

Form

Unknown document format

tion No. 46, *Consolidated of Variable Interest Entities, an interpretation of ARB No. 51*. This Interpretation addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. The Interpretation applies immediately to variable interests in variable interest entities created after January 31, 2003, and to variable interests in variable interest entities obtained after January 31, 2003. The application of this Interpretation is not expected to have a material effect on the Company's financial statements. The Interpretation requires certain disclosures in financial statements issued after January 31, 2003 if it is reasonably possible that the Company will consolidate or disclose information about variable interest entities when the Interpretation becomes effective. We do not believe that we have any existing Variable Interest Entities that will require consolidation.

2. CAPITAL LEASE

In 2002, we entered into an agreement with a third party for a sale-leaseback of certain switch equipment. The closing of this transaction resulted in proceeds to us of approximately \$28 million. The gain recognized on this transaction was not material. Our lease for the equipment qualifies as a capital lease. The following was recorded as equipment under capital lease at December 31, 2002:

	(in thousands)
Equipment	\$ 27,453
Accumulated amortization	(1,103)
Net equipment	\$ 26,350

78

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2002:

	(in thousands)
2003	\$ 5,227
2004	5,227
2005	5,227
2006	5,227
2007	5,227
Thereafter	10,454
Total minimum lease payments	\$ 36,589
Interest ⁽¹⁾	(9,793)
Present value of minimum lease payments	\$ 26,796
Current portion of capital lease obligation	\$ (2,941)
Long-term portion of capital lease obligation	\$ 23,855

(1)

Interest calculated based on the implicit rate in the lease agreement.

3. PROPERTY AND EQUIPMENT

December 31,

	2002	2001
	(in thousands)	
Building and improvements	\$ 7,101	\$ 3,983
Equipment	1,016,492	807,730
Furniture and fixtures	85,345	34,571
Less accumulated depreciation and amortization	(222,107)	(122,334)
Subtotal	886,831	723,950
Construction in progress	113,245	121,984
Total property and equipment	\$ 1,000,076	\$ 845,934

For the years ended December 31, 2002, 2001 and 2000, we recorded depreciation expense of \$101.2 million, \$71.3 million and \$35.1 million, respectively, including \$1.0 million, \$0 and \$0, respectively, for assets under capital lease.

4. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31,	
	2002	2001
	(in thousands)	
Accrued payroll and related	\$ 34,002	\$ 22,744
Accrued interest	18,306	16,668
Accrued network and interconnect	3,651	4,968
Current portion of long term debt and capital leases	4,629	
Customer deposits	4,418	818
Accrued advertising	4,593	1,491
Other accrued expenses	10,903	7,327
Total accrued expenses and other current liabilities	\$ 80,502	\$ 54,016

5. NON-CURRENT PORTION OF LONG-TERM DEBT

	December 31,	
	2002	2001
	(in thousands)	
12.5% Senior Notes due November 15, 2009, net of \$13.4 million and \$14.5 million discount at December 31, 2002 and 2001	\$ 211,572	\$ 210,492
14% Senior Redeemable Discount Notes due 2009, net of unamortized discount of \$67.1 million at December 31, 2002 and \$127.7 million at December 31, 2001	425,861	392,337
11% Senior Notes due 2010, interest payable semiannually in cash and in arrears	390,000	400,000
Bank Credit Facility Term B Loan, interest at Company's option, calculated on Administrative Agent's alternate base rate or reserve adjusted London Interbank Offered Rate ("LIBOR")	173,687	175,000
	149,625	150,000

December 31,

Bank Credit Facility Term C Loan, interest at Company's option, calculated on Administrative Agent's alternate base rate or reserve adjusted LIBOR		
Bank Credit Facility Term D Loan, interest at Company's option, calculated on Administrative Agent's alternate base rate or reserve adjusted LIBOR	50,000	
Capital Lease Obligations	23,855	
Total long-term debt	\$ 1,424,600	\$ 1,327,829

12.5% Senior Notes

On December 4, 2001 we issued \$225 million in aggregate principal amount 12.5% Senior Notes due 2009 (the "2001 Notes") in a private placement. We exchanged the 2001 Notes for registered notes having the same financial terms and covenants. The 2001 Notes were issued at a discount in which we received gross proceeds of \$210.4 million and net proceeds of approximately \$205.4 million. The discount on the 2001 Notes is amortized over the term of the debt. Interest accrues for the 2001 Notes at the rate of 12.5% per annum, payable semiannually in cash on May 15 and November 15 of each year, which commenced on May 15, 2002.

80

The 2001 Notes represent senior unsecured obligations, and rank equally in right of payment to our entire existing and future senior unsecured indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The 2001 Notes are effectively subordinated to (i) all of our secured obligations, including borrowings under the bank credit facility, to the extent of assets securing such obligations and (ii) all indebtedness, including borrowings under the bank credit facility and trade payables of OPCO.

The 2001 Notes contain certain covenants that limit, among other things, our ability to: (i) pay dividends, redeem capital stock or make certain other restricted payments or investments, (ii) incur additional indebtedness or issue preferred equity interests, (iii) merge, consolidate or sell all or substantially all of our assets, (iv) create liens on assets, and (v) enter into certain transactions with affiliates or related persons. As of December 31, 2002, we were in compliance with applicable covenants.

The 2001 Notes are redeemable at our option, in whole or in part, any time on or after November 15, 2005 in cash at the redemption price on that date, plus accrued and unpaid interest and liquidated damages if any, at the date of liquidation. In addition, prior to November 15, 2004, we may, on one or more occasions, redeem up to 35% of the aggregate principal amount of the 2001 Notes issued at a redemption price equal to 112.5% of the principal amount of the notes redeemed, plus accrued and unpaid interest and liquidated damages if any, with the net cash proceeds of one or more public equity offerings; provided that at least 65% of the 2001 Notes originally issued remains outstanding immediately after the occurrence of such redemption, and that the redemption occurs within 60 days of such sale.

14% Senior Redeemable Discount Notes

On January 29, 1999, we completed the issuance of Senior Redeemable Discount Notes due 2009 (the "1999 Notes"). We exchanged the 1999 Notes for registered notes having the same financial terms and covenants. The aggregate accreted value of the 1999 Notes was to increase from \$406.4 million at issuance at a rate of 14%, compounded semi-annually, to a final accreted value equal to a principal amount at maturity of \$800 million. On April 18, 2000 we redeemed 35% of the 1999 Notes for approximately \$191.2 million, net of a loss of approximately \$23.5 million for early retirement of debt. The redemption was made with a portion of the proceeds we received from our initial public offering of Class A common stock. In November and December 2002 we exchanged approximately \$27.0 million of the notes for 2,966,977 shares at an average share price of \$6.91 of our Class A common stock. The remaining aggregate accreted value of the 1999 Notes will increase at a rate of 14%, compounded semi-annually, to a final accreted value equal to a principal amount of \$493 million as of February 2004. Thereafter, the 1999 Notes bear interest at a rate of 14% per annum payable semi-annually in cash in arrears, with the initial interest payment beginning on August 1, 2004 through February 2009 when the 1999 notes mature and become due.

The 1999 Notes represent our senior unsecured obligations, and rank equally in right of payment to our entire existing and future senior unsecured indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The 1999 Notes are effectively subordinated to (i) all of our secured obligations, including borrowings under the bank credit facility, to the extent of assets securing such obligations and (ii) all indebtedness including borrowings under the bank credit facility and trade payables of OPCO.

81

The 1999 Notes contain certain covenants that limit, among other things, our ability to: (i) pay dividends, redeem capital stock or make certain other restricted payments or investments, (ii) incur additional indebtedness or issue preferred equity interests, (iii) merge, consolidate or sell all or substantially all of our assets, (iv) create liens on assets, and (v) enter into certain transactions with affiliates or related persons. As of December 31, 2002, we were in compliance with applicable covenants.

The 1999 Notes are redeemable at our option, in whole or in part, any time on or after February 1, 2004 in cash at the redemption price on that date, plus accrued and unpaid interest and liquidated damages, if any, at the date of liquidation.

11% Senior Notes

On March 10, 2000 we issued \$200 million in aggregate principal amount 11% Senior Notes due 2010, and on July 27, 2000 issued an additional \$200 million of 11% Senior Notes, each in a private placement (the "2000 Notes"). We exchanged the 2000 Notes for registered notes having the same financial terms and covenants. In November 2002, we exchanged \$10.0 million of the notes for 1,097,561 shares at \$7.38 per share of our Class A common stock. Interest accrues for the 2000 Notes at the rate of 11% per annum, payable semiannually in cash in arrears on March 15 and September 15 of each year, which commenced on September 15, 2000.

The 2000 Notes represent our senior unsecured obligations, and rank equally in right of payment to our entire existing and future senior unsecured indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The 2000 Notes are effectively subordinated to (i) all of our secured obligations, including borrowings under the bank credit facility, to the extent of assets securing such obligations and (ii) all indebtedness including borrowings under the bank credit facility and trade payables of OPCO.

The 2000 Notes contain certain covenants that limit, among other things, our ability to: (i) pay dividends, redeem capital stock or make certain other restricted payments or investments, (ii) incur additional indebtedness or issue preferred equity interests, (iii) merge, consolidate or sell all or substantially all of our assets, (iv) create liens on assets and (v) enter into certain transactions with affiliates or related persons. As of December 31, 2002, we were in compliance with all of our required covenants.

The 2000 Notes are redeemable at our option, in whole or in part, any time on or after March 15, 2005 in cash at the redemption price on that date, plus accrued and unpaid interest and liquidated damages, if any, at the date of liquidation.

Bank Credit Facility

On January 29, 1999, we, through OPCO, entered into a credit facility ("Term B Loan") with a syndicate of banks and other financial institutions led by Donaldson, Lufkin and Jenrette Securities Corporation, as arranger ("DLJSC"), and DLJ Capital Funding, Inc., as syndication agent ("DLJ Capital"). The Term B Loan includes a \$175 million term loan facility and initially, a \$100 million revolving credit facility. The Term B Loan has a maturity of nine years. The revolving credit facility terminates eight years from the initial funding.

On September 9, 1999, we, through OPCO, entered into an Amended and Restated Credit Agreement (the "Amended and Restated Credit Agreement") with a syndicate of banks and other financial institutions with DLJ Capital Funding, Inc., as syndication agent. The parties agreed to amend and restate in its entirety the credit agreement to, among other things, obtain from certain of the Lenders an additional term loan commitment ("Term C Loan") in the maximum aggregate principal amount of \$150 million. The Term C Loan facility has a maturity of nine years.

On February 5, 2002 we, through OPCO, entered into an agreement to amend out existing credit facility to provide for an additional \$50 million term loan ("Term D Loan"). The Term D Loan matures on July 29, 2008.

The Term B, C and D Loans bear interest, at our option, at the administrative agent's alternate base rate or reserve-adjusted LIBOR plus, in each case, applicable margins. The applicable margin for the Term B Loan is 4.75% over LIBOR and 3.75% over the base rate of the higher of 0.5% per annum above the latest federal funds rate or the prime rate. For the revolving credit facility, which is part of Term B Loan, the initial applicable margin is 4.25% over LIBOR and 3.25% over the base rate until consolidated EBITDA (defined as net loss before interest expense, interest income, depreciation, amortization and deferred compensation expense) as adjusted is positive at which time the applicable margin will

Edgar Filing: - Form

be initially 4.0% over LIBOR and 3.0% over the base rate and thereafter will be determined on the basis of the ratio of total debt to annualized EBITDA as adjusted and will range between 2.25% and 3.75% over LIBOR and between 1.25% and 2.75% over the base rate. The applicable margin for the Term C and D Loan is 4.25% over LIBOR and 3.25% over the base rate. As of December 31, 2002, the interest rates on the \$175 million term B Loan, the \$150 term C Loan and the \$50 million term D Loan were 6.5%, 5.7% and 5.9%, respectively. In addition, the interest rates on the \$175 million term B Loan and the \$150 term C Loan as of December 31, 2001 were 6.7% and 6.4%, respectively, and 11.0% and 10.3%, respectively, as of December 31, 2000.

We pay a commitment fee calculated at a rate equal to 2.00% per annum, calculated on the daily average unused commitment under the revolving credit facility (whether or not then available). Such fee is payable quarterly in arrears. The commitment fee is subject to reduction based on utilization of the revolving credit facility. Prior to the date on which our portion of the Nextel Digital Mobile Network is substantially complete and operations and services are offered to customers over a minimum coverage area, loans under the revolving credit facility will be made subject to satisfaction of certain financial covenants and certain build-out covenants.

The Term B, C and D Loans are subject to mandatory prepayment: (i) with 100% of the net cash proceeds from the issuance of debt, subject to certain exceptions, (ii) with 100% of net cash proceeds of asset sales, subject to certain exceptions, (iii) with 50% of our excess cash flow (as defined), (iv) with 50% of the net cash proceeds from the issuance of equity at any time after the fifth anniversary of the credit facility, and (v) with 100% of net casualty proceeds, subject to certain exceptions.

Our obligations under the Term B, C and D Loans are secured by a first-priority-perfected lien on all property and assets, tangible and intangible, of our subsidiaries including a pledge of the capital stock of all of our subsidiaries. We and our subsidiaries guarantee the obligations of OPCO under the Term B and C Loans. Such guarantee will only be recourse to our pledge of all of the outstanding capital stock of our subsidiaries to secure our obligations under the Term B and C Loans.

The Term B, C and D Loans contain covenants and restrictions on our ability to engage in certain activities, including but not limited to: (i) limitations on the incidence of liens and indebtedness,

83

(ii) restrictions on sale lease-back transactions, consolidations, mergers, sale of assets, capital expenditures, transactions with affiliates and investments and (iii) restrictions on dividends, and other similar distributions.

Additionally, the Term B, C and D Loans contain financial covenants requiring us to maintain (i) certain defined ratios of senior debt and total debt to EBITDA (net loss before interest expense, interest income, depreciation, amortization and deferred compensation expense) as adjusted, (ii) a minimum interest coverage ratio, (iii) a minimum fixed charge coverage ratio, (iv) a maximum leverage ratio and (v) minimum service revenues, subscriber units and covered population equivalents. As of December 31, 2002, we were in compliance with all of our required covenants.

Future Maturities of Long-Term Debt

Scheduled annual maturities of long-term debt outstanding as of December 31, 2002 under existing long-term debt agreements are as follows (in thousands):

2003	\$	1,688
2004		3,750
2005		3,750
2006		3,750
2007		151,469
Thereafter		1,318,593
		<u>1,483,000</u>
Less unamortized discount		(80,567)
	\$	<u>1,402,433</u>

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Edgar Filing: - Form

Fair value estimates, assumptions, and methods used to estimate the fair value of our financial instruments are made in accordance with the requirements of SFAS No. 107, "Disclosures about Fair Value of Financial Instruments." We used quoted market prices to derive our estimates for the 1999 Notes (14% Senior Notes), the 2000 (Notes (11% Notes) and the 2001 Notes (12.5% Notes). For the Term B, C and D Loans we estimated the fair value to be the same as the carrying amount due to the variable rate nature of the loan facilities. For the redeemable preferred stock we estimated the fair values to be the same as the carrying amounts since it is subject to voluntary redemption for cash at our option at any time at its then current liquidation value. The carrying amount and fair value for the

84

interest rate swap agreements covering our outstanding Term B and C credit facilities are the same since we record the fair value on the balance sheet each month.

	At December 31,			
	2002		2001	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(in millions)			
Long-term debt:				
14% Senior Notes (the 1999 Notes)	\$ 425.9	\$ 364.8	\$ 392.3	\$ 312.0
11% Senior Notes (the 2000 Notes)	\$ 390.0	\$ 331.5	\$ 400.0	\$ 324.0
12.5% Senior Notes (the 2001 Notes).	\$ 211.6	\$ 202.5	\$ 210.5	\$ 200.3
Term B Loan	\$ 175.0	\$ 175.0	\$ 175.0	\$ 175.0
Term C Loan	\$ 150.0	\$ 150.0	\$ 150.0	\$ 150.0
Term D Loan	\$ 50.0	\$ 50.0	n/a	n/a
Redeemable preferred stock	\$ 35.0	\$ 35.0	\$ 31.0	\$ 31.0
Interest rate swap liability Term B credit facility	\$ 3.4	\$ 3.4	\$ 2.6	\$ 2.6
Interest rate swap liability Term C credit facility	\$ 5.9	\$ 5.9	\$ 4.4	\$ 4.4

7. INCOME TAXES

Deferred tax assets and liabilities consist of the following (in thousands):

	December 31,	
	2002	2001
Deferred tax assets:		
Operating loss carry forwards	\$ 379,228	\$ 235,404
Interest	62,806	45,598
Deferred compensation	11,561	10,365
Other	15,425	7,322
	469,020	298,689
Total deferred tax assets	469,020	298,689
Valuation allowance	(349,072)	(218,298)
	119,948	80,391
Deferred tax liabilities:		
Property, plant and equipment	(119,948)	(77,329)

Edgar Filing: - Form

	December 31,	
FCC licenses	(18,188)	(3,062)
	(138,136)	(80,391)
Net deferred tax liability	\$ (18,188)	\$

At December 31, 2002 we had approximately \$947.9 million of consolidated net operating loss ("NOL") carryforwards for federal income tax purposes expiring from 2019 to 2022, based on actual tax returns filed through 2001 and estimates prepared for the year ended December 31, 2002. At December 31, 2002 and 2001, we recorded a valuation allowance of approximately \$349.1 million and \$218.3 million, respectively. The increase of approximately \$130.8 million in the valuation allowance

85

between years is due to available objective evidence that would have created sufficient uncertainty regarding the realization of the net deferred tax assets. Such factors primarily would have included anticipated recurring operating losses resulting from the development of our business.

We recorded tax expense of \$18,188, \$0, and \$0 in 2002, 2001 and 2000, respectively. Our 2002 tax expense was all deferred tax expense.

The difference between the expected benefit computed using the statutory tax rate of approximately 35% in 2002 and tax expense of \$18,188 disclosed above is the result of (1) a non-cash, non-operating charge to increase our valuation allowance in connection with our adoption of SFAS No. 142, which resulted in our not being able to utilize the deferred tax liability created by FCC licenses as a source of income to realize our deferred tax assets, and (2) the full valuation allowance against our net deferred tax assets.

The difference between the statutory tax of approximately 35% in 2001 and 2000 and the tax benefit of zero is primarily due to our full valuation allowance against the net deferred tax assets.

Our ability to utilize the NOL in any given year may be limited by certain events, including a significant change in ownership interest. Approximately \$9.4 million of the net operating loss carryforwards at December 31, 2002 result from deductions associated with the exercise of non-qualified employee stock options, of which the realization of a portion of these deductions would result in a credit to shareholders' equity.

8. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

We lease various cell sites, equipment and office facilities under operating leases. Leases for cell sites are typically five years with renewal options. Office facilities and equipment are leased under agreements with terms ranging from one month to twenty years. The leases normally provide for the payment of minimum annual rentals and certain leases include provisions for renewal options of up to five years.

For years subsequent to December 31, 2002, future minimum payments for all operating lease obligations that have initial noncancellable lease terms exceeding one year are as follows (in thousands):

2003	\$ 69,534
2004	66,942
2005	54,386
2006	34,362
2007	20,327
Thereafter	48,455
	\$ 294,006

Edgar Filing: - Form

Total rental expense for the years ended December 31, 2002, 2001 and 2000 was approximately \$67.7 million, \$48.1 million and \$25.7 million, respectively.

86

Regulatory Matters

The FCC issues Specialized Mobile Radio ("SMR") licenses on both a site-specific and wide-area basis. Each license enables SMR carriers to provide service either on a site-specific basis, in specific 800 MHz Economic Areas ("EA") or 900 MHz Metropolitan Trading Areas ("MTA") in the United States. Currently, SMR licenses are issued for a period of 10 years, and are subject to certain construction and operational requirements.

The FCC has routinely granted license renewals, providing that the licensees have complied with applicable rules, policies and the Communications Act of 1934, as amended. We believe that we have met and will continue to meet all requirements necessary to secure the retention and renewal of our SMR licenses subsequent to the FCC- approved transfer of the licenses from Nextel WIP.

On January 7, 2003, the FCC granted approval to transfer ownership of the licenses for the Augusta, Georgia and connected corridors from Nextel WIP to us, which we acquired for \$12.5 million.

Legal Proceedings

On December 5, 2001, a purported class action lawsuit was filed against us, two of our executive officers and four of the underwriters involved in our initial public offering. It was filed on behalf of all persons who acquired our common stock between February 22, 2000 and December 6, 2000 and initially named as defendants us, John Chapple, our President, Chief Executive Officer and Chairman of the Board, John D. Thompson, our Chief Financial Officer and Treasurer, and the underwriters involved in our initial public offering. Mr. Chapple and Mr. Thompson have been dismissed from the lawsuit without prejudice. The complaint seeks recessionary and/or compensatory damages. We dispute the allegations of the complaint that suggest any wrongdoing on our part or by our officers, and we intend to defend the action vigorously and will pursue all appropriate remedies available to us and our officers.

On June 8, 2001 a purported class action lawsuit was filed against Nextel Partners, Inc. as well as several other wireless carriers and manufacturers of wireless telephones. The complaint alleges that the defendants, among other things, manufactured and distributed wireless telephones that cause adverse health affects. The plaintiffs seek compensatory damages, reimbursement for certain costs including reasonable legal fees, punitive damages and injunctive relief. We dispute the allegations of the complaint, will vigorously defend against the action, and intend to seek indemnification from the manufacturers of the wireless telephones if necessary.

We are subject to other claims and legal actions that may arise in the ordinary course of business. We do not believe that any of these other pending claims or legal actions or the items discussed above will have a material effect on our financial position or results of operations.

9. CAPITAL STOCK, STOCK RIGHTS AND REDEEMABLE STOCK

We currently have the authority to issue 713,110,000 shares of capital stock, divided into four classes as follows: (i) 500 million shares of Class A common stock, par value \$.001 per share; (ii) 100 million shares of Class B convertible common stock, par value \$.001 per share; (iii) 13,110,000 shares of Series B preferred stock, par value \$.001 per share; and (iv) 100 million shares of other preferred stock.

The following is a summary description of our capital stock.

87

Common Stock

The holders of common stock are entitled to one vote per share on all matters submitted for action by the shareholders. There is no provision for cumulative voting with respect to the election of directors. Holders of common stock are entitled to share equally, share for share,

Edgar Filing: - Form

if dividends are declared on common stock, whether payable in cash, property or securities.

Class A Common Stock Under certain circumstances, shares of Class A common stock and securities convertible into Class A common stock (other than Class B common stock) are callable at the option of Nextel WIP or may be put to Nextel WIP at the option of the holders thereof.

Class B Common Stock Shares of Class B common stock are convertible at any time at the option of the holder into an equal number of shares of Class A common stock upon a transfer by Nextel or Nextel WIP to a third party who is not a holder of Class B common stock.

Ranking With respect to rights on liquidation, dissolution or winding up, the order of preference is as follows:

1. the Series B preferred stock;
2. the Class A and Class B common stock.

Series A, C and D Preferred Stock Each share of Series A, C and D preferred stock was converted into one share of Class A common stock upon consummation of the IPO on February 25, 2000.

Series B Preferred Stock The Series B preferred stock is subject to mandatory redemption by us 375 days after February 1, 2009. The price for redemption will be the liquidation value, which accretes at an annual rate of 12% from the date of issuance. The Series B preferred stock is subject to voluntary redemption for cash at our option at any time at its then current liquidation value. The holders of Series B preferred stock do not have any voting rights other than to approve mergers or consolidations adverse to the rights of holders of such securities.

Common Stock Reserved for Issuance

As of December 31, 2002, we reserved shares of common stock for future issuance as detailed below:

Employee options outstanding	16,489,171
Employee options available for grant	11,227,821
Employee stock purchase plan available for issuance	2,162,545
	<hr/>
Total	29,879,537
	<hr/>

10. STOCK AND EMPLOYEE BENEFIT PLANS

Restricted Stock

In 1998, we issued 8,774,994 shares of Class A common stock to our senior managers at \$.00167 per share. During 1999 an additional 60,000 shares were issued to our senior management at \$.00167 per share. Pursuant to the original agreements executed in connection with these grants, the shares issued to senior managers vested over a four-year period based on the passage of time and on certain Company performance goals related to revenue, EBITDA as adjusted, and the successful build-out of

our network. At the time of the initial public offering (February 25, 2000), all vesting provisions related to performance goals were removed and these shares now vest solely based on the passage of time. Accordingly, compensation expense for 2000 and thereafter is fixed and recognized over the remaining vesting period of these restricted shares. As of December 31, 2002, 2001 and 2000, 8,834,994 shares, 8,290,224, shares and 6,928,053 shares, respectively, were considered fully vested.

On July 11, 2002, we issued 180,000 restricted shares of Class A common stock to four of our directors in exchange for services to be rendered to the company. These shares vest in equal annual installments over a three-year period, except for 15,000 shares, which vested immediately upon issuance.

Edgar Filing: - Form

Compensation expense for 2002, 2001 and 2000 accounted for as being fixed was approximately \$8.4 million, \$20.9 million and \$45.8 million, respectively. We use the FIN 28 accelerated vesting model to recognize the compensation expense.

Nonqualified Stock Option Plan

In January 1999, we adopted the Nonqualified Stock Option Plan (the "Plan"). Under the Plan, as amended, the Board of Directors may grant nonqualified stock options to purchase up to 28,545,354 shares of our Class A common stock to eligible employees at a price equal to the fair market value as of the date of grant. Options have a term of up to 10 years and those granted under the Plan during 1999 and 2000 vest over 3 years with $\frac{1}{3}$ vesting at the end of each year. No options under this Plan may be granted after January 1, 2008. For the options granted October 31, 2001 and thereafter, the vesting period was changed to four years with $\frac{1}{4}$ vesting each year on October 31. Prior to the initial public offering, grants under this Plan were considered compensatory and were accounted for on a basis similar to stock appreciation rights. At the initial public offering (February 25, 2000), the intrinsic value of the outstanding options was recorded and is being amortized over the remaining vesting periods. We recognized compensation expense for the years ended December 31, 2002, 2001 and 2000 of approximately \$4.3 million, \$10.1 million and \$24.3 million, respectively.

89

The following table summarizes all stock options granted, exercised and forfeited by us including options issued outside of the Plan.

	Number of Options Outstanding	Option Price Range	Weighted Average Exercise Price
Outstanding December 31, 1999	5,049,600	\$1.67 \$1.85	\$ 1.78
Granted	3,974,402	\$14.13 \$29.06	\$ 17.02
Exercised	(85,000)	\$1.67	\$ 1.67
Forfeitures	(453,900)	\$1.67 \$14.13	\$ 1.84
Outstanding December 31, 2000	8,485,102	\$1.67 \$29.06	\$ 8.85
Granted	3,915,775	\$4.95 \$19.56	\$ 6.23
Exercised	(322,375)	\$1.67 \$1.85	\$ 1.77
Forfeitures	(488,752)	\$1.85 \$29.06	\$ 11.51
Outstanding December 31, 2001	11,589,750	\$1.67 \$29.06	\$ 8.05
Granted	6,671,885	\$2.38 \$8.00	\$ 6.35
Exercised	(420,987)	\$1.67 \$5.35	\$ 1.94
Forfeitures	(1,351,477)	\$1.85 \$29.00	\$ 8.91
Outstanding December 31, 2002	16,489,171	\$1.67 \$29.06	\$ 7.43
Exercisable, December 31, 2000	1,657,867	\$1.67 \$1.85	\$ 1.78
Exercisable, December 31, 2001	3,937,026	\$1.67 \$29.06	\$ 6.54
Exercisable, December 31, 2002	6,658,516	\$1.67 \$29.06	\$ 7.49

The following table is a summary of the stock options outstanding at December 31, 2002:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 1.67 \$ 1.85	3,546,563	6.7 years	\$ 1.80	3,546,563	\$ 1.80
\$ 2.36 \$ 5.00	2,497,110	9.6 years	\$ 3.82	9,050	\$ 4.97
\$ 5.09 \$ 7.68	3,197,628	8.9 years	\$ 5.37	771,362	\$ 5.36
\$ 8.00 \$14.41	3,878,125	9.0 years	\$ 8.29	96,788	\$ 13.03

Edgar Filing: - Form

		Options Outstanding			Options Exercisable			
\$15.30	\$19.56	3,274,995	8.0 years	\$	16.86	2,171,590	\$	16.86
\$20.00	\$29.06	94,750	7.6 years	\$	22.82	63,163	\$	22.82
		16,489,171	8.4 years	\$	7.43	6,658,516	\$	7.49

Employee Stock Purchase Plan

The Employee Stock Purchase Plan (the "ESPP") was made effective in April 2000 and provides for the issuance of up to 3 million shares of Class A common stock to employees participating in the plan. Eligible employees may subscribe to purchase shares of Class A common stock through payroll deductions of 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.) During 2002, 2001 and 2000, employees purchased 569,422

90

shares, 225,265 shares, and 42,768 shares, respectively, of Class A Common stock with an aggregate value of approximately \$1.8 million, \$1.6 million, and \$791,000, respectively.

Employee Benefit Plan

We have a defined contribution plan pursuant to Section 401(k) of the Internal Revenue Code covering all eligible officers and employees. For the years ended December 31, 1999 and 2000, we provided a matching contribution of \$0.50 for every \$1.00 contributed by the employee up to 2% of each employee's salary. Mid-year 2001, we increased the matching contribution to 3% of each employee's salary. Such contributions were approximately \$1.2 million, \$741,000 and \$404,000 for the years ended December 31, 2002, 2001 and 2000, respectively. During the same years, we had no other pension or post-employment benefit plans.

Receivable from Officer

On January 29, 1999, we advanced \$2.2 million to one of our officers. The note did not bear interest and was collateralized by proceeds of the loan and the restricted stock of the officer. The note was due and paid in full on January 29, 2003.

11. RELATED PARTY TRANSACTIONS

Motorola Purchase Agreements

Pursuant to the equipment purchase agreements between us and Motorola, who currently holds approximately 5.2% of our outstanding common stock, Motorola provides the iDEN infrastructure and subscriber handset equipment to us throughout our markets. We expect to continue to rely on Motorola for the manufacture of a substantial portion of our handset equipment as well as the equipment necessary to construct our portion of the Nextel Digital Mobile Network for the foreseeable future. The equipment purchase agreements govern our rights and obligations regarding purchases of handset equipment and system infrastructure equipment manufactured by Motorola and others.

For the years ended December 31, 2002, 2001 and 2000, we purchased approximately \$182.1 million, \$178.0 million and \$154.7 million, respectively, of infrastructure and other equipment, handsets, warranties and services from Motorola.

Nextel Operating Agreements

We, our operating subsidiary and Nextel WIP, who currently holds approximately 31.6% of our outstanding common stock and with whom two of our directors are affiliated, entered into a joint venture agreement dated January 29, 1999. The joint venture agreement, along with the other operating agreements, defines the relationships, rights and obligations between the parties and governs the build-out and operation of our portion of the Nextel Digital Mobile Network and the transfer of licenses from Nextel WIP to us. Our roaming agreement with Nextel WIP provides that each party pays the other company's monthly roaming fees in an amount based on the actual system minutes used by our respective customers when they are roaming on the other party's network. For the years ended December 31, 2002, 2001 and 2000 we earned approximately \$79.5 million, \$58.1 million and \$24.7 million, respectively, from Nextel customers roaming on our system, which is included in

our service revenues.

During 2002, 2001 and 2000, recorded as part of cost of service revenues, we paid Nextel WIP \$79.4 million, \$58.8 million and \$20.5 million, respectively, for services such as specified telecommunications switching services, charges for our customers roaming on Nextel's system and other support costs.

During 2002 Nextel has continued to provide certain services to us for which we pay a fee based on their cost. These services are limited to Nextel telemarketing and customer care, fulfillment, activations and billing for the national accounts. During the years ended December 31, 2002, 2001 and 2000, we were charged approximately \$4.1 million, \$3.0 million and \$2.3 million, respectively, for these services. Nextel WIP also provides us access to certain back office and information systems platforms on an ongoing basis. For 2002, 2001 and 2000, we were charged approximately \$2.9 million, \$1.5 million and \$1.1 million, respectively, for these services. The costs for all of these services are included in selling, general and administrative expenses.

In the event of a termination of the joint venture agreement, Nextel WIP could, in certain circumstances, purchase or be forced to purchase all of our outstanding common stock. In such event, Nextel WIP, at its option, would be entitled to pay the purchase price therefore in cash or in shares of Nextel common stock.

Business Relationship

In the ordinary course of business, we have engaged the services of and leased tower space from American Tower Corporation, of which one of our directors is a stockholder, president, chief executive officer and chairman of the board of directors. During 2002, 2001 and 2000 we paid American Tower Corporation \$10.3 million, \$13.2 million and \$6.2 million, respectively, for these services and tower leases.

DLJ Merchant Banking Relationship

Donaldson, Lufkin & Jenrette Securities Corporation and Credit Suisse First Boston have served as initial purchasers of our senior notes and senior discount notes and received customary discounts and commissions in connection with each such offering. Donaldson, Lufkin & Jenrette Securities Corporation also acted as our financial advisor and as arranger, and DLJ Capital Funding, Inc., an affiliate of Donaldson, Lufkin & Jenrette Securities Corporation, acted as syndication agent, under our credit facility, and received customary fees and reimbursements in connection therewith. DLJ Merchant Banking and certain related parties, all of which are affiliates of Donaldson, Lufkin & Jenrette Securities Corporation, currently own approximately 11.4% of our outstanding common stock. Donaldson, Lufkin & Jenrette Securities Corporation was a co-lead manager of the initial public offering of our Class A Common Stock, and we may from time to time enter into other investment banking relationships with its successor, Credit Suisse First Boston, or one of its affiliates. The amount of fees paid to the Credit Suisse and the DLJ Entities in connection with capitalization transactions for the years ending December 31, 2002, 2001 and 2000 were an aggregate of approximately \$437,500, \$2.4 million and \$15.0 million, respectively.

12. QUARTERLY FINANCIAL DATA (Unaudited)

Selected quarterly consolidated financial information for the years ended December 31, 2001 and 2002 is as follows (dollar in thousands, except per share amounts):

2001	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues	\$ 65,546	\$ 85,933	\$ 105,125	\$ 120,760
Operating expenses	\$ 110,448	\$ 136,762	\$ 152,461	\$ 170,016
	\$ (63,587)	\$ (70,969)	\$ (73,212)	\$ (78,178)

Edgar Filing: - Form

On May 20, 2002, our Board of Directors approved the dismissal of Arthur Andersen LLP as our independent auditors and the appointment of KPMG LLP to serve as our auditors for the fiscal year ending December 31, 2002. We filed a Current Report on Form 8-K dated May 21, 2002, as amended, to report this change in our certifying accountant.

PART III

Item 10. Directors and Executive Officers of the Registrant

For information with respect to our directors, see our definitive Proxy Statement ("Proxy Statement") for our Annual Meeting of Stockholders to be held May 8, 2003 ("Annual Meeting"), under the caption "Election of Directors," which is incorporated herein by reference.

The information required in this item regarding our executive officers is set forth in Part I of this Form 10-K Annual Report under the heading "Executive Officers of the Registrant," which information is incorporated herein by reference.

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 by our directors and executive officers and holders of ten percent of a registered class of our equity securities is incorporated in this item by reference from our Proxy Statement under the caption "Section 16(a) Beneficial Ownership Reporting Compliance."

Item 11. Executive Compensation

The information required by this item regarding compensation of executive officers and directors is incorporated herein by reference from the Proxy Statement for our Annual Meeting, under the captions "Election of Directors Director Compensation" and "Additional Information Relating to Directors and Officers of the Company Compensation of Executive Officers."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

For information with respect to the security ownership of directors and executive officers, see the Proxy Statement for our Annual Meeting, under the caption "Security Ownership of Certain Beneficial Owners and Management," which is incorporated herein by reference.

The information required by this item regarding equity compensation plan information is incorporated herein by reference from the Proxy Statement for our Annual Meeting under the caption "Equity Compensation Plan Information."

Item 13. Certain Relationships and Related Transactions

For information with respect to certain relationships and related transactions, see the Proxy Statement for our Annual Meeting under the caption "Certain Relationships and Related Transactions," which is incorporated herein by reference.

94

Item 14. Controls and Procedures

Within the 90 days prior to the date of filing this Annual Report on Form 10-K, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14 under the supervision and with the participation of our management, including our Chief Executive Officer and the Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings. Subsequent to the date of that evaluation, there have been no significant changes in our internal controls or in other factors that could significantly affect internal controls, nor were any corrective actions required with regard to significant deficiencies and material weaknesses.

PART IV

Item 15. (a) Financial Statements, Financial Statement Schedules and Exhibits

1. Financial Statements.

The following Financial Statements are included in Part II Item 8:

	<u>Page</u>
Independent Auditors' Report	63
Report of Prior Independent Public Accountants	64
Consolidated Balance Sheets as of December 31, 2002 and 2001	65
Consolidated Statements of Operations for the Years Ended December 31, 2002, 2001 and 2000	66
Consolidated Statements of Changes in Stockholder's Equity for the Years Ended December 31, 2002, 2001 and 2000	67
Consolidated Statements of Cash Flows for the Years Ended December 31, 2002, 2001 and 2001	68
Notes to Consolidated Financial Statements	69

2. Financial Statement Schedules.

Financial Statement Schedules not included herein have been omitted because they are either not required, not applicable, or the information is otherwise included herein.

3. Exhibits.

The exhibits listed in the accompanying Index to Exhibits on pages 93 to 97 are filed or incorporated by reference as part of this Annual Report on Form 10-K.

(b)

Reports on Form 8-K.

Current Report on Form 8-K dated and filed November 29, 2002 reporting resignation of director.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEXTEL PARTNERS, INC.

Date: March 27, 2003

by: /s/ JOHN CHAPPLE

John Chapple, Chief Executive Officer and President

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints John Chapple and John Thompson, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his true and lawful attorney-in fact and agent to act in his name, place below, and to file, any and all amendments to this Form 10-K Annual Report, including any an all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Edgar Filing: - Form

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated below:

Signature	Title	Date
<u>/s/ JOHN CHAPPLE</u> John Chapple	Chief Executive Officer, President (Principal Executive Officer) and Director	March 27, 2003
<u>/s/ JOHN D. THOMPSON</u> John D. Thompson	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 27, 2003
<u>/s/ TIMOTHY M. DONAHUE</u> Timothy M. Donahue	Director	March 27, 2003
<u>/s/ ANDREW E. SINWELL</u> Andrew E. Sinwell	Director	March 27, 2003
<u>/s/ DENNIS M. WEIBLING</u> Dennis M. Weibling	Director	March 27, 2003
<u>/s/ STEVEN B. DODGE</u> Steven B. Dodge	Director	March 27, 2003
<u>/s/ CAROLINE RAPKING</u> Caroline Rapking	Director	March 27, 2003
<u>/s/ ADAM ARON</u> Adam Aron	Director	March 27, 2003

96

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14

I, John Chapple, certify that:

- 1) I have reviewed this annual report on Form 10-K of Nextel Partners, Inc.;
- 2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in

Edgar Filing: - Form

this annual report;

4)

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a)

Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b)

Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c)

Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5)

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a)

All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b)

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6)

The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003

/s/ JOHN CHAPPLE

John Chapple
President, Chief Executive Officer
and Chairman of the Board

97

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14

I, John D. Thompson, certify that:

1)

Edgar Filing: - Form

I have reviewed this annual report on Form 10-K of Nextel Partners, Inc.;

- 2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
- a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
- 6) The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003

/s/ JOHN D. THOMPSON

John D. Thompson
Vice President, Chief Financial Officer
and Treasurer

Edgar Filing: - Form

INDEX TO EXHIBITS

3.1(8)	Restated Certificate of Incorporation.
3.2*	Bylaws.
4.1	See Exhibits 3.1 and 3.2.
10.1*	Purchase Agreement, dated January 22, 1999, by and among the Company, Donaldson, Lufkin & Jenrette Securities Corporation, Barclays Capital Inc., First Union Capital Markets, BNY Capital Markets, Inc. and Nesbitt Burns Securities Inc.
10.2**	Amended and Restated Shareholders' Agreement by and among the Company and the stockholders named therein.
10.2(a)(16)	Amendment No. 1 to Amended and Restated Shareholders' Agreement dated effective as of February 22, 2000 by and among the Company and the stockholders named therein.
10.2(b)(20)	Amendment No. 2 to Amended and Restated Shareholders' agreement dated March 20, 2001 by and among Nextel Partners, Inc. and the stockholders named therein.
10.2(c)(21)	Amendment No. 3 to Amended and Restated Shareholders' Agreement dated April 18, 2001 by and among Nextel Partners, Inc. and the stockholders named therein.
10.2(d)(22)	Amendment No. 4 to Amended and Restated Shareholders' Agreement dated July 25, 2001 by and among Nextel Partners, Inc. and the stockholders named therein.
10.3*	Joint Venture Agreement, dated as of January 29, 1999, by and among the Company, Nextel Partners Operating Corp., and Nextel WIP Corp.
10.4*	Interim Management Agreement, dated as of January 29, 1999, by and between Nextel Partners Operating Corp. and Nextel WIP Corp.
10.5*	Analog Management Agreement, dated as of January 29, 1999, by and between Nextel Partners Operating Corp. and Nextel WIP Corp.
10.6*	Trademark License Agreement, dated as of January 29, 1999, by and between Nextel Partners Operating Corp. and Nextel WIP Corp.
10.7*	Roaming Agreement, dated as of January 29, 1999, by and between Nextel Partners Operating Corp. and Nextel WIP Corp.
10.8*	Switch Sharing Agreement, dated as of January 29, 1999, by and between Nextel Partners Operating Corp. and Nextel WIP Corp.
10.9*+	Transition Services Agreement, dated as of January 29, 1999, by and between Nextel Partners Operating Corp. and Nextel WIP Corp.
10.10*+	iDEN (Registered Trademark) Infrastructure Equipment Purchase Agreement, dated as of January 29, 1999, by and between Motorola, Inc. and Nextel Partners Operating Corp.
10.11*+	Subscriber Purchase and Distribution Agreement, dated as of January 29, 1999, by and between Motorola, Inc. and Nextel Partners Operating Corp.

10.12*	Agreement Specifying Obligations of, and Limiting Liability and Recourse to, Nextel, dated as of January 29, 1999, among the Company, Nextel Partners Operating Corp. and Nextel Communications, Inc.
--------	---

Edgar Filing: - Form

- 10.13* Asset and Stock Transfer and Reimbursement Agreement, dated as of January 29, 1999, by and between Nextel Partners Operating Corp. and Nextel WIP Corp.
- 10.14* Employment Agreement, dated as of January 29, 1999, between the Company and John Chapple.
- 10.15* Employment Agreement, dated as of January 29, 1999, between the Company and John Thompson.
- 10.16* Stock Option Agreement, dated as of January 29, 1999, between the Company and John Thompson.
- 10.17* Non-negotiable Promissory Note, dated January 29, 1999, by John Thompson to the Company.
- 10.18 1999 Nonqualified Stock Option Plan of the Company
- 10.18(b)(29) Third Amended and Restated 1999 Nonqualified Stock Option Plan.
- 10.18(c)(30) Form of Restricted Stock Purchase Agreement to be executed between the Company and each of its outside directors who are issued restricted stock.
- 10.19* Form of Restricted Stock Purchase Agreement, dated as of November 20, 1998, between the Company and John Chapple, John Thompson, David Thaler, David Aas, Perry Satterlee and Mark Fanning.
- 10.20* Form of Amendment No. 1 to Restricted Stock Purchase Agreement, dated as of January 29, 1999, between the Company and John Chapple, John Thompson, David Thaler, David Aas, Perry Satterlee and Mark Fanning.
- 10.21* Employment Agreement, dated as of January 29, 1999, between the Company and David Aas.
- 10.22* Employment Agreement, dated as of January 29, 1999, between the Company and Perry Satterlee.
- 10.23* Employment Agreement, dated as of January 29, 1999, between the Company and David Thaler.
- 10.24* Subscription and Contribution Agreement, dated as of January 29, 1999, among the Company and the Buyers named therein.
- 10.25(1) Indenture dated January 29, 1999 by and between Nextel Partners and The Bank of New York, as trustee, relating to the 14% Senior Discount Notes due 2009.
- 10.26(2) Registration Rights Agreement dated as of January 29, 1999 by and among Nextel Partners, Donaldson, Lufkin & Jenrette Securities Corporation, Barclays Capital Inc., First Union Capital Markets, BNY Capital Markets, Inc. and Nesbitt Burns Securities Inc.
- 10.27(3) Amended and Restated Credit Agreement dated as of September 9, 1999 by and among Nextel Partners Operating Corp., DLJ Capital Funding, Inc., The Bank of New York, Bank of Montreal and certain other financial institutions.
- 10.28(4) Borrower Security and Pledge Agreement dated as of January 29, 1999 by and between Nextel Partners Operating Corp. and Bank of Montreal.

- 10.29(5) Subsidiary Security and Pledge Agreement dated as of January 29, 1999 by and among the subsidiaries of Nextel Partners and Bank of Montreal.
- 10.30(6) Parent Guaranty and Pledge Agreement dated as of January 29, 1999 by and between Nextel Partners and Bank of Montreal.
- 10.31(7) Subsidiary Guaranty dated as of January 29, 1999 by and among the subsidiaries of Nextel Partners and Bank of Montreal.
- 10.32** Restricted Stock Purchase Agreement dated September 9, 1999 by and between Nextel Partners and Donald J.

Edgar Filing: - Form

Manning.

- 10.33** Agreement in Support of Charter Obligations dated as of January 29, 1999 by and between Nextel Partners and Nextel WIP Corp.
- 10.34** Assignment and Assumption of Lease dated as of August 1, 1999 by and between Nextel WIP Lease Corp. and Eagle River Investments, LLC.
- 10.35** Lease Agreement dated May 11, 1999 by and between Nextel WIP Lease Corp. and McCarran Center, LC.
- 10.36** First Amendment to Lease dated as of September 10, 1999 by and between Nextel WIP Lease Corp. and McCarran Center, LC.
- 10.37** Lease Agreement dated as of March 25, 1999 by and between Nextel WIP Lease Corp. and Nesbitt Operating Associates, L.P.
- 10.38** Employment Agreement dated as of January 29, 1999 by and between Nextel Partners Operating Corp. and Mark P. Fanning.
- 10.39** Letter Agreement dated October 13, 1999 by and among Nextel WIP Corp., Nextel Partners Operating Corp. and Nextel Partners, Inc.
- 10.40** Expansion Territory Management Agreement dated as of September 9, 1999 by and between Nextel Partners Operating Corp. and Nextel WIP Corp.
- 10.41** Expansion Territory Asset Transfer and Reimbursement Agreement dated as of September 9, 1999 by and between Nextel Partners Operating Corp. and Nextel WIP Corp.
- 10.42** Assignment and Security Agreement dated as of September 9, 1999 by Nextel Partners Operating Corp. in favor of Bank of Montreal.
- 10.43** First Amendment to Analog Management Agreement dated as of September 9, 1999 by and between Nextel WIP Corp. and Nextel Partners Operating Corp.
- 10.44** Form of Warrant for the Purchase of Shares of Class A Common Stock of Nextel Partners dated January 29, 1999.
- 10.45** Employee Stock Purchase Plan.
- 10.46** Form of Indemnity Agreement.
- 10.47** Letter Agreement dated October 13, 1999 by and among Nextel Communications, Inc., Nextel of New York, Inc., Nextel Communications of the Mid-Atlantic, Inc., Nextel South Corp., Nextel of Texas, Inc., Nextel West Corp., Nextel of California, Inc., Tower Parent Corp., SpectraSite Holdings, Inc., Tower Asset Sub, Inc., Nextel Partners Operating Corp. and Nextel Partners.

101

-
- 10.48** Supplement No. 1 to iDEN Infrastructure Equipment Purchase Agreement dated September 1999 by and between Nextel Partners Operating Corp. and Motorola, Inc.
 - 10.49** Expansion Subscription and Contribution Agreement dated as of September 9, 1999 by and among Nextel Partners and the Buyers named therein.
 - 10.50(9) Indenture, dated as of March 10, 2000, by and between Nextel Partners, Inc. and The Bank of New York, as Trustee, relating to the 11% Senior Notes due 2010.
 - 10.51(10) Purchase Agreement for \$200,000,000 11% Senior Notes due 2010, dated February 28, 2000 by and between Nextel Partners, Inc. and Donaldson, Lufkin & Jenrette Securities Corporation.

Edgar Filing: - Form

- 10.52(11) Registration Rights Agreement, dated as of March 10, 2000, by and among Nextel Partners, Inc. and Donaldson, Lufkin & Jenrette Securities Corporation.
- 10.53(12) Amendment No. 1 to Credit Agreement and Parent Guaranty and Pledge Agreement, dated as of March 10, 2000, by and among Nextel Partners, Inc., Nextel Partners Operating Corp., DLJ Capital Funding, Inc., The Bank of New York, Bank of Montreal and Donaldson, Lufkin & Jenrette Securities Corporation.
- 10.54(17) Registration Rights Agreement dated effective as of February 22, 2000 by and among the Company and the stockholders named therein.
- 10.54(a) Amendment No. 1 to Registration Rights Agreements dated effective as of June 14, 2002 by and among the Company and the stockholders named therein.
- 10.55+(23) iDEN (Registered Trademark) Infrastructure Supply Agreement dated effective as of November 1, 2000 by and between Motorola, Inc. and Nextel Partners Operating Corp.
- 10.56(23) Amendment No. 2 to Credit Agreement and Parent Guaranty and Pledge Agreement dated as of January 25, 2001 by and among Nextel Partners, Inc., Nextel Partners Operating Corp, various consenting obligors, various financial institutions, Credit Suisse First Boston, The Bank of New York and The Bank of Montreal.
- 10.57(13) Indenture, dated as of July 27, 2000, by and between Nextel Partners, Inc. and The Bank of New York, as Trustee, relating to the 11% Senior Notes due 2010.
- 10.58(14) Purchase Agreement for \$200,000,000 11% Senior Notes due 2010, dated July 18, 2000 by and among Nextel Partners, Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Deutsche Bank Securities Inc. and CIBC World Markets Corp.
- 10.59(15) Registration Rights Agreement, dated as of July 27, 2000, by and among Nextel Partners, Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Deutsche Bank Securities Inc. and CIBC World Markets Corp.
- 10.60(24) Lease Agreement dated May 2001 between The St. Joe Company and Nextel WIP Corporation.
- 10.61(25) First Amendment to IPO Approval and Lockup Agreement, dated April 18, 2001 among Nextel WIP Corp., Nextel Partners, Inc., DLJ Merchant Banking Partners, IL, LP, Madison Dearborn Capital Partners II L.P., Eagle River Investments, LLC, John Chapple, John Thompson, David Thaler, Dave Aas, Perry Satterlee, Mark Fanning, and Don Manning.

102

- 10.61(a)(26) Second Amendment to IPO Approval and Lockup Agreement dated July 25, 2001 among Nextel WIP Corp., Nextel Partners, Inc., DLJ Merchant Banking Partners, II L.P., Madison Dearborn Capital Partners II L.P., Eagle River Investments, LLC, John Chapple, John Thompson, David Thaler, David Aas, Perry Satterlee, Mark Fanning, and Donald Manning.
- 10.62(18) Indenture, dated as of December 4, 2001, by and between Nextel Partners, Inc. and The Bank of New York, as Trustee, relating to the 12¹/₂% Senior Notes due 2009.
- 10.63(a)(19) Registration Rights Agreement, dated as of December 4, 2001, between and among Nextel Partners, Inc., Credit Suisse First Boston Corporation and Deutsche Banc Alex. Brown, Inc. relating to the 12¹/₂% senior notes due 2009.
- 10.64(28) Amendment No. 3 and Consent to Credit Agreement, dated as of January 21, 2001, by and among Nextel Partners Operating Corp., Credit Suisse First Boston., The Bank of New York, and Bank of Montreal.
- 10.65(31)+ The Asset Purchase Agreement by and between Commercial Digital Services Corporation, Inc. and Nextel Partners, Inc.
- 10.65(a)(32)+ The Stock Purchase and Redemption Agreement by and between Nextel Partners, Inc., Mobile Relays, Inc. and the Stockholders of Mobile Relays, Inc.

Edgar Filing: - Form

21(27)	Subsidiaries of the Company.
23.1	Consent of KPMG LLP
23.2	Notice Regarding Consent of Arthur Andersen LLP
99.1	Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
24.1	Powers of Attorney (included on signature page hereof).

+ Confidential portions omitted and filed separately with the Commission pursuant to an application for confidential treatment pursuant to Rule 406 under the Securities Act of 1933, as amended.

* Incorporated by reference to the Exhibit of the same number to Registration Statement on Form S-4 declared effective July 30, 1999 (File Number 333-78459).

** Incorporated by reference to the Exhibit of the same number to Registration Statement on Form S-1 declared effective February 22, 2000 (File No. 333-95473).

(1) Incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-4 declared effective July 30, 1999 (File Number 333-78459).

(2) Incorporated by reference to Exhibit 4.2 to Registration Statement on Form S-4 declared effective July 30, 1999 (File Number 333-78459).

(3) Incorporated by reference to Exhibit 10.2 to the Report on Form 8-K dated September 9, 1999 (File Number 333-78459).

(4) Incorporated by reference to Exhibit 4.4 to Registration Statement on Form S-4 declared effective July 30, 1999 (File Number 333-78459).

103

(5) Incorporated by reference to Exhibit 4.5 to Registration Statement on Form S-4 declared effective July 30, 1999 (File Number 333-78459).

(6) Incorporated by reference to Exhibit 4.6 to Registration Statement on Form S-4 declared effective July 30, 1999 (File Number 333-78459).

(7) Incorporated by reference to Exhibit 4.7 to Registration Statement on Form S-4 declared effective July 30, 1999 (File Number 333-78459).

(8) Incorporated by reference to Exhibit 3.1.1 to Registration Statement on Form S-1 declared effective February 22, 2000 (File No. 333-95473).

Edgar Filing: - Form

- (9) Incorporated by reference to Exhibit 10.52 to Form 10-Q filed on May 10, 2000.
- (10) Incorporated by reference to Exhibit 10.51 to Form 10-Q filed on May 10, 2000.
- (11) Incorporated by reference to Exhibit 10.50 to Form 10-Q filed on May 10, 2000.
- (12) Incorporated by reference to Exhibit 10.53 to Form 10-Q filed on May 10, 2000.
- (13) Incorporated by reference to Exhibit 10.50 to Registration Statement on Form S-4, declared effective on August 9, 2000 (File No. 333-39386).
- (14) Incorporated by reference to Exhibit 10.51 to Registration Statement on Form S-4, declared effective on August 9, 2000 (File No. 333-39386).
- (15) Incorporated by reference to Exhibit 10.52 to Registration Statement on Form S-4, declared effective on August 9, 2000 (File No. 333-39386).
- (16) Incorporated by reference to Exhibit 10.2(a) to Registration Statement on Form S-4 declared effective on November 15, 2000 (File No. 333-48470).
- (17) Incorporated by reference to Exhibit 10.54 to Registration Statement on Form S-4 declared effective on November 15, 2000 (File No. 333-48470).
- (18) Incorporated by reference to Exhibit 4.1 to Form 8-K filed on December 6, 2001.
- (19) Incorporated by reference to Exhibit 4.2 to Form 8-K filed on December 6, 2001.
- (20) Incorporated by reference to Exhibit 10.2(b) to Form 10-Q filed May 11, 2001.
- (21) Incorporated by reference to Exhibit 10.2(c) to Form 10-Q filed May 11, 2001.
- (22) Incorporated by reference to Exhibit 10.2(d) to Form 10-Q filed November 13, 2001.
- (23) Incorporated by reference to the Exhibit of the same number to Form 10-K filed March 28, 2001.
- (24) Incorporated by reference to Exhibit 10.60 to Form 10-Q filed August 13, 2001.
- (25) Incorporated by reference to Exhibit 10.6 to Form 10-Q filed May 11, 2001.
- (26) Incorporated by reference to Exhibit 10.6(a) to Form 10-Q filed August 13, 2001.
- (27)

Edgar Filing: - Form

Incorporated by reference to Exhibit 21 to Form S-4 filed February 8, 2002.

(28)

Incorporated by reference to Exhibit 10.64 to Form 10-K filed March 22, 2002.

(29)

Incorporated by reference to Exhibit 10.18(b) to Form 10-Q filed August 14, 2002.

(30)

Incorporated by reference to Exhibit 10.18(c) to Form 10-Q filed August 14, 2002.

(31)

Incorporated by reference to Exhibit 10.65 to Form 10-Q filed May 14, 2002.

(32)

Incorporated by reference to Exhibit 10.65(a) to Form 10-Q filed May 14, 2002

104

QuickLinks

DOCUMENTS INCORPORATED BY REFERENCE

NEXTEL PARTNERS, INC. FORM 10-K Table Of Contents

PART I

Item 1. Business

Item 2. Properties

Item 3. Legal Proceedings

Item 4. Submission of Matters to a Vote of Security Holders

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholders Matters

Item 6. Selected Consolidated Financial Data

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Item 8. Financial Statements and Supplementary Data

NEXTEL PARTNERS, INC. AND SUBSIDIARIES Index to Consolidated Financial Statements

Independent Auditors' Report

REPORT OF PRIOR INDEPENDENT PUBLIC ACCOUNTANTS

NEXTEL PARTNERS, INC. AND SUBSIDIARIES Consolidated Balance Sheets (dollars in thousands, except per share amounts)

NEXTEL PARTNERS, INC. AND SUBSIDIARIES Consolidated Statements of Operations (dollars in thousands, except per share amounts)

NEXTEL PARTNERS, INC. AND SUBSIDIARIES Consolidated Statements of Changes in Stockholders' Equity For the Years Ended

December 31, 2000, 2001 and 2002 (dollars in thousands)

NEXTEL PARTNERS, INC. AND SUBSIDIARIES Consolidated Statements of Cash Flows (in thousands)

NEXTEL PARTNERS, INC. AND SUBSIDIARIES Notes to Consolidated Financial Statements December 31, 2002, 2001 and 2000

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

PART III

Edgar Filing: - Form

Item 10. Directors and Executive Officers of the Registrant

Item 11. Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 13. Certain Relationships and Related Transactions

Item 14. Controls and Procedures

PART IV

Item 15. (a) Financial Statements, Financial Statement Schedules and Exhibits

SIGNATURES

POWER OF ATTORNEY

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14

INDEX TO EXHIBITS