small businesses which would likely exclude Nextel from eligibility to bid on the lower channels. The FCC proposal would not permit lower EA licensees to relocate incumbents.

10. Stockholders' Equity

During 1995, the Company increased its authorized shares to 613.9 million of which 515.0 million shares are authorized as Class A Common Stock (par value $.001 per share), 35.0 million shares as Class B nonvoting convertible common stock (par value $.001 per share), and 63.9 million shares as Preferred Stock (par value $.01 per share). The Class B Common Stock is convertible on a one-to-one basis into Class A Common Stock at the option of the holder subject to certain restrictions on the holder.

Stock Issuances — In 1992, the Company entered into a Stock Purchase Agreement (the "Comcast Agreement") and related Option Agreement (the "Comcast Option"), as amended, with Comcast Corporation and/or its wholly-owned subsidiary, Comcast FCI, Inc. (collectively, "Comcast") whereby Comcast agreed to purchase $100.0 million of Class A Common Stock. The first $50.0 million was purchased for cash in 1992 at $14.00 per share. The second $50.0 million, was comprised of $35.0 million which was subject to a contingent purchase opportunity for a cash price set on June 30, 1995 at 90% of the then prevailing market price (such contingent purchase opportunity was not exercised) and $15.0 million which was deemed to be satisfied upon the Company's purchase of Comcast SMR properties located in Philadelphia (see Note 2). Under the terms of the Comcast Option, Comcast purchased for $20.0 million a five-year option to acquire an additional 25.0 million shares of Class A Common Stock at an exercise price of $16.00 per share. The option price was paid in the form of a $20.0 million five-year promissory note which accrued interest at 5% per annum. On June 30, 1995, the rights and obligations of the Company and Comcast with respect to the potential $35.0 million equity investment expired, and on July 18, 1995, Comcast repaid the $20.0 million note, plus accrued interest. On March 20, 1997, Nextel entered into arrangements with Comcast that provided for the purchase by Unrestricted Subsidiary Funding Company, a wholly-owned subsidiary of Nextel

("USFC"), of the Comcast rights pursuant to the options described above for a purchase price of $25.0 million (the "Comcast Repurchase Option"). The terms of the agreement relating to such option purchases provided for the termination of a number of previously existing relationships between Nextel and Comcast, including the Comcast Agreement and related documents.

Pursuant to the Comcast Agreement, Comcast was granted certain rights to purchase additional shares of Class A Common Stock upon any public or private issuances of such shares by the Company as specified in the Comcast Agreement (the "Comcast Purchase Right"). On May 1, 1995, Comcast exercised its right to purchase shares in connection with the Dial Page Merger (see Note 2). Under the terms of the Company's agreement with Comcast, the rights with respect to the issuance of shares in the transactions with Motorola, OneComm and Digital Radio, L.L.C. ("Digital Radio") (as described below) lapsed on April 30, 1995. On February 9, 1996, Comcast purchased approximately 8.2 million shares of Class A Common Stock for approximately $99.9 million, pursuant to Comcast's exercise of its anti-dilutive rights with respect to the Dial Page Merger. The Comcast Purchase Right was terminated in connection with the Comcast Option Repurchase.

On July 28, 1995, the Company consummated a securities purchase agreement with Digital Radio and Craig O. McCaw ("McCaw") (the "McCaw Securities Purchase Agreement" or the "McCaw Transaction") pursuant to which Digital Radio purchased for an aggregate price of $300.0 million, Nextel units (the "Units") consisting of approximately 8.2 million shares of a newly created Class A Convertible Redeemable Preferred Stock and 82 shares of a newly created Class B Convertible Preferred Stock. The Units are convertible into approximately 24.5 million shares of the Class A Common Stock and are redeemable under certain circumstances solely at the Company's option. The Preferred Stock only pays dividends under certain limited circumstances. In addition, pursuant to three separate option agreements, Digital Radio may purchase for cash up to 35.0 million shares of Class A Common Stock at exercise prices ranging from $15.50 to $21.50 per share for periods of two to six years from July 28, 1995. On April 5, 1995, Digital Radio purchased approximately 1.2 million shares of Class A Common Stock for an aggregate purchase price of approximately $14.9 million ($12.6 million net of applicable expenses attributable to both such initial investment and the additional investments described above).

Pursuant to the McCaw Securities Purchase Agreement, the McCaw Investor was granted anti-dilutive rights with respect to certain Nextel share issuances, which rights and related terms are largely comparable to the Comcast Purchase Right ("McCaw Purchase Right"). In November 1996, upon the issuance of shares in connection with an acquisition, the McCaw Investor exercised its anti-dilutive rights, which resulted in the sale of 373,846 treasury shares of Nextel Class A Common Stock to the McCaw Investor for $6.5 million.

In connection with the McCaw Transaction, the Company also entered into a management support agreement with Eagle River, Inc. ("Eagle River"), an affiliate of Digital Radio, to provide management and consulting services from time to time as requested. In consideration for these services, the Company entered into an incentive option agreement granting Eagle River an option to purchase an aggregate of up to 1.0 million shares of Class A Common Stock at an exercise price of $12.25 per share, exercisable over two, four and six years. For the years ended December 31, 1995 and 1996 approximately $905,000 and $1.8 million of compensation expense was charged to operations in connection with these agreements. During the years ended December 31, 1995 and 1996, the Company paid Eagle River approximately $247,000 and $348,000 under the terms of this agreement for reimbursement of expenses.

Warrant Issuances — The following is a summary of issued and outstanding warrants for the purchase of the Company's Class A Common Stock:

	Shares Covered by Warrants	Price
Issued and outstanding, April 1, 1994 and December 31, 1994	32,614,485	$0.001 - $16.00
Acquired	497,139	17.64
Exercised	(580,000)	0.001 - 2.00
Issued and outstanding, December 31, 1995	32,531,624	2.00 - 17.64
Acquired	2,160,067	12.14 - 43.16
Issued and outstanding, December 31, 1996	34,691,691	$ 2.00 - $43.16
Exercisable, December 31, 1996	34,391,691	$ 2.00 - $43.16

On March 20, 1997, an option to acquire 25.0 million shares, covered by warrants outstanding as of December 31, 1996, was repurchased pursuant to the Comcast Option Repurchase described above.

11. Stock and Employee Benefit Plans

Employee Stock Option Plans — The Company's Incentive Equity Plan (the "Plan") provides for the issuance of up to 24.0 million shares of Class A Common Stock to officers and key employees. Generally, options outstanding under the Company's stock option plan: (1) are granted at prices equal to or exceeding the market value of the stock on the grant date; (2) vest ratably over either a four or five year service period; and (3) expire ten years subsequent to award.

A summary of the Plan activity is as follows:

	Shares	Option Price Range	Weighted Average Exercise Price
Outstanding, March 31, 1994	5,497,777	$ 1.25 - $40.75	$16.65
Granted	288,600	13.50 - 40.25	19.12
Acquired	38,026	14.20 - 14.20	14.20
Canceled	(118,088)	3.50 - 40.25	33.81
Exercised	(248,694)	1.25 - 15.87	5.56
Outstanding, December 31, 1994	5,457,621	1.25 - 40.75	17.47
Granted	3,246,050	12.25 - 19.38	21.92
Acquired	1,382,835	2.82 - 19.09	11.34
Canceled	(141,417)	3.50 - 40.25	21.59
Exercised	(728,766)	1.25 - 15.00	2.79
Outstanding, December 31, 1995	9,216,323	1.25 - 40.75	18.60
Granted	5,332,995	13.50 - 19.75	15.64
Acquired	2,198,192	10.28 - 42.97	12.77
Canceled	(2,969,568)	1.75 - 40.25	17.11
Exercised	(1,522,873)	1.25 - 15.00	7.39
Outstanding, December 31, 1996	12,255,069	$ 1.75 - $42.97	$16.50
Exercisable, December 31, 1996	4,912,535	$ 1.75 - $42.97	$13.45

Following is a summary of the status of stock options outstanding at December 31, 1996

	Options Outstanding			Options Exercisable	
Exercise Price Range	Number of Shares	Weighted-Average Life Remaining	Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
		(years)			
$1.75 - $5.00	1,422,227	3.7	$ 4.50	1,361,981	$4.56
7.00 - 10.28	1,358,120	5.3	9.30	1,358,120	9.30
13.08 - 18.38	7,729,357	8.7	15.19	1,562,915	14.44
19.09 - 25.63	242,776	8.6	21.99	42,060	25.07
30.75 - 42.97	1,502,589	6.9	40.17	587,459	40.20
	12,255,069	7.5	16.50	4,912,535	13.45

The Plan also provides for the grant of deferred shares at no cost to the participants in consideration of services performed. Generally, these deferred shares vest over a three-year period. An accelerated vesting schedule may be triggered in the event of a change in control of the Company. During the nine months ended December 31, 1994, and the years ended December 31, 1995 and 1996, the Company granted deferred shares of 29,000, 77,000, and 1,100,000, respectively. Compensation expense of $160,000, $1.7 million and $4.2 million has been recognized in relation to the deferred share grants for the nine months ended December 31, 1994 and the years ended December 31, 1995 and 1996, respectively.

In connection with the nationwide construction of the Digital Mobile network, the Company entered into a stock performance compensation arrangement covering certain senior managers and granted options covering 578,500 shares of Class A Common Stock with an exercise price of $16.125. Vesting is based upon completion of the buildout by certain dates; one-third of the options vest immediately upon completion, one-third vest 12 months after completion, and the remainder vest 24 months after completion.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). This Statement encourages but does not require companies to account for employee stock compensation awards based on their estimated fair value at the grant date with the resulting cost charged to operations. The Company has elected to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. If the Company had elected to recognize compensation expense based on the fair value of the awards granted in 1995 and 1996, consistent with the provisions of SFAS 123, the Company's net loss and net loss per common share would have been increased to the pro forma amounts indicated below:

	Year Ended December 31,	
	1995	1996
	(in thousands)	
Net loss		
As reported	$(331,165)	$(556,020)
Pro forma	$(337,271)	$(570,467)
Loss per common share:		
As reported	$ (2.31)	$ (2.50)
Pro forma	$ (2.35)	$ (2.56)
Weighted average fair value of options granted	$ 14.79	$ 10.56

The effects of applying SFAS 123 in this pro forma disclosure are not necessarily indicative of the effect on future amounts. SFAS 123 does not apply to awards granted prior to 1995.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	1995	1996
Expected stock price volatility	55%	55%
Risk-free interest rate	5.9% – 7.9%	5.7% – 7.1%
Expected life of options	8 years	8 years
Expected dividend yield	0.00%	0.00%

The Company's stock options are not transferable, and the actual value of the stock options that an employee may realize, if any, will depend on the excess of the market price on the date of exercise over the exercise price. The Company has based its assumption for stock price volatility on the variance of weekly closing prices of the Company's stock from its initial offering date to the present. The risk-free rate of return used equals the yield on ten-year zero-coupon U.S. Treasury issues on the grant date. No discount was applied to the value of the grants for non-transferability or risk of forfeiture.

Notes Receivable from Stockholders — As of December 31, 1995 and 1996, notes receivable from stockholders of approximately $1.0 million and $1.1 million were outstanding. These notes, included in stockholders' equity, represent advances to certain former officers for the exercise of options, are non-interest bearing and are payable on the expiration dates of the option grants.

Stock Appreciation Rights — On November 1, 1996, MIL adopted a Stock Appreciation Rights Plan, which was effective as of November 1, 1995, whereby selected employees and agents of MIL may be granted rights to share in the future appreciation in the value of MIL. Such rights do not represent an equity interest in MIL, only a right to compensation under the terms of the plan.

MIL retroactively granted 1,160,000 rights under the plan, at an exercise price of $10.00 per right, on dates ranging from October 1, 1995 to October 28, 1996, with vesting periods of 4 years. Rights under the plan may not be exercised until the employee has vested in 50% of the grants. As of December 31, 1995 and 1996, there were 755,000 and 1,240,000 rights outstanding, respectively. None of those rights were exercisable under the terms of the plan. MIL had no commitment to make payments under the plan at December 31, 1995 and 1996 and no compensation expense had been recognized because there had been no appreciation in the value of the rights from the time of issuance to December 31, 1995 and 1996.

Employee Stock Purchase Plan — Under the 1996 Employee Stock Purchase Plan ("ESPP"), eligible employees may subscribe to purchase shares of the Company's Class A Common Stock through payroll deductions up to 10% of eligible compensation. The purchase price is the lower of 85% of market value at the beginning or the end of each quarter. The aggregate number of shares purchased by an employee may not exceed $25,000 of fair market value annually (subject to limitations imposed by Section 423 of the Internal Revenue Code). A total of 5.0 million shares are available for purchase under the plan. The plan will terminate on the tenth anniversary of its adoption. During 1996, 7,360 treasury shares were issued pursuant to the plan at a price per share of $15.725.

Employee Benefit Plan — The Company has defined contribution plans pursuant to Section 401(k) of the Internal Revenue Code covering all eligible officers and employees. The Company provides a matching contribution of $.50 for every $1.00 contributed by the employee up to 4% of each employee's salary. Such contributions were approximately $287,000, $997,000 and $2.0 million for the nine months ended December 31, 1994 and the years ended December 31, 1995 and 1996, respectively. At December 31, 1996, the Company had no other pension or postemployment benefit plans.

NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

12. Related Party Transactions

At December 31, 1996, Motorola owned approximately 19% and 100% of the Company's outstanding Class A and Class B Common Stock, respectively.

During the years ended December 31, 1995 and 1996, the Company acquired approximately $217.2 million and $490.8 million of infrastructure and other equipment, handsets, warranties, rent and services from Motorola. At December 31, 1995 and 1996, amounts payable to Motorola, classified within accounts payable, accrued expense and other, approximated $179.4 million and $61.0 million. Under certain agreements, as amended, the Company is committed to purchase from Motorola a significant amount of system infrastructure equipment through 1999. Motorola is the principal supplier of the Company's Digital Mobile infrastructure equipment and handsets.

On June 28, 1996 the Company completed the acquisition of certain 800 MHz trunked SMR systems, located in Hawaii, from Motorola for approximately $5.4 million in cash.

On August 23, 1996, the Company through NIC loaned Grupo $12.0 million. The principal and accrued interest outstanding as of December 31, 1996 was approximately $3.4 million.

13. Subsequent Events

On March 27, 1997, Nextel and Motorola reached agreement on terms and conditions pursuant to which Nextel could access up to an additional $450.0 million of equipment financing through Motorola. In order to access such additional financing, Nextel would be required to procure certain consents, waivers and/or participation commitments from a number of third parties, and to obtain modifications to the terms of the Bank and Vendor Credit Facilities, the related security documents and the Nextel Indentures and to satisfy certain other conditions.

14. Quarterly Financial Data (Unaudited)

	First	Second	Third	Fourth
	(in thousands, except per share amounts)			
1996				
Revenues	$ 68,318	$ 77,619	$ 91,040	$ 95,961
Operating loss	(146,944)	(160,420)	(159,638)	(178,864)
Net loss	(118,718)	(130,028)	(148,883)	(158,391)
Net loss per common share	(0.56)	(0.58)	(0.66)	(0.70)
1995				
Revenues	$ 29,501	$ 30,177	$ 51,074	$ 60,951
Operating loss	(70,139)	(73,223)	(133,440)	(150,084)
Net loss	(53,199)	(56,982)	(102,134)	(118,850)
Net loss per common share	(0.50)	(0.53)	(0.61)	(0.62)

NEXTEL COMMUNICATIONS, INC.
(Parent Only)

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT

CONDENSED BALANCE SHEETS
As of December 31, 1995 and 1996
(dollars in thousands)

	1995	1996
ASSETS		
Current assets		
Cash and cash equivalents	$ 204,048	$ 8,837
Marketable securities	64,685	—
Accounts receivable	311	15
Other	151	4,446
Total current assets	269,195	13,298
Property, plant and equipment, net	1,602	6,028
Intangible assets, net	587	4,541
Deferred income taxes	32,263	71,110
Investments in and advances to subsidiaries	4,063,337	4,711,946
Other assets	65,676	125,796
	$4,432,660	$4,932,719
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable, accrued expenses and other	$ 35,039	$ 81,090
Current portion of long-term debt	517	951
Total current liabilities	35,556	82,041
Long-term debt	1,451,963	2,042,540
Commitments and contingencies (Note 1)		
Stockholders' equity	2,945,141	2,808,138
	$4,432,660	$4,932,719

The accompanying notes are an integral part of these condensed financial statements.

NEXTEL COMMUNICATIONS, INC.
(Parent Only)

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT — (continued)

CONDENSED STATEMENTS OF OPERATIONS
For the Nine Months Ended December 31, 1994
and the Years Ended December 31, 1995 and 1996
(dollars in thousands)

	1994	1995	1996
Operating expenses			
Selling, general and administrative	$ 11,846	$ 28,293	$ 80,559
Expenses related to corporate reorganization	—	6,379	—
Depreciation and amortization	2,053	1,770	2,122
	13,899	36,442	82,681
Other income (expense)			
Interest expense	(80,465)	(116,034)	(202,035)
Interest income ($43,219, $96,485 and $131,997 intercompany)	60,626	113,501	144,057
Intercompany management fee	14,811	23,413	80,559
Other	20	(30)	49
	(5,008)	20,850	22,630
Loss before income tax benefit and equity in net losses of subsidiaries	(18,907)	(15,592)	(60,051)
Income tax benefit	7,000	46,232	36,514
Income (loss) before equity in net losses of subsidiaries	(11,907)	30,640	(23,537)
Equity in net losses of subsidiaries	(113,942)	(361,805)	(532,483)
Net loss	$(125,849)	$(331,165)	$(556,020)

The accompanying notes are an integral part of these condensed financial statements.

NEXTEL COMMUNICATIONS, INC.
(Parent Only)

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT — (continued)

CONDENSED STATEMENTS OF CASH FLOWS
For the Nine Months Ended December 31, 1994
and the Years Ended December 31, 1995 and 1996
(dollars in thousands)

	1994	1995	1996
Cash flows from operating activities:			
Net loss	$(125,849)	$(331,165)	$(556,020)
Adjustment to reconcile net loss to net cash provided by (used in) operating activities	150,885	334,021	236,417
Net cash provided by (used in) operating activities	25,036	2,856	(319,603)
Cash flows from investing activities:			
Investments in and advances to subsidiaries	(622,928)	(335,399)	(123,244)
(Increase) decrease in other assets	(6,246)	(4,495)	9,873
Payments for acquisitions, net of cash acquired	(13,011)	(48,577)	61,417
Capital expenditures	(4,968)	(925)	(5,951)
Decrease in marketable securities	257,576	102,616	65,692
Net cash (used in) provided by investing activities	(389,577)	(286,780)	7,787
Cash flows from financing activities:			
Debt financing activities — other	(768)	(611)	1,969
Common stock issued	74,685	16,112	108,087
Preferred stock issued	—	300,000	—
Treasury stock issued	—	—	6,549
Notes receivable — incentive equity plan	14	227	—
Net cash provided by financing activities	73,931	315,728	116,605
Net (decrease) increase in cash and cash equivalents	(290,610)	31,804	(195,211)
Cash and cash equivalents, beginning of period	462,854	172,244	204,048
Cash and cash equivalents, end of period	$ 172,244	$ 204,048	$ 8,837

The accompanying notes are an integral part of these condensed financial statements.

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT — (continued)

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. For accounting policies and other information, see the Notes to the Consolidated Financial Statements of Nextel Communications, Inc. and Subsidiaries, included elsewhere herein.

2. The parent company accounts for its investments in subsidiaries by the equity method of accounting.

3. The parent company income tax benefit represents the difference between taxes computed on a consolidated basis and taxes calculated by the subsidiaries on a separate return basis.

4. Certain net assets and related operations of the parent company were contributed to a wholly-owned subsidiary. The accompanying condensed financial statements for 1994 and 1995 have been reclassified as a result of these contributions.

5. The parent company has an agreement with each of its wholly-owned subsidiaries whereby the parent company provides administrative services for each of its subsidiaries and charges the subsidiaries a fee equal to the actual costs incurred in performing these administrative services. The fees charged to the subsidiaries for the performance of administrative services totaled approximately $14.8 million, $23.4 million and $80.6 million for the nine months ended December 31, 1994 and the years ended December 31, 1995 and 1996, respectively.

NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts(1)	Deductions	Balance at End of Period
Nine Months Ended December 31, 1994					
Allowance for Doubtful Accounts	$ 642	$1,139	$ 377	$ (335)	$ 1,823
Year Ended December 31, 1995					
Allowance for Doubtful Accounts	$1,823	$1,936	$2,538	$(1,065)	$ 5,232
Year Ended December 31, 1996					
Allowance for Doubtful Accounts	$5,232	$6,968	$2,477	$(3,903)	$10,774

(1) Allowances of acquired companies.

EXHIBIT 3

Managerial and Technical Qualifications

EXHIBIT 3

Technical and Managerial Qualifications of NXLD Company's Key Personnel

Daniel F. Akerson, Chairman and Chief Executive Officer, is a graduate of the United States Naval Academy and received his M.Sc. from the London School of Economics. Mr. Akerson has served as Chairman of the Board and CEO for Nextel Communications, Inc. since March, 1996, and serves as director on the Boards of the American Express Company and America OnLine, Inc. (AOL).

From 1993 until March, 1996, Mr Akerson served as general partner of Forstmann Little & Co., a private investment firm. While at Forstmann Little, he also held the positions of Chairman of the Board and CEO of General Instrument Corporation, a technology company acquired by Forstmann Little. From 1983 to 1993, Mr. Akerson held various senior management positions with MCI Communications Corporation, including President and Chief Operating Officer.

Timothy M. Donahue, President and Chief Operating Officer, is a graduate of John Carroll University. Mr. Donahue has served as President and COO of Nextel Communications, Inc. since January, 1996.

Prior to joining Nextel, Mr. Donahue served as Northeast regional president of AT&T Wireless Services operations from 1991 to 1996. Mr. Donahue started his career in the telecommunications industry in 1981 as director of sales and marketing for MCI's airsignal division. He was promoted to vice president of sales and marketing prior to McCaw's acquisition of that division in 1986.

Morgan O'Brien, Vice Chairman, has served as a director of Nextel Communications, Inc. since co-founding the company in 1987. Since 1987, Mr. O'Brien has served as Vice Chairman and Chairman of the Nextel Board, and General Counsel to the company.

Mr. O'Brien was with the law firm of Jones, Day, Reavis & Pogue, an international law firm, from January 1986 to January, 1990, during which time he served as partner-in-charge of the firm's telecommunications section from January 1986 until co-founding Nextel in 1987. Mr. O'Brien also served as a consultant to the firm from January, 1990 to October, 1991. From June 1979 until April 1987, Mr. O'Brien was in private legal practice and represented major specialized mobile radio (SMR) operators in proceedings before the FCC. From October 1970 to June 1979, he served in a variety of legal and managerial positions with the FCC in the areas of private radio and radio common carrier administration.

EXHIBIT 4

Proposed Tariff

TITLE SHEET

RESALE TELECOMMUNICATIONS SERVICES

This tariff applies to the resold long distance interexchange telecommunications services furnished by NXLD Company, d/b/a Nextel Long Distance ("Carrier") between one or more points in the State of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at Carrier's address, 1450 G Street, N.W., Suite 425, Washington, D.C. 20005, Telephone Number 1-800-639-6111.

Issued by: Thomas D. Hickey, Assistant Secretary
1450 G Street, N.W., Suite 425
Washington, D.C. 20005

C'IECK SHEET

The sheets of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

SHEET	REVISION	SHEET	REVISION
1	Original	15	Original
2	Original	16	Original
3	Original	17	Original
4	Original	18	Original
5	Original	19	Original
6	Original	20	Original
7	Original	21	Original
8	Original	22	Original
9	Original	23	Original
10	Original	24	Original
11	Original	24	Original
12	Original		
13	Original		
14	Original		

* New or revised page.

TABLE OF CONTENTS

SYMBOLS

The following are the only symbols used for the purposes indicated below:

D - Delete or Discontinue
I - Change Resulting In An Increase to A Customer's Bill
M - Moved From Another Tariff Location
N - New
R - Change Resulting In A Reduction to A Customer's Bill
T - Change In Text or Regulation But No Change In Rate or Charge

TARIFF FORMAT

A. Sheet Numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the Commission. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc. the Commission follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff page in effect.

TARIFF FORMAT (Cont'd)

C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.
2.1.
2.1.1.
2.1.1.A.
2.1.1.A.1.
2.1.1.A.1.(a).
2.1.1.A.1.(a).I.
2.1.1.A.1.(a).I.(i).
2.1.1.A.1.(a).I.(i).(1).

D. Check Sheets - When a tariff filing is made with the Commission, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on the check sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the Commission.

SECTION 1. TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Subscriber's location to Carrier's location or switching center.

Affiliate - A telecommunications service provider affiliated with NXLD Company that provides Commercial Mobile Radio Service. NXLD's affiliates that provide Commercial Mobile Radio Service include Nextel of New York, Inc., Nextel Communications of the Mid-Atlantic, Inc., Nextel South Corp., Nextel of Texas, Inc., Nextel West Corp., and Nextel of California, Inc.

Authorization Code - A numerical code, one or more of which may be assigned to a Subscriber, to enable Carrier to identify the origin of service User so it may rate and bill the call. All authorization codes shall be the sole property of Carrier and no Subscriber shall have any property or other right or interest in the use of any particular authorization code. Automatic numbering identification (ANI) may be used as or in connection with the authorization code.

Automatic Numbering Identification (ANI) - A type of signaling provided by a local exchange telephone company which automatically identifies the local exchange line from which a call originates.

Carrier or Company - Refers to NXLD Company, d/b/a Nextel Long Distance.

Commercial Mobile Radio Service - Commercial Mobile Radio Service means wireless radio mobile service as defined pursuant to Section 332 of the Communications Act of 1934, 47 U.S.C.A. § 332.

Commission - Refers to the Florida Public Service Commission.

Common Carrier - A company or entity providing telecommunications services to the public.

SECTION 1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Subscriber/Customer - The person or legal entity which enters into arrangements for Carrier's telecommunications services and is responsible for payment of Carrier's services.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the service, the transmission of data, facsimile, signaling, metering, or other similar communications.

User - The person(s) utilizing Carrier's services.

SECTION 2. RULES AND REGULATIONS

2.1 Application of Tariff

2.1.1 This tariff contains the regulations and rates applicable to intrastate resale telecommunications services provided by Carrier for telecommunications between points within the State of Florida. Carrier's services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff.

2.1.2 The rates and regulations contained in this tariff apply only to the services furnished by Carrier and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carrier for use in accessing the services of Carrier.

2.1.3 The Subscriber is entitled to limit the use of Carrier's services by Users at the Subscriber's facilities, and may use other common carriers in addition to or in lieu of Carrier.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.2 Use of Services

2.2.1 Carrier's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services.

2.2.2 The use of Carrier's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.

2.2.3 The use of Carrier's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.

2.2.4 Carrier's services are available for use twenty-four hours per day, seven days per week.

2.2.5 Carrier does not transmit messages pursuant to this tariff, but its services may be used for that purpose.

2.2.6 Carrier's services may be denied for nonpayment of charges or for other violations of this tariff upon five (5) working days' written notice.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier

2.3.1 Except as otherwise stated in this section, the liability of Carrier for damages arising out of either: (1) the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services, or (2) the failure to furnish its service, whether caused by acts or omission, shall be limited to the extension of allowances to the Customer for interruptions in service as set forth in Section 2.5.

2.3.2 Except for the extension of allowances to the Customer for interruptions in service as set forth in Section 2.5, Carrier shall not be liable to a Customer or third party for any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages, including, but not limited to, loss of revenue or profits, for any reason whatsoever, including, but not limited to, any act or omission, failure to perform, delay, interruption, failure to provide any service or any failure in or breakdown of facilities associated with the service.

2.3.3 The liability of Carrier for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

2.3.4 Carrier shall not be liable for any claims for loss or damages involving:

A. Any act or omission of: (1) the Customer, (2) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by Carrier; or (3) common carriers or warehousemen;

B. Any delay or failure of performance or equipment due to causes beyond Carrier's control, including but not limited to, acts of God, fires, floods, earthquakes, hurricanes, or other catastrophes; national emergencies, insurrections, riots, wars or other civil commotions; strikes, lockouts, work stoppages or other labor difficulties; criminal actions taken against Carrier; unavailability, failure or malfunction of equipment or facilities provided by the Customer or third parties; and any law, order, regulation or other action of any governing authority or agency thereof;

C. Any unlawful or unauthorized use of Carrier's facilities and services;

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

2.3.4 D. Libel, slander, invasion of privacy or infringement of patents, trade secrets, or copyrights arising from or in connection with the transmission of communications by means of Carrier-provided facilities or services; or by means of the combination of Carrier-provided facilities or services with Customer-provided facilities or services;

E. Breach in the privacy or security of communications transmitted over Carrier's facilities;

F. Changes in any of the facilities, operations or procedures of Carrier that render any equipment, facilities or services provided by the Customer obsolete, or require modification or alteration of such equipment, facilities or services, or otherwise affect their use or performance, except where reasonable notice is required by Carrier and is not provided to the Customer, in which event Carrier's liability is limited as set forth in subsection 2.3.1 of this Section 2.3.

G. Defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof;

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

2.3.4 H. Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to Carrier's facilities;

I. Any intentional, wrongful act of a Carrier employee when such act is not within the scope of the employee's responsibilities for Carrier and/or is not authorized by Carrier;

J. Any representations made by Carrier employees that do not comport, or that are inconsistent, with the provisions of this Tariff;

K. Any act or omission in connection with the provision of 911, E911, or similar services involving emergencies;

L. Any noncompletion of calls due to network busy conditions;

M. Any calls not actually attempted to be completed during any period that service is unavailable.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

2.3.5 Except as otherwise provided for by applicable law or regulations or determined by a court of competent jurisdiction and unless due to Carrier's negligence, Carrier shall be indemnified, defended and held harmless by the Customer or end user from and against any and all claims, loss, demands, suits, expense, or other action or any liability whatsoever, including attorney fees, whether suffered, made, instituted, or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any Carrier or Customer equipment or facilities or service provided by Carrier.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

2.3.6 Carrier assumes no responsibility for the availability or performance of any cable or satellite systems or related facilities under the control of other entities, or for other facilities provided by other entities used for service to the Customer, even if Carrier has acted as the Customer's agent in arranging for such facilities or services. Such facilities are provided subject to such degree of protection or nonpreemptibility as may be provided by the other entities.

2.3.7 Any claim of whatever nature against Carrier shall be deemed conclusively to have been waived unless presented in writing to Carrier within one hundred and eighty (180) days after the date of the occurrence that gave rise to the claim.

2.3.8 CARRIER MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.4 Responsibilities of the Subscriber

2.4.1 The Subscriber is responsible for placing any necessary orders; for complying with tariff regulations; for the placement of any stickers or tent cards provided by Carrier or as required by law; and for assuring that Users comply with tariff regulations. The Subscriber shall ensure compliance with any applicable laws, regulations, orders or other requirements (as they exist from time to time) of any governmental entity relating to services provided or made available by the Subscriber to Users. The Subscriber is also responsible for the payment of charges for calls originated at the Subscriber's numbers which are not collect, third party, calling card, or credit card calls.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.4 Responsibilities of the Subscriber (Cont'd)

2.4.2 The Subscriber must pay Carrier for replacement or repair of damage to the equipment or facilities of Carrier caused by negligence or willful act of the Subscriber, Users, or others, by improper use of the services, or by use of equipment provided by the Subscriber, Users, or others.

2.4.3 The Subscriber must pay for the loss through theft of any Carrier equipment installed at Subscriber's premises.

2.4.4 The Subscriber is responsible for payment of the charges set forth in this tariff.

2.4.5 The Subscriber is responsible for compliance with the applicable regulations set forth in this tariff.

2.4.6 The Subscriber shall indemnify and save Carrier harmless from all liability disclaimed by Carrier as specified in Section 2.3 above, arising in connection with the provision of service by Carrier, and shall protect and defend Carrier from any suits or claims against Carrier and shall pay all expenses and satisfy all judgments rendered against Carrier in connection herewith. Carrier shall notify the Subscriber of any suit or claim against Carrier of which it is aware.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.5 Cancellation or Interruption of Services

2.5.1 General

A. A service is interrupted when it becomes unusable to the Customer, *e.g.*, the Customer is unable to transmit or receive, because of a failure of a component furnished by Carrier under this tariff.

B. An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.

C. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service, facility or circuit considered by Carrier to be impaired.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.5 Cancellation or Interruption of Services (Cont'd)

2.5.2 Limitations on Allowances

No credit allowance will be made for any interruption of service:

A. due to the negligence of, or noncompliance with the provisions of this Tariff by, any person or entity other than Carrier, including but not limited to the Customer or other common carriers connected to the service of Carrier;

B. due to the failure of power, equipment, systems, or services not provided by Carrier;

C. due to circumstances or causes beyond the control of Carrier;

D. during any period in which the Customer continues to use the service on an impaired basis;

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.5 Cancellation or Interruption of Services (Cont'd)

2.5.2 Limitations on Allowances (Cont'd)

E. during any period when the Customer has released service to Carrier for maintenance purposes or for implementation of a Customer order for a change in service arrangements;

F. that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and

G. that was not reported to Carrier within thirty (30) days of the date that service was affected.

2.5.3 Application of Credits for Interruptions of Service

A. It shall be Customer's obligation to notify Carrier immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by the Customer or by any equipment furnished by the Customer and connected to the underlying facilities-based carrier's facilities.

B. Credit allowance for the interruption of service which is not due to Carrier's testing or adjusting, to the Customer, or to failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth in 2.3 herein.

C. Credits for interruptions of service, for which charges are specified on the basis of per minute of use, or on the usage of a fraction of a minute, shall in no event exceed an amount equal to the initial period charge provided for under this tariff.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.5 Cancellation or Interruption of Services (Cont'd)

2.5.3 Application of Credits for Interruptions of Service (Cont'd)

D. Credits for interruptions of service, for which charges are specified on the basis of monthly usage, that continue for more than twenty-four (24) hours are as follows:

Credit Formula: Credit = A/B x C

"A" - outage time in hours
"B" - total days in month
"C" - total monthly charge for affected facility

E. No credit will be allowed for an interruption of service, for which charges are specified on the basis of monthly usage, which does not endure continuously for at least twenty-four (24) hours after the time the Subscriber notifies Carrier of the interruption.

2.6 Billing Arrangements

2.6.1 The Subscriber will either be billed directly by Carrier or its intermediary, or charges will be included in the Subscriber's regular telephone bill pursuant to billing and collection agreements established by Carrier or its intermediary with the applicable telephone company.

2.6.2 Carrier will render bills monthly. Payment is due within thirty (30) days after the Subscriber's receipt of its bill.

2.7 Validation of Credit

Carrier reserves the right to validate the credit worthiness of Subscribers or Users.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.8 Contested Charges

All bills are presumed accurate, and shall be absolutely binding on the Subscriber unless written objection is received by Carrier within one hundred and eighty (180) days after such bills are rendered. In the case of a billing dispute between the Subscriber and Carrier for service furnished to the Subscriber, which cannot be settled with mutual satisfaction, the Subscriber can take the following course of action within one hundred and eighty (180) days of the billing date:

2.8.1 First, the Subscriber may request, and Carrier will provide, an in-depth review of the disputed amount. (The undisputed portion and subsequent bills must be paid on a timely basis or the service may be subject to disconnect.)

2.8.2 Second, if there is still a disagreement about the disputed amount after the investigation and review by a manager of Carrier, the Subscriber may file an appropriate complaint with the Florida Public Service Commission. The Commission's address is:

Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399

Or by contacting Carrier at 1-800-639-6111 during normal business hours.

2.9 Commission Ordered Refunds

Carrier will follow Rule 25-24.490 that incorporates Rule 25.4.114 in calculating and paying interest and any refund, except deposit refunds, that may be ordered by the Commission.

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.9 Billing Entity Conditions

When billing functions on behalf of Carrier are performed by local exchange telephone companies, or others, the payment conditions and regulations of such companies apply, including any applicable interest and/or late payment charge conditions.

2.10 Deposits

Carrier will not require deposits from Subscribers.

2.11 Taxes

All federal excise taxes, and State and local sales, use, and similar taxes, are billed as separate items and are not included in the quoted rates. Gross receipts tax will not be billed as a separate line item.

SECTION 3 - DESCRIPTION

3.1 Description

Carrier provides resold direct-dialed interexchange telecommunications services. Calls are rated based on the duration of the call.

3.1.1. Message Telecommunications Service

This service is available to the Commercial Mobile Radio Service customers of Affiliate of Carrier. Service is available twenty-four hours a day, three hundred and sixty-five days a year.

3.2 Calculation of Usage Rates

3.2.1 Billing for calls placed over Carrier's network is based on the duration of the call. Unless otherwise stated herein, calls are billed in one minute initial and one second additional billing increments, with any fractional portion of a call being rounded up to the next highest billing increment. Timing begins when the called station is answered (*i.e.*, when two-way communication, often referred to as "conversation time," is possible), as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch. A call is terminated when either party (called or calling) hangs up.

3.2.2 Rates are not distance sensitive. As such, mileage bands are not applicable to the services offered.

3.2.3 Unless otherwise indicated, rates do not vary depending upon day of the week or the time of day (Day, Evening, and Night/Weekend).

3.3 Minimum Call Completion Rate

Carrier will ensure an industry standard blocking rate no greater than P.01.

SECTION 4 - RATE SCHEDULE

4.1 Rate Schedules

The regulations set forth in this section govern the application of rates for services as set forth in other sections of this tariff.

4.1.1 Message Telecommunications Service

	Rate Per Minute
24 hours a day, 7 days a week, 365 days a year	**$.12**

4.2 Late Payment Charge and Returned Check Fee

Carrier may impose a late payment charge not to exceed 1.5% per month (or the maximum rate allowed by law) on any bill not paid within thirty (30) days of the receipt. The Subscriber shall be responsible for all costs incurred in the collection of unpaid charge or in any other action to enforce payments and/or obligations arising under this tariff. A charge of up to twenty-five (25) dollars ($25.00) will be imposed for returned checks.

4.3 Restoration of Service Charges

Carrier does not impose a charge for restoration of service.

4.4 Promotions

Carrier may from time to time offer promotional services. These promotions will not discriminate among similarly situated Customers and will be approved by the Commission with specific starting and ending dates.

SECTION 4 - RATE SCHEDULE

4.5 Special Rates for the Handicapped

In the event that Carrier offers services in addition to Message Telecommunications Service or if Carrier's services become time-of-day sensitive, the following language applies:

4.5.1 Directory Assistance

In the event that Carrier provides Directory Assistance, there shall be no charge for up to fifty (50) calls per billing cycle from lines or trunks serving individuals with disabilities. Carrier shall charge the prevailing tariff rates for every call in excess of fifty (50) calls within a billing cycle.

4.5.2 Hearing and Speech Impaired Persons

In the event Carrier's services become time-of-day sensitive, intrastate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

4.5.3 Telecommunications Relay Service

The charge for intrastate toll calls received from the relay service will be fifty (50) percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted sixty (60) percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge.

SWIDLER & BERLIN

CHARTERED

April 22, 1998

DEPOSIT DATE

D761 APR 23 1998

VIA OVERNIGHT DELIVERY

Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

980557-TI

Re: Application of NXLD Company

Dear Ms. Bayó:

Enclosed for filing on behalf of NXLD Company ("NXLD") are an original and five (5) copies of NXLD's Application Form for Authority to Provide Interexchange Telecommunications Service within the State of Florida. Also enclosed is a check in the amount of $250.00 to satisfy the requisite filing fee.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, postage-paid envelope provided. Should you have any questions concerning this filing, please do not hesitate to contact us.

Very truly yours,

Nancy Killien Spooner

Nancy Killien Spooner

SWIDLER & BERLIN
CHARTERED
3000 K STREET, N.W., SUITE 300
WASHINGTON, D.C. 20007

FIRST UNION NATIONAL BANK
WASHINGTON, D.C.

15-122/540

0065064

NO. 065064

EXACTLY*****250*DOLLARS AND*00*CENTS

DATE AMOUNT

04/22/98 $$$$$250.00

PAY TO THE ORDER OF FLORIDA PUBLIC SERVICE COMMISS

GENERAL ACCOUNT
TWO SIGNATURES REQUIRED ABOVE $10,000