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January 8, 2001

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2996

Arizona Corporation Commission
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RE: Docket No. T-03044A-95-0461

Dear Docket Clerk:

Enclosed you will find the original and 10 copies of "ASC Telecom, Inc. dba Alternatel's Response to Staff's November 1, 2000 Request for Updated Information Regarding Application for Certificate of Convenience and Necessity in Docket No. T-03044A-95-0461.

Thank you for your assistance in this matter. Feel free to contact me with any questions or concerns you may have.

Sincerely,

Darren S. Weingard/km
Darren S. Weingard

DSW:km

Enclosures

cc: Marta Kalleberg

BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN

Chairman

WILLIAM A. MUNDELL

Commissioner

MARC SPITZER

Commissioner

IN THE MATTER OF APPLICATION AND) Docket No.: T-03044A-95-0461
PETITION FOR CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO)
PROVIDE COMPETITIVE)
TELECOMMUNICATIONS SERVICES AS A)
RESELLER)
_____)

**ASC Telecom, Inc. dba AlternaTel's Response to Staff's
November 1, 2000 Request for Updated Information Regarding Application
for Certificate of Convenience and Necessity**

I. INTRODUCTION

ASC Telecom, Inc. dba AlternaTel ("AlternaTel" or "Applicant") hereby responds to Staff's November 1, 2000 written request for certain updated information. Applicant states that with the exception of the information provided below, all other information in the original applications remains valid.

ASC Telecom, Inc. filed its original application for a CC&N to provide intrastate interexchange telecommunications services (operator services and prepaid cards) on November 5, 1995.

Applicant filed its application for a CC&N to provide intrastate telecommunications services as a reseller on March 8, 1996. Both applications have been assigned to the same docket.

II. NAME, ADDRESS AND TELEPHONE NUMBER OF APPLICANT

ASC Telecom, Inc. dba AlternaTel
8140 Ward Parkway
Kansas City, MO 64114
913.624.5127
913.624.4326 (fax)

III. CONTACT INFORMATION FOR APPLICANT (Responds to Staff November 1, 2000 Letter, Inquiry D)

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Attorney Contact

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650.513.2737 (fax)

**IV. PROVISION OF TELECOMMUNICATIONS SERVICES
(Responds to November 1, 2000 Letter, Inquiry E and F)**

Applicant currently provides operator services in the State of Arizona pursuant to tariffs on file with the Arizona Corporation Commission. Applicant does provide operator services to traffic aggregators as defined in A.A.C. R14-2-1001(3) in the hospitality industry. Applicant complies with the provisions of the Arizona Corporation Commission Rules for Alternate Operator Services, including R14-2-1005 regarding access to alternate toll providers if the AlternaTel system becomes inoperable.

**V. ORGANIZATION AND AFFILIATE RELATIONSHIPS
(Responds to November 1, 2000 Letter, Inquiry A, B and C)**

ASC Telecom, Inc. is duly organized and validly exists as a corporation pursuant to the laws of the State of Kansas, and has its principal place of business in the State of Kansas. ASC Telecom, Inc. is a wholly owned subsidiary of US Telecom, Inc. which itself is the general partner in Sprint Communications Company L.P. and a wholly owned subsidiary of Sprint Corporation. Sprint Corporation and US Telecom, Inc. are Kansas Corporations with their respective principal places of business in Kansas, and Sprint Communications Company L.P. is a Delaware limited partnership with its principal place of business in Kansas. "AlternaTel" is a registered fictitious business name for ASC Telecom, Inc. in several states.

Applicant retains the financial backing and resources of Sprint Corporation. Sprint has vast experience, including the technical and managerial resources for the provision of the telecommunications services that are the subject of this Application. Such resources have been used in the formation of Applicant, which consequently retains the personnel and management experience and abilities necessary to provide the telecommunications services that are the subject of this Application. To respond to the November 1, 2000 letter from Staff, (Inquiries A and B), Applicant provides the most recent financial statements and 10 K reports filed with the Securities Exchange Commission for Sprint Corporation which files consolidated financial statements. Such documents are attached hereto as Exhibit A.

Respectfully submitted,

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By: 

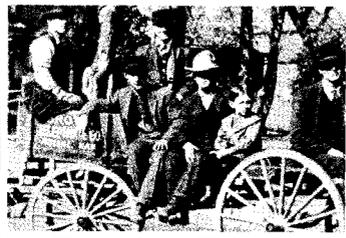
Darren S. Weingard
Senior Attorney
Attorneys for Applicant
ASC TELECOM, INC. dba ALTERNATEL

Exhibit A



1899-1999

Sprint celebrates 100 years of service



The Payson Telephone Company, founded by Dr. Weston Lenox Brown, began in the isolated wilderness of a remote town in Utah. This company, which would later be known as Sprint, opened the first long distance communication line in the West.

Throughout 100 years of service, Sprint has welcomed change, produced growth and seized opportunity. Our roots are important to us. They remind us of how much we've grown, how much our world and our industry have changed, and how much we can yet achieve by remaining committed to Sprint's vision: To be a world-class telecommunications company — the standard by which others are measured.



The USA's New No.1 Telecom Company

Fortune magazine's 17th annual survey of America's "Most Admired Companies" produced a new, clear-cut No.1 in the overall telecommunications category. In the 1999 survey of 10,000 top executives, outside directors and securities analysts, Sprint swept the competition in the telecom sector and was ranked first in all eight categories of corporate reputation:

Sprint... First in Innovation

Sprint... First in Quality of Management

Sprint... First in Employee Talent

Sprint... First in Quality of Products and Services

Sprint... First in Long-term Investment Value

Sprint... First in Financial Soundness

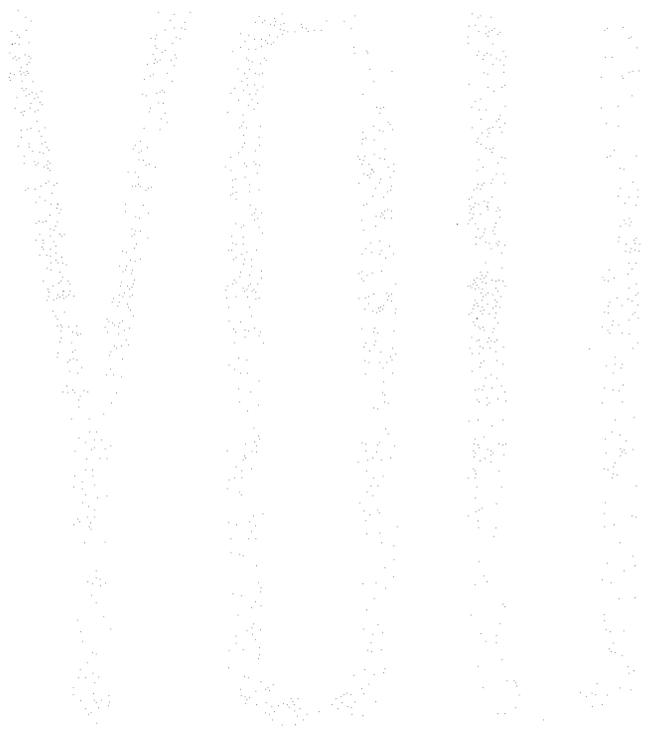
Sprint... First in Social Responsibility

Sprint... First in Use of Corporate Assets

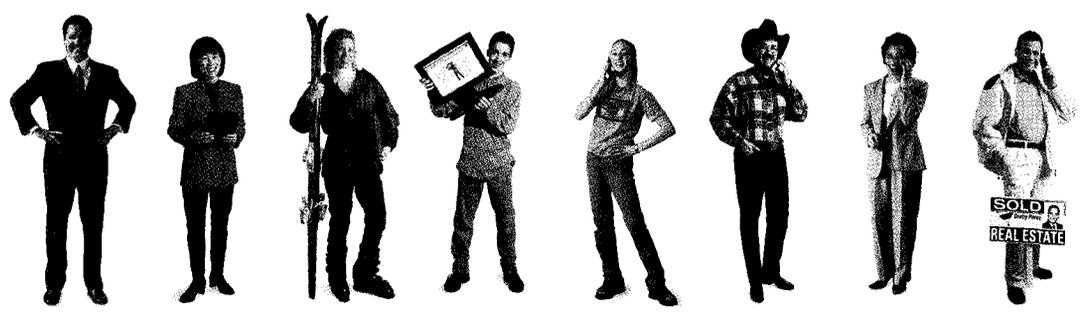


*Sprint...the nation's new telecommunications leader
and your essential ally.*





You have a life and a vision all your own.
 You need to communicate exactly how and when you choose.
 Sprint lets you define your own communications universe,
 and takes you right where you want to be.



William Hornbuckle Impressive Impresario
Allison Toso High Flyer
Emily Voth Connected Entrepreneur
Josh Jakobe Web Meister
Julie Postal Fabulous Friend
Mike Murad Big Thinker
Tammy Lambert Modern Mom
Derby Perez Digital Dealmaker

Vision

Sprint is supremely positioned to execute its strategy.

2 Chairman's Letter

One Sprint

Sprint's assets give us performance now, and a One Sprint strategy to grow on.

6 One Customer

Leadership

Sprint has the future well in hand.

18 Future First
 20 Sprint ION
 26 Sprint PCS

Results

Sprint's results were excellent in 1998.

30 Questions and Answers
 32 Sprint FON Financials
 36 Sprint PCS Financials
 40 Sprint Consolidated Financials
 44 Board of Directors and Principal Corporate Officers
 45 Shareholder Information
 46 How to Reach Us

Becoming the essential ally

In a world of powerful possibilities, Sprint is quickly becoming the essential ally with its customers.

Dear Shareholder:

In 1998, the critical components of our strategic vision began falling into place. We are pleased that the market recognized this with a 65% total return to our shareholders.

In previous annual letters, I have reported to you on Sprint's efforts to position itself with local, long distance, wireless, Internet, data and international capabilities. What we are observing is other companies, in a rush of acquisitions, trying to assemble what Sprint has already put in place.

Last year, *Forbes* magazine said, "Unlike WorldCom and AT&T, (Sprint) has all the pieces needed to be a world player in the telecom business — and it has them operating now."

We are confident we are supremely positioned. Our job is to continue to execute our strategy while staying agile and ahead of our competition. We intend to be a leader in an industry that will grow dramatically and change significantly.

Continued on page 4

↓ National advertising campaigns reflect two of Sprint's foremost accomplishments in 1998 — introducing the revolutionary *Sprint ION*, Integrated On-Demand Network, below left, and assuming total management control of Sprint PCS, right. *Sprint ION* is featured beginning on page 20 and Sprint PCS is featured beginning on page 26.

"How can I find a network that ensures my communications won't be disrupted?"

Solution

Sprint ION™

Introducing the revolutionary Sprint ION™, Integrated On-Demand Network. It's the only network that lets you use any phone, any time, anywhere. And it's the only network that lets you use any phone, any time, anywhere. And it's the only network that lets you use any phone, any time, anywhere.

Sprint
We help your business do more business.



William T. Esrey
Chairman and Chief Executive Officer

The Sprint PCS Free & Clear Plan™

with free long distance.

We cleared up wireless.

The Sprint PCS Free & Clear Plan™ is the only wireless plan that gives you 100% free long distance. And it's the only plan that gives you 100% free long distance. And it's the only plan that gives you 100% free long distance.

Sprint The clear alternative to cellular.™ **Sprint PCS**

Financial Highlights

(in millions, except per share data)

	1998	1997	% Change
Sprint FON Group			
Net operating revenues	\$ 16,016.9	\$ 14,873.9	7.7%
Operating income ⁽³⁾	2,759.8	2,489.9	10.8%
Operating cash flows ^{(3),(4)}	4,674.9	4,216.2	10.9%
Operating margin ⁽³⁾	17.2%	16.7%	
Income before extraordinary item ^{(2),(3)}	1,477.9	1,340.1	10.3%
<i>Pro forma earnings per share before extraordinary item^{(1),(2),(3)}</i>			
Diluted	3.41	3.07	11.1%
Basic	3.46	3.12	10.9%
Sprint PCS Group — Pro Forma⁽¹⁾			
Net operating revenues	\$ 1,225.4	\$ 258.0	375.0%
Operating loss	(2,640.0)	(2,102.7)	25.6%
Operating cash flows ⁽⁴⁾	(1,600.6)	(1,081.9)	47.9%
Loss before extraordinary item	(1,846.7)	(1,466.2)	26.0%
Diluted and basic loss per share before extraordinary item	(4.42)	(3.52)	25.6%
Sprint Corporation			
Net operating revenues ⁽¹⁾	\$ 17,134.3	\$ 15,131.9	13.2%
Total assets	33,231.1	18,273.6	81.9%
Employees (year-end)	64,900	50,600	28.3%

These financial highlights should be read in connection with the full financial statements presented in Sprint's Form 10-K.

⁽¹⁾In November 1998, Sprint completed the restructuring of Sprint PCS and recapitalized its common stock into two separate classes — FON Stock and PCS Stock. The PCS Stock is intended to reflect the performance of Sprint's wireless businesses. The FON Stock is intended to reflect the performance of all of Sprint's other operations. This information assumes the PCS Restructuring and Recapitalization occurred at the beginning of 1997. The PCS Group pro forma information also excludes a \$179 million charge for acquired in-process research and development.

⁽²⁾In 1998, the FON Group recorded nonrecurring net gains of \$104 million, mainly related to the sale of local exchanges. Including these items, FON Group income before extraordinary item was \$1,540 million (\$3.55 per pro forma diluted share) in 1998.

⁽³⁾In 1997, the FON Group recorded nonrecurring litigation charges of \$20 million. The FON Group also recorded nonrecurring net gains of \$71 million related to sales of local exchanges and certain investments. Including these nonrecurring items, the FON Group reported 1997 operating income of \$2,470 million, operating cash flows of \$4,196 million, operating margin of 16.6% and income before extraordinary item of \$1,372 million (\$3.14 per pro forma diluted share).

⁽⁴⁾Operating cash flows equals operating income (loss) plus depreciation and amortization, excluding nonrecurring items.

Special Report

1998 Year in Review

State of the Company

Sprint's overall 1998 revenues increased 13.2% from 1997 to \$17.13 billion.

SPRINT FON GROUP

The FON Group is comprised of Sprint's wireline telecommunications operations, including long distance and local telephone. It also includes *Sprint ION*, product distribution and directory publishing businesses, and other ventures.

The FON Group's 1998 revenues increased 7.7% over 1997 to \$16.02 billion. 1998 operating income was \$2.76 billion, an increase of 10.8% from 1997. Earnings per share from continuing operations was \$3.41, which included a loss of 20 cents per share related to *Sprint ION* and 45 cents per share for other ventures.

Continued on page 4

January 19

Enough cable to wrap around San Diego's Qualcomm Stadium 33¹/₃ times. More phone lines than a small city. Sprint, the official telecommunications provider to the National Football League, supplied unprecedented communications for the media and fans attending Denver's win over Green Bay in Super Bowl XXXII.

Now, you may say to yourself, isn't it just fanciful dreaming to think we could be a leader in an industry that includes some of the world's largest corporations? Well, by industry leader, I do not mean we want to be the biggest. I mean we want to be the best. Best customer service. Best marketing. Best strategy. Best technology. Best understanding of the future. Best returns. Best people.

The best returns, for example, do not necessarily come from the biggest companies. Consider the five-year annual shareholder returns of a few prominent companies: AT&T, 19.5%; Bell Atlantic, 17.3%; SBC, 24.3%; and Sprint, 30.1%. Granted, Sprint is smaller in size than some of these companies that are merging and marrying in an attempt to avoid being the marketplace or technological old maid. We don't believe that a company can master the changes propelling our industry simply by increasing scale. If scale were any protection, the Titanic would still be afloat.

We would rather lead than be large.

Sprint is a leader in the following key areas:

First, we are a leader in serving what you might call high-end customers — those users with the greatest demand for leading-edge communications, such as sophisticated data and Internet applications. This is a great area in which to lead. We expect the data market to grow from \$9 billion last year to \$13 billion in 1999. By 2002, we believe the market could grow to \$34 billion.

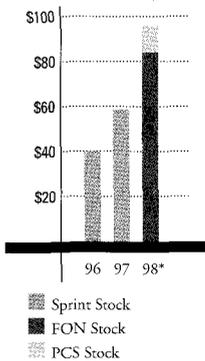
But, interestingly, here's what's also changing. Data solutions are not just for businesses anymore. The residential customer has moved beyond simply talking on the telephone. Consider all the Internet text, e-mails, photos, videos and other information flowing into and out of today's homes. We plan to take our high-end leadership and technological know-how and move it down through the telecommunications chain to the customer at home and to small businesses.

This is what *Sprint ION*, Integrated On-Demand Network, does. *Sprint ION* is taking all of Sprint's capabilities — voice, video, high-speed data — and integrating them to serve the marketplace — large companies, small businesses and those consumers who want and need these types of services.

While Sprint serves more than 7.6 million customer lines with local phone service in 18 states, *Sprint ION* is our strategy to expand to other local markets. It's a strategy in which technology simply erases the distinction between local and long distance, and voice, data and video. Through *Sprint ION*, both businesses and consumers will be able to conduct multiple phone calls, receive faxes, run new advanced applications and use the Internet at speeds up to 100 times faster than today's conventional modems — and they will do all this simultaneously through the single line that already connects to their homes. Yes, it is amazing. And Sprint is the one doing it.

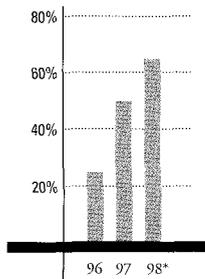
What's more ... because *Sprint ION* integrates voice, Internet Protocol, frame relay and other systems onto a single network, we anticipate significant gains in efficiency. When these technologies are fully deployed, we expect approximately \$1 billion in cost savings over a five-year period through 2004. That is what technology is supposed to do — give greater benefits at lower costs.

Closing Stock Price



*Combined stock price — FON Stock plus 1/2 PCS Stock (to adjust for the effect of the Recapitalization).

Annual Return



*Combined return — FON Stock plus 1/2 PCS Stock (to adjust for the effect of the Recapitalization).

Source: *Bloomberg*. Includes stock appreciation and dividend reinvestment.

State of the Company *Continued from page 3*

The long distance division had a very strong year, with all market segments — residential, business and wholesale — contributing to the performance. Long distance revenues grew 10.2% in 1998 to \$9.91 billion. Operating income rose 30.8% to \$1.37 billion. Calling volumes increased 15%.

The local telecommunications division posted a 5.1% increase in access lines from a year ago, which is among the fastest rates of growth in the industry. Local telephone revenues increased 4.8% in 1998 to \$5.33 billion. Operating income was up 8.8% to \$1.38 billion.

Revenues from product distribution and directory publishing grew 16.5% for the year to \$1.68 billion. Operating income was up 1.4% to \$231 million.

Sprint ION, Global One and other ventures made important strides in 1998. *Sprint ION* is already being sold in the high-end business market. It will expand on a selected-market basis to include small businesses and consumers in 1999.

A second area in which Sprint leads is in wireless. Sprint PCS has quickly emerged as the leading national digital PCS company with more than 3 million subscribers through February 1999. We added 836,000 customers in the fourth quarter alone, the biggest one-quarter customer gain in U.S. wireless history.

Sprint PCS is the only wireless service using one brand, one network and one digital technology on a nationwide basis. Analysts predict that the number of wireless users in the United States will grow from 66 million today to over 100 million by 2001. By 2007, total annual revenues for the industry are expected to approach \$90 billion. We are uniquely positioned to earn a significant share of this opportunity.

This past year Sprint acquired 100% ownership and management control of Sprint PCS. Sprint then recapitalized its common stock into two different common stocks (FON Stock and PCS Stock), and created the Sprint FON Group and the Sprint PCS Group. The Sprint PCS Group is intended to track our wireless operations, and the Sprint FON Group is intended to track all of our other businesses. This recapitalization of Sprint stock allows our investors greater flexibility as they invest in the financial performance of our wireless and wireline businesses.

The final leadership area I would like to mention is international. Our international efforts are focused through our Global One joint venture with France Telecom and Deutsche Telekom. Up to now, we've been disappointed with Global One's lack of profitability; however, we still see real potential. Global businesses have a compelling need for international telecommunications services to match the quality of their domestic services. We are determined to be the leader in satisfying their demand. Global One already has established itself as the pre-eminent global telecom alliance, with the world's farthest-reaching Asynchronous Transfer Mode (ATM)-based network. It is highly regarded. In fact, this year NATO selected Global One to provide a wide range of telecom services and equipment to NATO member countries. And according to a 1998 poll by the respected *Communications Week International* magazine, telecom users recognized Global One as the best global alliance.

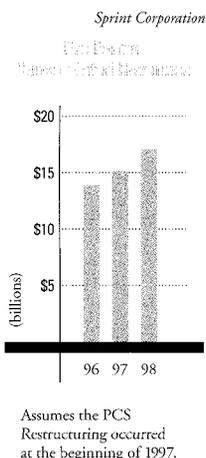
Sprint's leadership in all three areas — high-end data, wireless and international — has not gone unnoticed. *FORTUNE* magazine's 1999 survey ranked Sprint as America's most admired telecommunications company. We intend to build on the confidence that customers and investors alike are showing in Sprint. Through *Sprint ION*, through Sprint PCS, through Global One, through our long distance and our local service, through all the services and products we provide, Sprint intends to be the trusted ally of our customers. We intend to help them integrate their communications needs into solutions that serve their lives and the changing world.

We have a well-regarded, extremely capable team of employees. They are highly motivated people who appreciate your support. Together, we are leading Sprint into the next millennium, and we are dedicated to capitalizing on this company's enormous potential.

Sincerely,



William T. Esrey
 Chairman and Chief Executive Officer
 March 4, 1999



Special Report

1998 Year in Review

Together with France Telecom and Deutsche Telekom, the Global One venture completed its state-of-the-art network in 1998, and had several major multinational contract wins.

SPRINT PCS GROUP

Record subscriber growth and rapid expansion of the nationwide personal communication services (PCS) network demonstrated that Sprint PCS is a winner with consumers and businesses across the country. Total Sprint PCS revenues were \$1.23 billion in 1998. Operating losses for the year were \$2.39 billion, excluding a nonrecurring charge of \$179 million to write off acquired in-process research and development costs related to Sprint's acquisition of the remaining interests in Sprint PCS. Recurring losses per share were \$4.50 for the year. The losses include an 8 cents per share extraordinary charge related to the early extinguishment of debt.

The "State of the Company" should be read in connection with the full financial statements presented in Sprint's Form 10-K.

January 21

Sprint TELECENTERS Inc. was awarded a long-term multimillion-dollar contract for management of IRIDIUM Global Customer Care Centers to support the world's first global wireless telephone network. Sprint will manage the operation of three telecenters — in Orlando, Florida; Sydney, Australia; and Zoetermeer, Netherlands.

→ In 1998, Sprint introduced a new communications concept — *Sprint Unlimited*. The new standard for residential long distance pricing gives consumers unlimited long distance calling on weekends for a flat rate of \$25 a month.



→ Sprint Solutions is a package of discounted local toll calling and custom calling features. Based on 1998 success in North and South Carolina, Sprint has expanded the Sprint Solutions package to seven other states. Ketrina Murphy, right, a Sprint sales representative in New Bern, North Carolina, sells the bundled package that includes such features as Caller ID and Three-Way Calling.

Treating you as one customer

*You are the one person directing the future of communications.
Sprint is pulling together to serve you as one visionary company.*

Sprint is listening to you, the customer, and this is what we hear you saying:

"I am one communications customer: not a local customer over here, a long distance customer over here, a wireless customer over here, or a data customer over there."

"Splitting me up into pieces is confusing. A hassle. An insult, even. So treat me as one person."

"Give me one easy-to-use connection that changes moment-to-moment to meet my individual needs, and follows me wherever in the world I choose to go."

"Give me one place to call for assistance when I need it."

"And give me one bill that's easy to understand and easy to pay."

Indeed, you are one demanding customer.

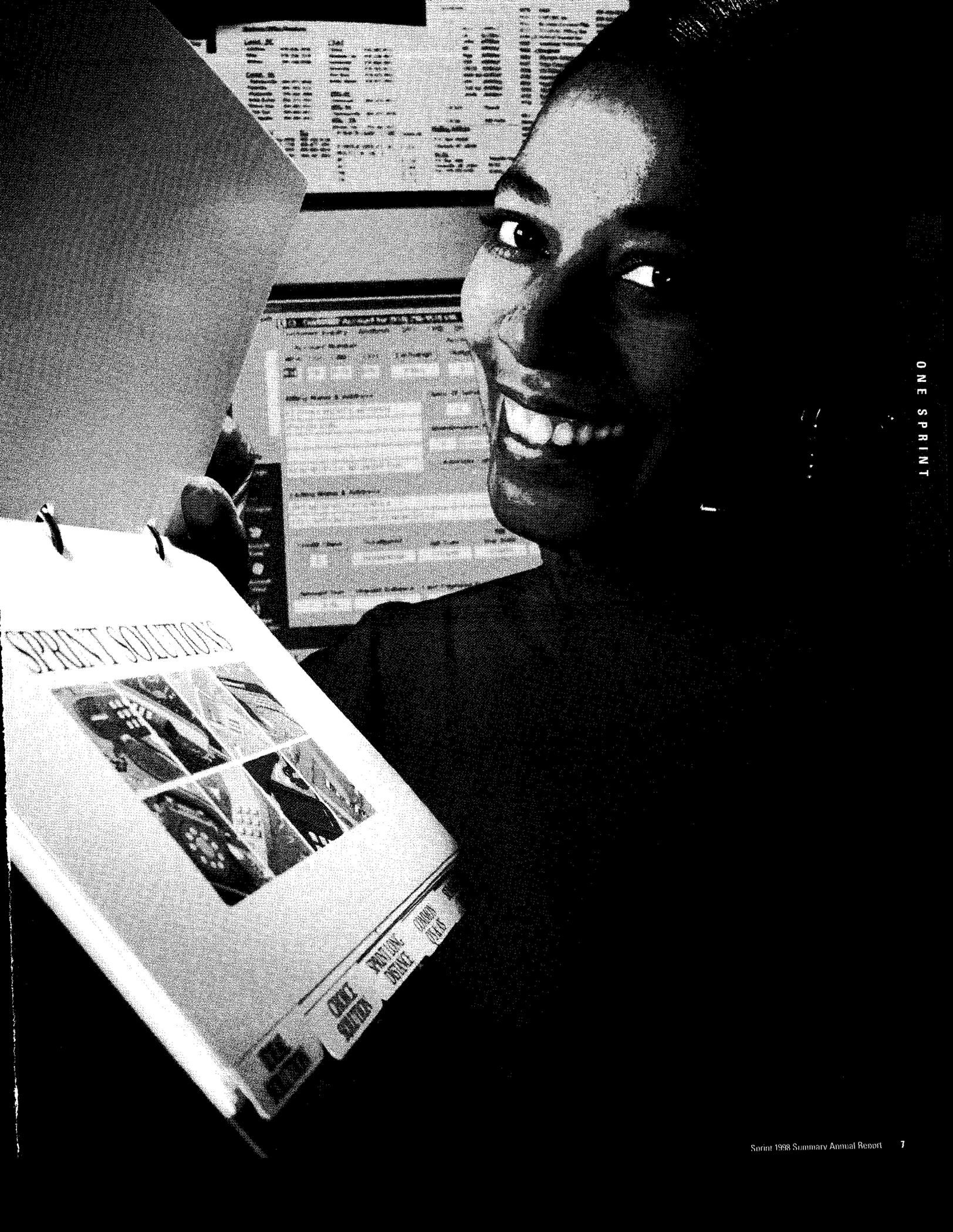
Sprint is ahead in the race to be the one and only company you need to satisfy your communications demands.

Of course, you also are, in all probability, a shareholder of Sprint. So we will tell this story from two points of view. We will show how Sprint is using its diverse assets to serve you as one customer. We will also show how Sprint's strategy is adding value to your investment.

1998 Year in Review

February 10

Sprint and Global One announced a \$43 million contract to provide worldwide communications for Siebe plc, one of Britain's largest diversified engineering groups. The 42-month contract will improve Siebe's business performance by consolidating the company's voice, data and international communications worldwide.



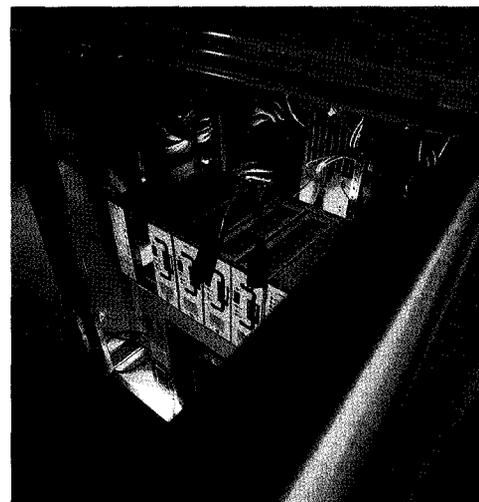
ONE SPRINT

While competitors are still trying to put the pieces together, Sprint is focusing on creating synergies between its wireline and wireless business units and putting them to work.

Putting our assets to work now



← The University of Utah Medical Center in Salt Lake City offers a mission-critical example of One Sprint communications in action. The Medical Center relies on both Sprint's long distance Internet backbone network and Sprint Paranet, which has a statewide contract to verify Year 2000 computer compliance.



← Sprint is leveraging specialized resources and expertise across its business units. One example, above, is Sprint North Supply serving our local division by assembling, wiring and testing local switching electronics.

Our story starts with a quick inventory of the piece parts: the fundamental components others are scrambling to acquire and that Sprint already has.

Sprint is an experienced local communications company serving millions of customers across the country. As you will see on the following pages, we are pushing ahead right now to offer local service to many more millions throughout the United States.

Sprint is an innovative long distance company. Our customers are connected to a 100% digital, fiber-optic network that defines "leading edge."

Sprint is an Internet pioneer. Our fiber network has served as a perfect conduit for the Internet for years. Today we continue to be one of the world's largest carriers of Internet traffic.

Sprint is an on-ramp to the Internet for consumers and businesses alike. We are an equity partner in EarthLink Sprint, one of the fastest-growing Internet access providers.

Sprint is the quality leader in the universe of data communications. Every year *Data Communications* magazine asks data users to rate their providers. In 1998, Sprint ranked number one in two key data service categories: IP (Internet Protocol) and frame relay. We also ran away with top honors in customer service. Our new Sprint Paranet business adds to our data punch with computer network services.

Continued on page 10



← Cross-marketing makes strategic sense throughout Sprint. In the latest edition of Sprint Publishing & Advertising's Central Florida Phone Book — the corporation's largest of more than 300 telephone directories — customers are offered the chance to sign up for Sprint PCS service.

1998 Year in Review

February 13

The 21 million home-based businesses in the United States now have a way to simplify and better control communications spending. A new service from Sprint provides the types of benefits that were once affordable only for bigger businesses. *Sprint Sense Home Office* packages long distance service, 800 service and a calling card into one monthly rate.



✦ Sprint's local division introduced a new concept in Kissimmee, Florida, in 1998 — a One Sprint Store that offers the corporation's entire portfolio of products and services: local service with custom calling features, long distance service, business and residential telephones, Sprint PCS phones and service, Internet access and *Spree* prepaid phone cards.



↑ Sprint PCS retail stores across the country use a face-to-face consultative approach to sell a broad portfolio of products and services. The knowledgeable salespeople helped Sprint PCS post a U.S. wireless industry record of 836,000 new customers in the fourth quarter of 1998.

Putting our assets to work now Continued from page 9

Sprint is a global connection. Our Global One venture with France Telecom and Deutsche Telekom serves businesses, carriers and consumers around the world. Its new state-of-the-art network has switching centers in 46 countries.

Sprint is wired (and also un-wired) with exceptional network power. Our local networks are virtually 100% digital. Our nationwide wireless network is the only one based on a single digital PCS technology. And our 100% digital, fiber-optic national long distance network is based on uniquely configured technologies. With incomprehensible names like Asynchronous Transfer Mode (ATM) and Synchronous Optical Network (SONET), only a techno-wizard can understand them. But anyone can love them, for one simple reason: they give you a fast, flexible, reliable stream of voice, video and data communications.

Sprint is practically everyone's neighbor. A Sprint Store at RadioShack is only a five-minute drive away from home or work for 94% of Americans. That puts customers within easy reach of a full portfolio of Sprint products and services.

Sprint is widely known, well-trusted and highly regarded. Ours is one of only three nationally known brand names in communications. More than that, our name stands for quality and reliability. Sprint has earned a stellar reputation in the marketplace. For example, Sprint earned the top J.D. Power and Associates ranking for overall customer satisfaction among high-volume long distance customers. We have had that honor for four years in a row, each and every year the study has been conducted.

1998 Year in Review

March 11

Sprint became the only Internet service provider to offer uninterrupted web site availability as a standard part of its service. *Sprint IP Web Hosting* provides insurance against web site service failure. The new service provides a monthly hosting fee credit of up to 50% if the web site is unavailable at any time.

Continued on page 15



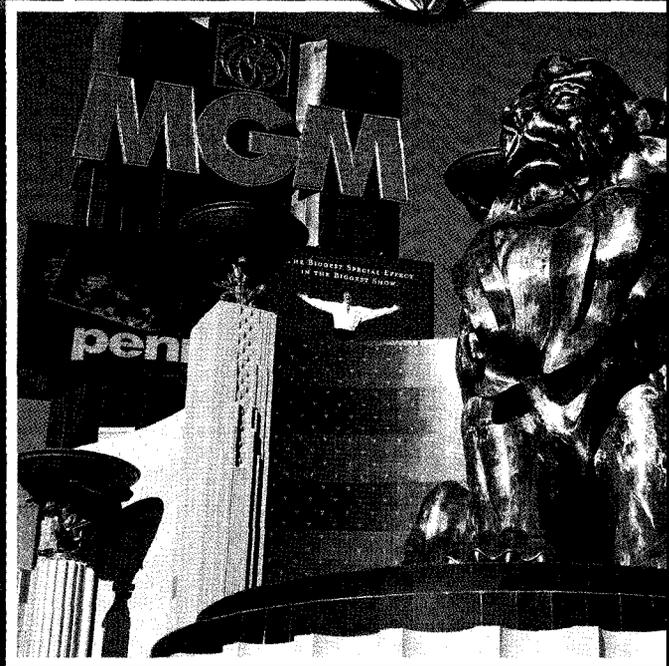
RadioShack



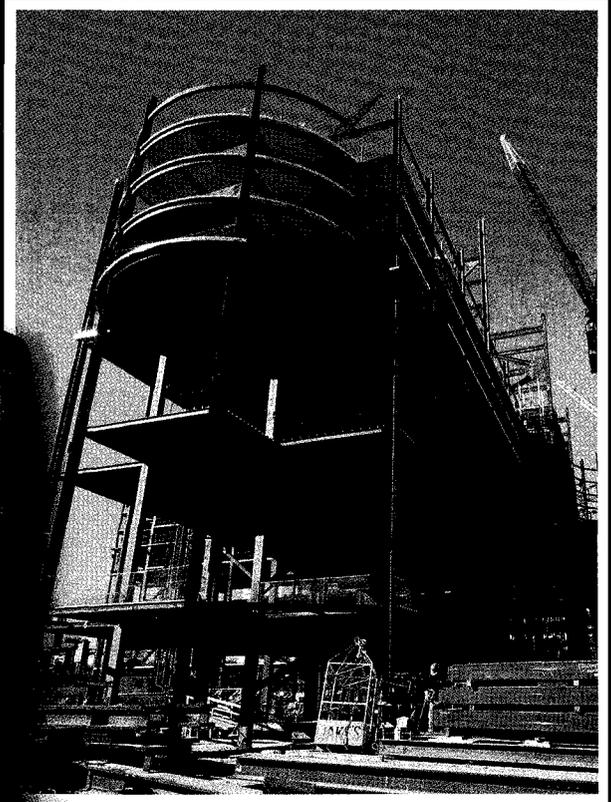
The Sprint Store at RadioShack — available at more than 5,000 RadioShacks across the country — has been a win-win-win situation since the concept was unveiled in 1997. It's been a win for RadioShack, which reported a 20% increase in phone hardware sales; a win for Sprint, which estimates that 8% of its new long distance customers each month now come from The Sprint Store at RadioShack; and a win for Sprint PCS, which counts the stores as one of its largest retail sales channels for its digital wireless service.



Sheidon G. Adelson is chairman of the board for Las Vegas Sands, Inc., the developer of the new Venetian Hotel. The Venetian will open in April 1999 as an all-suite hotel and casino with more than 3,000 rooms and a 1.6 million square-foot convention center.



The Bellagio Resort and Casino, which uses what is believed to be the largest installed telephone switch in North America, opened on the Las Vegas Strip in October 1998. Sprint has contracted a total Sprint solution for all Mirage properties, which include the Bellagio, Mirage, Golden Nugget and Treasure Island in Vegas. Sprint's business efforts are led by Jaime Jones, left, and Liz Byland, vice president and general manager.



Richard J. Goeglein is president and CEO of Aladdin Gaming, LLC. Sprint will serve the property, which is being rebuilt on the existing site where the old Aladdin was imploded.



NORTHWEST

Switch to Sprint
ANGANEN CONNECTION

Of course, some of the returns are coming in now:

- Sprint's core long distance and local business logged another year of record revenues and operating income.
- Sprint's long-term data strategy is paying off, and handsomely. Our sales of data services grew more than 55% in 1998. As traffic continues to shift toward data, Sprint has the right assets to take its share of future growth.
- Sprint PCS has been attracting customers at a record pace for the wireless industry.
- Sprint has won a long list of large and prestigious contracts (including Dow Jones & Co., Inc., Unilever, Nortel Networks, Sysco Corporation, Union Pacific Railroad, SmithKline Beecham, Coca-Cola, and the federal government).

These results and others are driven in no small part by Sprint's innovative products and marketing. We have given small business customers free calling with Fridays Free, generating profits while we also secured unprecedented customer retention rates. We have introduced new flagship residential products that have also powered sales and retained customers.

Sprint successfully turned its individual assets into customer satisfaction, customer loyalty and investor returns in 1998. We are in position to build on those achievements. Sprint has everything it needs and is putting it all together to answer your call — as a customer — for one connection, one point of contact, one bill. And through that One Sprint approach, Sprint will create value for you as a shareholder in the new millennium.

✦ Allison Toso is taking advantage of a new business partnership between Sprint and Northwest Airlines. Customers can earn up to 16,500 WorldPerks frequent flier bonus miles when they use Sprint's complete portfolio of services, including local, long distance, Internet service and nationwide paging. The two companies plan to expand their agreement to include Sprint PCS.



✦ A consortium composed of Sprint, National Grid of Great Britain and France Telecom has been awarded a license to bring competitive long distance and international telephone service to Brazil. Sprint is leveraging its expertise in local and long distance to build the network.



✦ NationsBank needed 2,500 wireless phones for its Consumer Finance Division. "We used our existing relationship with NationsBank on the local side to broker a deal with Sprint PCS," says Marty Leavengood, left, of Sprint's local division in Jacksonville, Florida. Leavengood worked with Sprint PCS teammates Jim McAllister and Jana Rucker.

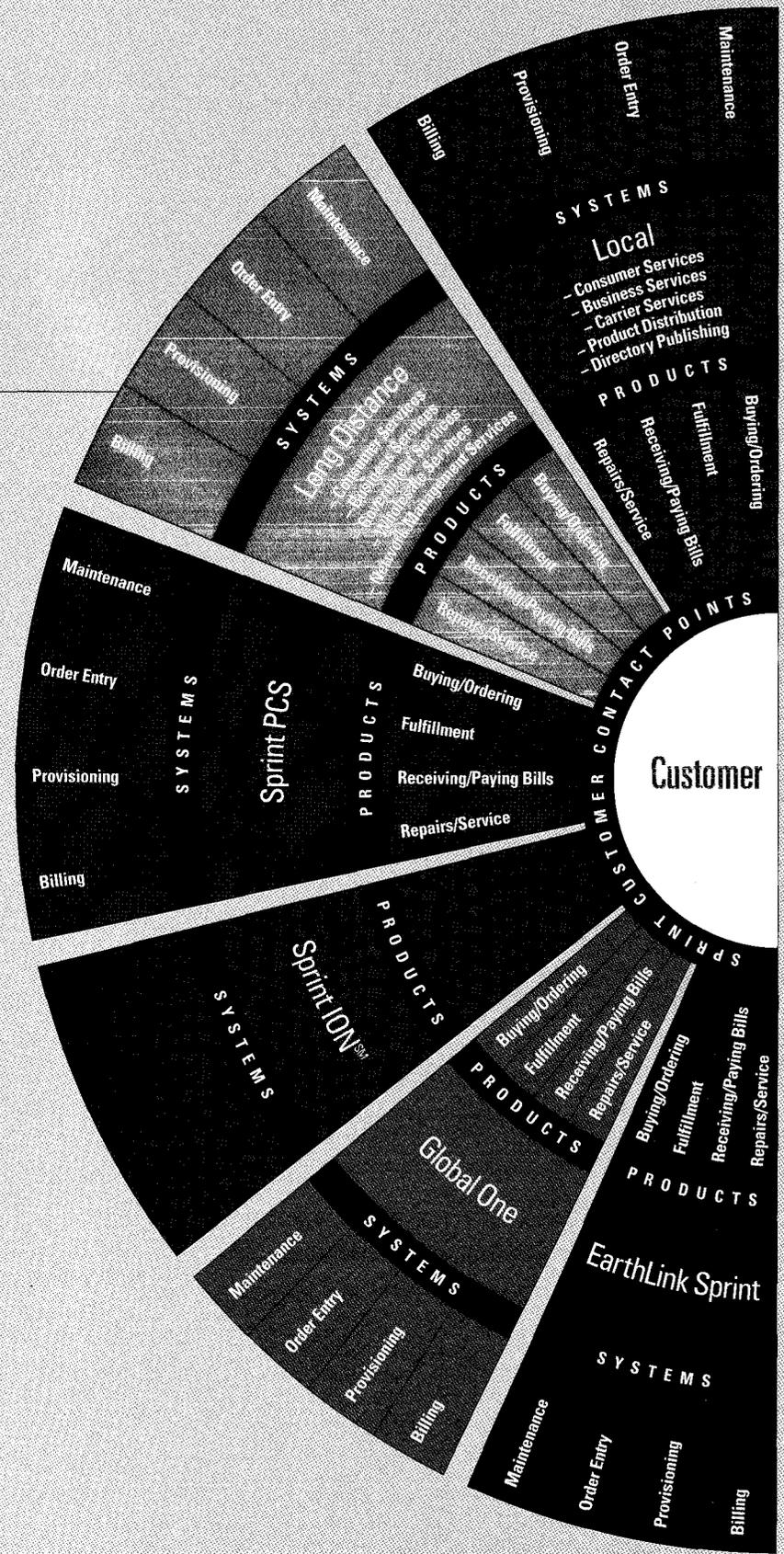
1998 Year in Review

May 1

Sprint unveiled a Summer Movie Spectacular promotion that gave consumers who signed up for Sprint long distance service free movie tickets to such films as *The Mask of Zorro* and *Deep Impact*. Sprint later extended a unique offer that gave consumers the opportunity to obtain a free copy of the epic *TITANIC* for switching their long distance service to Sprint.

Sprint Today

As of 1999, Sprint has grown and prospered for 100 years. Our current approach to the marketplace reflects the way regulatory history has defined the industry. We have business units and partnerships organized to provide services to distinct market segments: such as long distance, local, wireless, global and Internet access. These organizations each have systems, methods and products designed to best serve customers according to today's communications model. For now, this arrangement makes sense for both customers and shareholders. Customers are assured of the reliable, high-quality service they have come to expect. Investors know that Sprint is properly focused on the core businesses that have proven to be key sources of revenue and earnings growth. All of our stakeholders can depend on Sprint to provide the most advanced technology and the best products and services, in the way that works best in today's world.



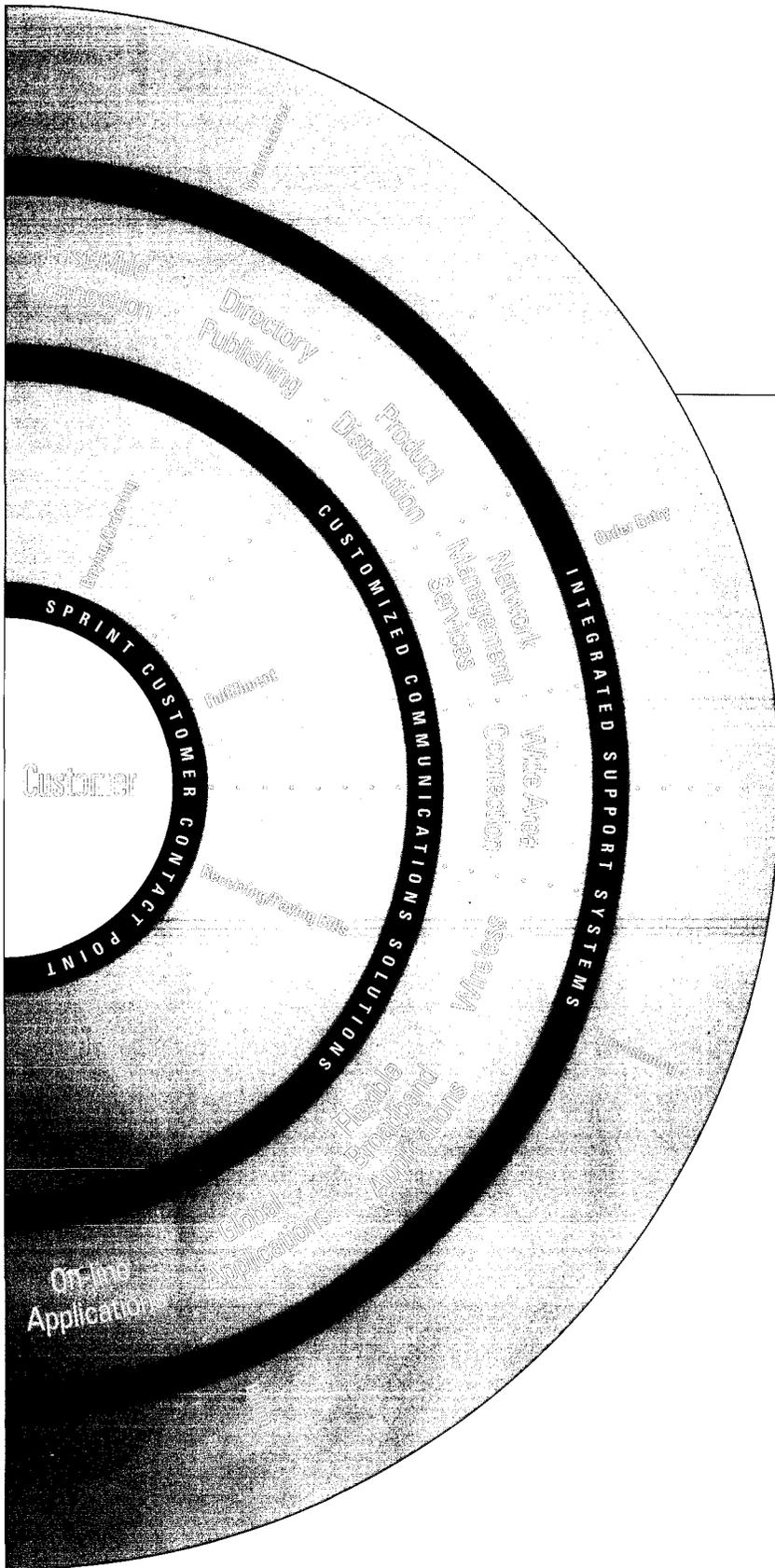
1998 Year in Review

May 11

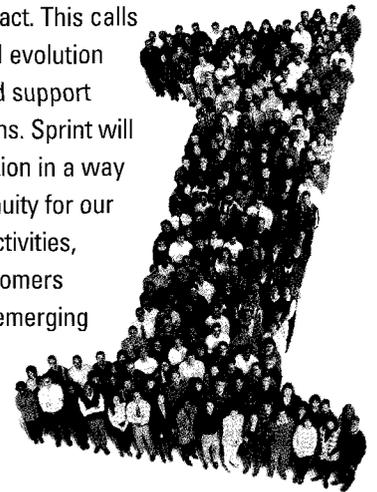
The state of Washington became the 22nd state for which Sprint provides Telecommunications Relay Service (TRS) for deaf, hard-of-hearing, deaf-blind and speech-disabled consumers. The more than \$30 million contract strengthened Sprint's national leadership in delivering this important service.

ONE

One Sprint



The rules that govern telecommunications are changing radically. Many of the service categories familiar to customers today will soon change or disappear entirely. The time is coming, for instance, when customers will no longer distinguish between local, long distance and wireless companies. Customers will get everything they need from a single source, on a single bill and with a single point of contact. With *Sprint ION* and other innovations, Sprint is already showing customers the way to this extraordinary new world. We are moving toward an integrated One Sprint approach, offering our full portfolio of services through a single point of contact. This calls for a well-managed evolution toward coordinated support and delivery systems. Sprint will execute this transition in a way that ensures continuity for our current business activities, while bringing customers the full benefits of emerging capabilities.



ONE SPRINT

SPRINT



← Emily Voth developed her small business, Indigo Wild, on the Internet. Using Sprint's Fridays Free, a Sprint 800 number, EarthLink Sprint Internet access and Sprint PCS, Voth now sells her premium soaps and aromatic therapy products in all 50 states and internationally. Here, she tracks her daily sales while vacationing in Vail, Colorado.

Seeing the future first

Our future is created out of the strength of the present.

Sprint has the leadership vision to see the future first, the business acumen to invest wisely, and the people to execute on its vision.

We saw the future first when Sprint built the first nationwide, 100% digital, fiber-optic telecommunications network in the United States. That asset has supported a strong stream of revenues and earnings.

We saw the future first when Sprint modernized its local networks long before regulators provided incentives to do so. That asset has become a springboard for seizing opportunities in a newly competitive marketplace.

We saw the future first when Sprint deployed the most advanced, high-speed data communications technologies in our nationwide network. That asset has prepared us to prosper in a data-driven marketplace.

We saw the future first when Sprint began building the nation's largest 100% digital, 100% PCS wireless communications network. That asset has vaulted Sprint into a leadership position in an exploding market.

On the strength of these and other combined assets, Sprint is now showing the way into the transforming age of integrated communications.



Sprint business flex

Our New Plan Adapts To Your Needs. So Charge Ahead.

Introducing Sprint Business Flex, a new business communications plan that adapts to your needs. Now create your own small-business-communications plan as you see fit. Just consult with us on an ongoing basis and we'll help you find the right mix. Plus, you'll get a monthly bonus that can grow as you grow and is automatically credited to your account every month. Which means Sprint Business Flex can help your success really pay off.

1-888-SPRINT-BIZ www.sprint.com/bizflex

Sprint

We help your business do more business.

↑ In late 1998, Sprint introduced *Sprint Business Flex*, the industry's first integrated calling plan offering total flexibility for the small business customer. The new program allows small businesses to create their own customized bundle of local, long distance and calling card communications services.

1998 Year in Review

June 2

Sprint announced a revolutionary telecommunications capability — *Sprint ION*, Integrated On-Demand Network. *Sprint ION* can provide homes and businesses with virtually unlimited bandwidth over a single existing telephone line for simultaneous voice, video calls and data services. The new capability is a combination of numerous technological advances.



Sprint ION: Expanding the telecom universe

With Sprint ION, you get tomorrow's network today.

1998 Year in Review

June 8

EarthLink, Sprint's new Internet access partner, officially launched the EarthLink Sprint Internet service. The strategic alliance pairs EarthLink's unmatched focus on high-quality service with Sprint's powerful network and marketing channels.

The Big Bang in telecommunications came on June 2, 1998. On that date, Sprint announced *Sprint ION*, Integrated On-Demand Network. *Sprint ION* expands the communications universe, giving you virtually unlimited capacity to send and receive information. And that makes Sprint a clear leader.

The difference between the capabilities of our competitors and *Sprint ION* is like the difference between a roomful of pocket calculators and a multimedia computer.

Others may bundle a lot of conventional offerings together and tell you they do more. But *Sprint ION* is an integrated communications service that truly does deliver more. Think about how you use your home phone line now. It's just one connection at a time: one phone call, then one fax, then one sluggish on-line session. *Sprint ION* lets you make multiple phone calls, receive faxes, explore the Internet and place

Several business beta customers are helping *Sprint ION*, Integrated On-Demand Network, create a new, substantially lower cost standard for the telecommunications industry. Familiar brand names such as Hallmark, Yellow Freight, Ernst & Young, Sysco Food Services and RadioShack, a division of Tandy, are the early beta testers for *Sprint ION*. The technology platform will become commercially available to other large business customers in 1999.



LEADERSHIP

video calls all at the same time, and all through a single phone line. You get the capacity you need at any moment, on demand. Businesses can do the same, plus much more.

This revolutionary capability is rolling out now. Large businesses are already testing *Sprint ION*, and others will start using the service in the near future. We will begin offering it to small businesses and consumers later in 1999 in selected markets.

Sprint ION is what you expect as a customer. It's one connection. It gives you just the services you need at any given moment. You get whatever support you need with a single phone call to Sprint. You get everything *Sprint ION* has to offer consolidated onto one bill.

Continued on page 22

Consider now what *Sprint ION* means to you as a Sprint shareholder.

You have a stake in a patented and proprietary technology, with distinct advantages over competing companies:

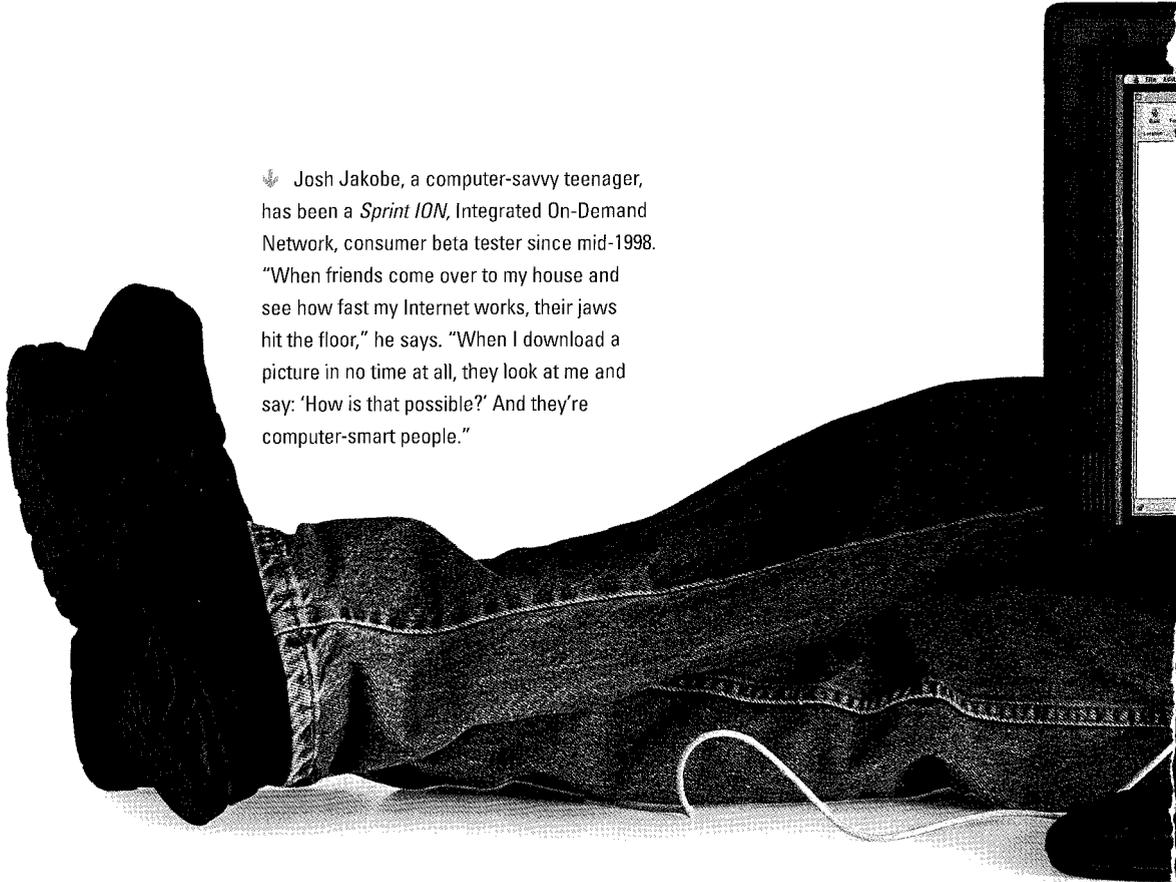
- *Sprint ION* breaks through the infamous “last mile” problem. Like other companies, Sprint wants to be your total communications company. You shouldn’t have to pay one company for local service and another for long distance. But to do that, we have to navigate that “last mile” between Sprint’s nationwide network and the customer. *Sprint ION* is an elegant and cost-effective solution to this difficult challenge. With *Sprint ION*, we can deliver advanced service to customers with a minimal reliance on the networks of existing local phone companies.
- *Sprint ION* can be deployed selectively, yet with a very wide reach. Sprint doesn’t have to rebuild the entire U.S. telephone system to put the advantages of *Sprint ION* in customers’ hands. We will deliver with a substantial, but smart strategic investment. By connecting *Sprint ION* through just 15% of the telecom industry’s local switching centers in the United States, *Sprint ION* can reach 70% of our target market.
- *Sprint ION* lowers Sprint’s unit operating costs. *Sprint ION* is expected to reduce Sprint’s network costs to deliver a typical voice call by more than 70%. That puts Sprint in an enviable competitive position.

↓ Josh Jakobe, a computer-savvy teenager, has been a *Sprint ION*, Integrated On-Demand Network, consumer beta tester since mid-1998. “When friends come over to my house and see how fast my Internet works, their jaws hit the floor,” he says. “When I download a picture in no time at all, they look at me and say: ‘How is that possible?’ And they’re computer-smart people.”

1998 Year in Review

July 13

An estimated \$17 billion in goods and services was exchanged over the Internet in 1998, with expectations topping more than \$327 billion annually by 2002. As an industry leader in Internet Protocol (IP) and Data Virtual Private Network services, Sprint strengthened its position by delivering the industry’s first set of IP Security performance guarantees.



As one industry observer said of *Sprint ION*, "This is not a new chapter; it's a whole new book."

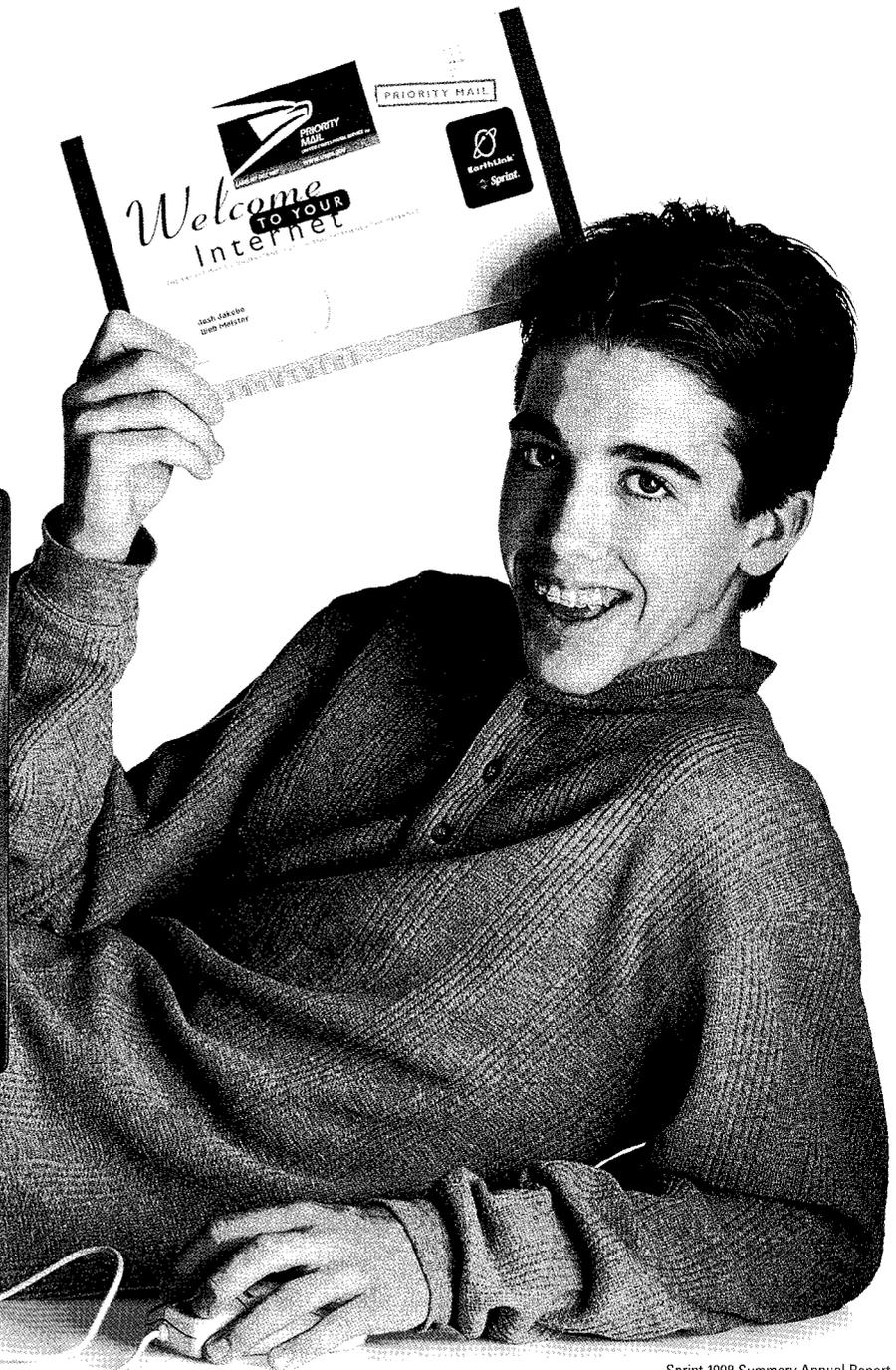
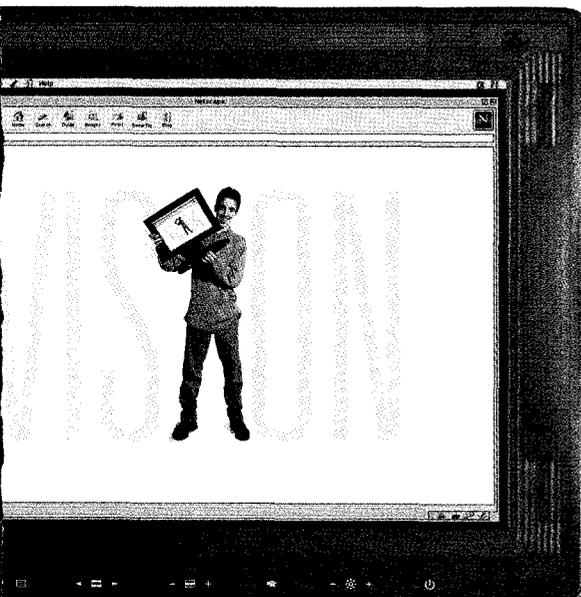
Sprint ION is a revolutionary technology and a business strategy with enormous promise.

It opens new worlds for just the kind of technologically advanced households that spend the most on communications.

It creates *unprecedented solutions for businesses that need communications that are both cost-efficient and high-powered.*

It places you, as a customer and a shareholder, on page one of the communications future.

→ EarthLink Sprint, one of the easiest, friendliest and most useful Internet access services available, is promoted through a variety of marketing channels. These include airlines, cable companies, colleges and universities, financial institutions and such retail outlets as The Sprint Store at RadioShack.



LEADERSHIP

RESIDENTIAL

At home, *Sprint ION* customers will be able to conduct multiple phone calls, receive faxes, run new advanced applications and use the Internet up to 100 times faster than today's conventional modems — all simultaneously through a single connection.

LARGE BUSINESS

With *Sprint ION*, large business customers can manage numerous complex networks as one truly integrated network. Companies can link employees, customers and external partners with virtually unlimited bandwidth to all work locations.

Sprint ION offers business managers the power and flexibility to customize their network from their own desktop terminals, allocating bandwidth and functions as needed.

Customers can use *Sprint ION* to collaborate interactively over video desktop connections. Businesses can connect employees and clients in multiple locations for face-to-face group consultations.

Companies can use *Sprint ION* to provide complete communications capabilities for employees who work at home, keeping them fully in touch with their colleagues on a daily basis.

The revolutionary *Sprint ION* is supported by Sprint's Asynchronous Transfer Mode (ATM) backbone network. It provides speed, bandwidth flexibility, scalability, service consistency, security and voice quality that neither the Internet nor non-ATM-based networks can deliver.

Sprint ION: A communications breakthrough

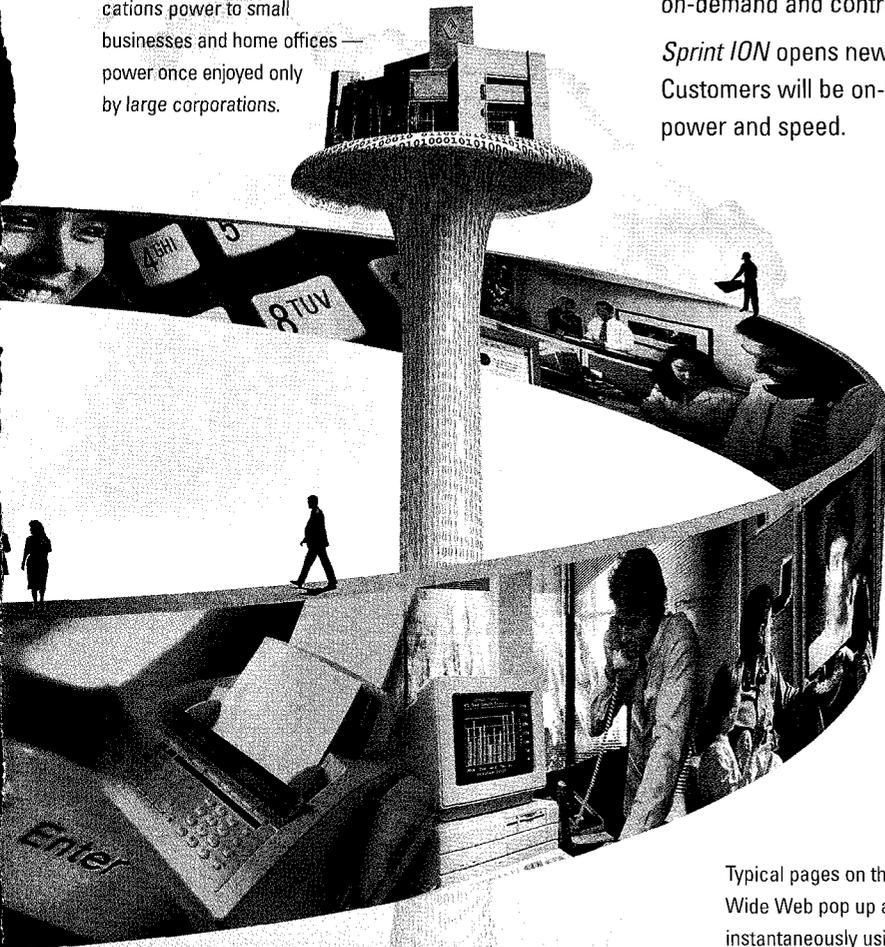
Sprint ION, Integrated On-Demand Network, is the industry's most innovative new service.

SMALL BUSINESS

Sprint ION is the great equalizer, delivering affordable communications power to small businesses and home offices — power once enjoyed only by large corporations.

Backed by award-winning customer service, superior marketing and unrivaled distribution channels, *Sprint ION* creates a new paradigm — one where a communications company provides integrated offerings that are available on-demand and controlled by the customer.

Sprint ION opens new vistas for the ways in which people communicate. Customers will be on-line, all the time — part of a network of breathtaking power and speed.



Sprint ION allows business customers to integrate additional communications capabilities at their own pace — all while yielding savings to their total cost of network ownership of 15% to 25%.

Businesses are empowered to explore new opportunities with *Sprint ION* — such as reaching new markets through electronic commerce, or providing distance learning opportunities for employees.

Typical pages on the World Wide Web pop up almost instantaneously using *Sprint ION*. Such extraordinary speed makes this next-generation technology ideal for interactive games and other demanding on-line applications.

1998 Year in Review

July 23

In the long distance customer satisfaction game, the scoreboard now reads: Sprint 4, Competitors 0. For the fourth year in a row, Sprint has achieved the top position in overall customer satisfaction in the annual J.D. Power and Associates Customer Satisfaction Study among high-volume residential long distance users.

→ Sprint PCS has surged ahead to become the nation's largest PCS provider with 2.59 million subscribers at year-end 1998.

Sprint PCS: Leveraging a clearly better wireless technology

Sprint PCS is the largest 100% digital, 100% PCS nationwide wireless network.

The future of communications is freedom: freedom to communicate whenever, however and wherever you want.

Wireless communication is vital to that freedom, because it lets you stay connected while on the move. And that is a critical advantage in today's fast-moving world. As a result, wireless must be part of any total solution for telecom customers.

Many companies offer wireless today. But there are different kinds of wireless.

There's traditional wireless. That's the cellular connection based on outdated analog technology. It's okay, if you don't mind the static.

There's digital wireless. Digital is a great advancement that clears up the static and extends your talk and standby time with longer battery life. It also opens the door to added features, like voice mail, call forwarding and data communications.

Then there's Sprint PCS digital wireless — digital with a difference.

Sprint PCS is the only company that can reach across the United States with one digital, wireless technology, using one frequency. As a result, our customers enjoy unparalleled sound clarity, coverage and value. Sprint PCS will welcome you to a new wireless experience — including clear and consistent nationwide service, a full range of features, and cutting-edge products and services that can be tailored to your own special needs. Sprint PCS also provides understandable and simplified pricing, savings, and the convenience of multiple retail outlets that sell Sprint PCS. Sprint PCS is clearly a better way to acquire, use and pay for PCS service.

Customer response to the Sprint PCS difference has already set one wireless-industry record: Sprint PCS added 836,000 new subscribers in the fourth quarter of 1998. That's the most ever recorded in a single quarter by a United States wireless carrier.

1998 Year in Review

August 13

Although businesses are the first to use *Sprint ION*, Integrated On-Demand Network, consumers will be using the service, too. In a matter of weeks after Sprint announced its National *Sprint ION* Hotline, thousands of consumers signed up to receive electronic updates on the *Sprint ION* rollout.



Brian Bailey



Tammy Lambert and
James Lambert II



Phil France



Lenla and Wendell Adams



Karen Packman



Brian Dilulio



Scott Lenheim



Dev Gupta



Andrea Medina



David Petrou



Candace Eicher and
Julie Postal



Dawn Hirano



Derby Perez



Mike Murad



JoAnn Kincaid

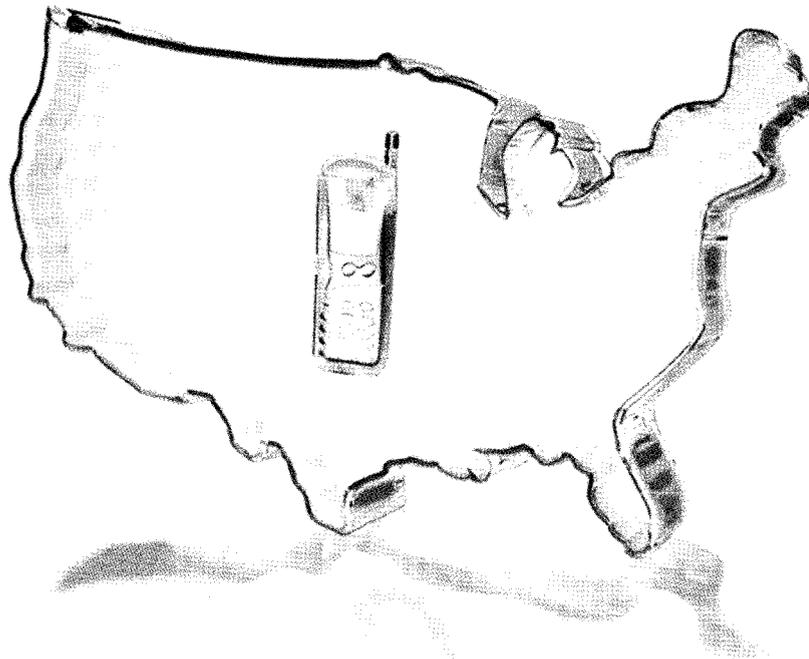
Clearly Better

Investor response has been positive, too. We created a separate Sprint PCS tracking stock in November 1998. Investors showed their confidence in Sprint PCS, raising the PCS Stock price 63% from the beginning of "when-issued" trading through year-end.

We believe that confidence is well-founded, for a variety of reasons:

- Sprint PCS has both the scale and momentum it needs to succeed. With service up and running in 225 major metropolitan markets, Sprint PCS is on track to give customers the coverage they need. With our advanced 100% digital, 100% PCS network, we also can achieve the efficiencies needed to be a competitive, low-cost provider.
- Sprint PCS is breaking new ground in its pricing and service plans. Sprint PCS has introduced innovative, value-packed nationwide service plans, including long distance calling at no extra charge.
- Sprint PCS is now fully owned and managed by Sprint Corporation. This brings many benefits. Sprint, for example, has become the only carrier with nationwide PCS and long distance wireline services. We have the opportunity now to integrate our PCS offerings fully with all of Sprint's products and services. Add to that the combined punch of a fully coordinated brand and marketing program, and we have a powerful competitive advantage.

→ Sprint PCS operates the largest 100% digital, 100% PCS nationwide wireless network in the United States. At year-end 1998, Sprint PCS offered service in 225 metropolitan markets, including more than 4,000 cities and communities nationwide.



1998 Year in Review

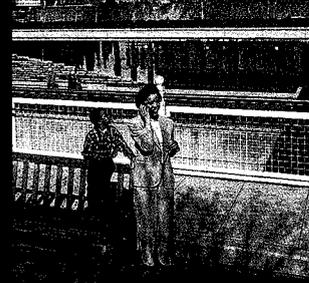
August 24

Sprint announced plans to boost the transmission speed and bandwidth of its Internet backbone network to produce the fastest type of backbone service available. The upgrade increases Sprint's bandwidth by more than 400%. One new, upgraded connection can support more than 175,000 dial-up users sending and receiving files at the same time.

→ Sprint PCS has true coast-to-coast digital wireless coverage — from New York to L.A. Sprint PCS already covers nearly 170 million people. We have licenses to offer our service to nearly 270 million people in all 50 states, Puerto Rico and the U.S. Virgin Islands.



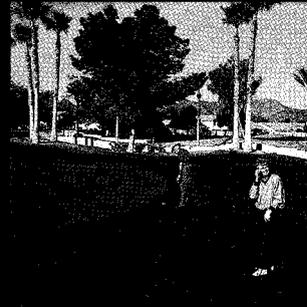
Brian in Los Angeles



Tammy and James in Atlanta



Phil in Detroit



Lenla and Wendell in Phoenix



Karen in Philadelphia



Brian in Denver



Scott in Seattle



Dev in Boston



Andrea in Chicago



David in Washington, D.C.



Candace and Julie in Orlando



Dawn in San Francisco



Coast-to-Coast

Questions +

In November 1998, Sprint recapitalized its common stock into two separate classes of common stock: FON Stock and PCS Stock (the Recapitalization). At the same time, Sprint acquired the ownership interests of its former cable partners in Sprint PCS (other than a small minority interest in Cox PCS) in exchange for low-vote shares of PCS Stock (the PCS Restructuring). The Recapitalization and PCS Restructuring provide important benefits for Sprint and its shareholders. Investors can more easily value and assess the performance of Sprint's two major business groups. At the same time, the entire Sprint enterprise will continue to have a unified strategic direction and management structure. Following are some of the most frequently asked questions about the Recapitalization and PCS Restructuring:

What is a "tracking stock"?

A tracking stock is a common stock of a corporation, in this case Sprint, which is intended to "track" the performance of a separate group of assets. In November 1998, Sprint's common stock was converted into two classes of stock: the FON Stock and the PCS Stock. The PCS Stock is intended to reflect the separate performance of Sprint's

domestic PCS operations, called the PCS Group. The FON Stock is intended to reflect the performance of all of Sprint's other operations, called the FON Group, which includes the long distance and local operations, the activities to develop and deploy *Sprint ION*, the product distribution and directory publishing businesses, and other ventures, including Sprint's investments in Global One and EarthLink.

Holders of PCS Stock and FON Stock continue to be common shareholders of Sprint.

What was the impact of the PCS Restructuring on Sprint PCS?

As a result of the PCS Restructuring, Sprint PCS is now wholly owned by Sprint, and the former cable partners are now Sprint shareholders through their ownership of a special class of low-vote PCS Stock.

What are the benefits of the PCS Restructuring to Sprint shareholders?

First, the PCS Restructuring enabled Sprint to achieve its strategic objective of obtaining 100% ownership and management control of Sprint PCS.

Secondly, the creation of the separate publicly traded PCS Stock provides a new avenue to raise funds to meet the PCS Group's future capital requirements. For example, in February 1999, Sprint sold 30.5 million shares of PCS Stock to the public and France Telecom and Deutsche Telekom, raising over \$840 million of net proceeds. These funds will help finance the buildout of new and existing PCS markets as well as to help meet ongoing working capital needs.

Finally, the FON Stock and the PCS Stock are intended to reflect the separate operations of the respective Groups. Sprint believes this should continue to increase the market recognition of the value of Sprint and its individual lines of business reflected by the two stocks.

What are the tax consequences of the creation of the FON Stock and the PCS Stock to shareholders of the former Sprint common stock?

Based on the facts and the law at the time of the Recapitalization, Sprint has received an opinion from its outside legal advisors that, except for cash received for fractional shares, the recapitalization of Sprint's common stock into the PCS Stock and the FON Stock was, for U.S. federal income tax purposes, tax-free

Answers

to Sprint common shareholders. For U.S. federal income tax purposes, cash received for fractional shares will likely result in the recognition of a gain or loss. Sprint common shareholders should consult their tax advisors.

What happens to Sprint's common stock dividend?

Sprint currently intends to pay quarterly dividends of \$0.25 per share on the FON Stock, which is the same as the dividend paid on Sprint's common stock before the Recapitalization. The Sprint Board of Directors does not anticipate paying dividends on the PCS Stock for the foreseeable future.

What information will Sprint provide to its shareholders to track the separate performance of the PCS Group and the FON Group?

Sprint has presented in this Summary Annual Report, and will present in all of its future periodic filings with the Securities and Exchange Commission, financial statements of both the FON Group and the PCS Group, in addition to Sprint consolidated financial statements.

Sprint will also provide separate information on the performance of the PCS Group and the FON Group in its quarterly earnings releases to the public.

The financial statements of the FON Group and the PCS Group together include all of the assets, liabilities and operating results of Sprint. Presentation of separate FON Group and PCS Group financial statements along with the Sprint consolidated financial statements provides current and potential investors of FON Stock and PCS Stock with financial information about the underlying FON Group and PCS Group businesses as well as about Sprint as a whole.

Spotlight

1998 Year in Review

Y2K Special Report

It has been well publicized that the Year 2000 issue has global implications for the broad range of products and services that depend on date-sensitive computer software and hardware to function properly. Sprint cannot predict the full impact of the Year 2000 issue on its suppliers, customers and other carriers. However, Sprint is working hard to meet its Year 2000 challenges. As a result of these efforts, Sprint's telecommunications networks as well as the internal systems and applications that support our business will be ready for the new millennium.

Additional information about Sprint's Year 2000 Program is available on the Sprint Internet web site <http://www.sprint.com/y2k>.

September 8

Sprint's local telecommunications division announced an aggressive new policy to fight illegal cramming practices. Cramming occurs when products or services are added to customers' bills without their permission. Sprint's new policy imposes strict standards on companies that contract with Sprint to bill for their services.

With Sprint Wholesale ... success is a



Sprint Wholesale

Reliability and responsiveness from a single source

Sprint

↑ Huddling up at a telecom trade show in Atlanta are, from left: Sprint customer Neil Lichtman, president of Claricom; Tom Alesi, Sprint senior national account manager; and Paget Alves, president of Sprint's Wholesale Services Group.

CORE BUSINESSES

Long Distance Division — The long distance division is the nation's third-largest provider of long distance phone services. It operates a nationwide, all-digital long distance telecommunications network that uses state-of-the-art fiber-optic and electronic technology. The division provides domestic and international voice, video and data communications services, as well as integration management and support services for computer networks.

Local Division — The local division consists of regulated local phone companies serving more than 7.6 million access lines in 18 states. It provides local phone services, access by phone customers and other carriers to its local network, sales of telecommunications equipment, and long distance services within certain regional calling areas.

Product Distribution and Directory Publishing — These businesses provide wholesale distribution services of telecommunications products, and publish and market white and yellow page telephone directories.

SPRINT ION, INTEGRATED ON-DEMAND NETWORK

Sprint ION enables Sprint to provide the network infrastructure to meet customers' demands for data, Internet and video, and will also be the foundation for Sprint to provide competitive local service.

OTHER VENTURES

The "other ventures" segment includes the FON Group's investment in the Global One international strategic venture with France Telecom and Deutsche Telekom. It also includes the FON Group's investment in EarthLink Network, Inc.,

Condensed Combined Statements of Income

SPRINT CORPORATION — FON GROUP

(millions)

For the years ended December 31,

	1998	1997	1996
Net Operating Revenues	\$ 16,016.9	\$ 14,873.9	\$ 13,887.5
Operating expenses	13,257.1	12,404.0	11,619.8
Operating Income	2,759.8	2,469.9	2,267.7
Interest expense	(317.8)	(210.8)	(196.7)
Equity in loss of Global One	(186.0)	(162.1)	(82.1)
Other income, net	218.1	164.1	115.3
Income from continuing operations before income taxes	2,474.1	2,261.1	2,104.2
Income tax expense	(934.0)	(889.5)	(793.6)
Income from Continuing Operations	1,540.1	1,371.6	1,310.6
Discontinued operation, net	-	-	(2.6)
Extraordinary items, net	(4.8)	-	(4.5)
Net Income	\$ 1,535.3	\$ 1,371.6	\$ 1,303.5

These condensed combined financial statements should be read in connection with the full financial statements presented in Sprint's Form 10-K.

In November 1998, Sprint completed the restructuring of Sprint PCS and recapitalized its common stock into two separate classes — FON Stock and PCS Stock. The FON Stock is intended to reflect the performance of the FON Group. The following FON Group *pro forma* earnings per share amounts assume the FON shares existed for all periods presented.

Pro Forma Diluted Earnings per Common Share From Continuing Operations (unaudited)

\$ 3.55	\$ 3.14	\$ 3.07
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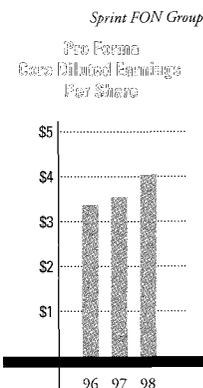
Report of Independent Auditors on Condensed Combined Financial Statements — Sprint FON Group

The Board of Directors and Shareholders
Sprint Corporation

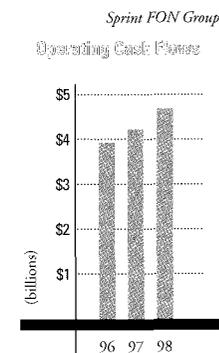
We have audited, in accordance with generally accepted auditing standards, the combined balance sheets of the Sprint FON Group at December 31, 1998 and 1997, and the related combined statements of income, cash flows and comprehensive income for each of the three years in the period ended December 31, 1998 (not presented separately herein), and in our report dated February 2, 1999, we expressed an unqualified opinion on those combined financial statements. In our opinion, the information set forth in the accompanying condensed combined statements of income, balance sheets and statements of cash flows is fairly stated in all material respects in relation to the combined financial statements from which it has been derived.

Ernst & Young LLP

Kansas City, Missouri
February 2, 1999



Assumes the FON Stock created in the Recapitalization existed for all periods presented and excludes nonrecurring items.



Operating cash flows equals operating income plus depreciation and amortization, excluding nonrecurring items.

Spotlight

1998 Year in Review



Sprint wins FTS 2001 government contract.

In 1998, Sprint was the first of two vendors selected for the FTS 2001 contract providing domestic and international voice and data long distance services to the federal government. Sprint is expected to achieve a minimum revenue of \$750 million over the multiyear agreement and is in position to compete for additional business.

Sandy Bates, left, deputy commissioner/federal technical services for the General Services Administration, is in charge of all federal government long distance services. Jim Payne directs Sprint's FTS 2001 team.

October 13

Sprint and PrimeCo Personal Communications, L.P., announced that Sprint will acquire PrimeCo's Hawaii PCS license and operations. The acquisition includes all PCS infrastructure, retail operations, employees, customer accounts and associated assets. The acquisition brought an important market into the growing Sprint PCS nationwide network.

Segmental Financial Highlights

SPRINT CORPORATION — FON GROUP

(millions)

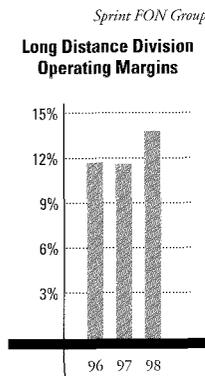
For the years ended December 31,

	1998	1997	% Change
Net Operating Revenues			
Long distance division	\$ 9,910.9	\$ 8,994.0	10.2%
Local division ⁽¹⁾	5,329.2	5,086.9	4.8%
Product distribution and directory publishing businesses ⁽¹⁾	1,683.1	1,445.1	16.5%
Operating Income (Loss)			
Long distance division ⁽²⁾	1,366.8	1,045.3	30.8%
Local division ⁽¹⁾	1,384.3	1,272.5	8.8%
Product distribution and directory publishing businesses ⁽¹⁾	230.9	227.7	1.4%
Sprint ION	(143.1)	(5.2)	NM
Other ventures	(39.9)	(83.8)	52.4%

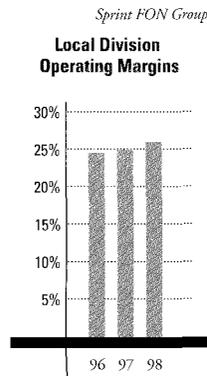
⁽¹⁾Beginning in July 1997, the FON Group changed its transfer pricing for certain transactions between affiliates to more accurately reflect market pricing. These amounts assume these transfer pricing changes and sales of local exchanges in 1998 and 1997 occurred at the beginning of 1997.

⁽²⁾Excludes a nonrecurring charge of \$20 million in 1997 related to litigation.

NM = Not meaningful



Excludes nonrecurring litigation charges.



Adjusted for transfer pricing changes and sales of local exchanges.

1998 Year in Review

October 15

Global One — the international joint venture of Sprint, France Telecom and Deutsche Telekom — announced a new service for global businesses with high bandwidth needs. The worldwide, seamless Asynchronous Transfer Mode (ATM) service for multinational customers is called Global ATM. It will be offered initially in 13 countries.

High-tech trial takes off in Vegas.

About 450 Sprint local telephone customers in the Summerlin community of Las Vegas have agreed to participate in a trial of Sprint's new High-Speed Data (HSD) service. The high-growth community has its own web site on the Internet, allowing residents to stay in touch with each other and with businesses, medical facilities, schools and other services.

Sprint cable splicers Wayne Blitch, top, and Frank Brown install "fiber to the curb" in the Summerlin community.

Spotlight



Condensed Combined Balance Sheets

SPRINT CORPORATION — FON GROUP

(millions)
December 31,

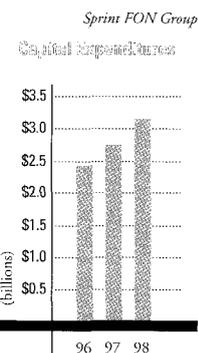
	1998	1997
Assets		
Current assets	\$ 4,042.1	\$ 3,637.3
Property, plant and equipment, net	12,464.0	11,306.8
Other	2,768.7	1,636.4
Total	\$ 19,274.8	\$ 16,580.5
Liabilities and Group Equity		
Current liabilities	\$ 3,293.4	\$ 3,019.2
Long-term debt	4,682.8	3,748.6
Other	2,274.1	2,173.4
Group equity	9,024.5	7,639.3
Total	\$ 19,274.8	\$ 16,580.5

Condensed Combined Statements of Cash Flows

SPRINT CORPORATION — FON GROUP

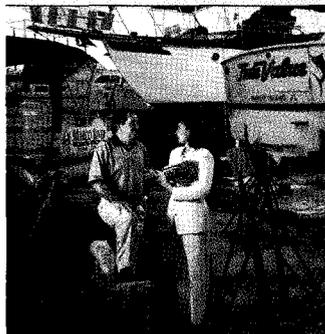
(millions)
For the years ended December 31,

	1998	1997	1996
Operating Activities			
Net income	\$ 1,535.3	\$ 1,371.6	\$ 1,303.5
Adjustments to reconcile net income to net cash provided by operating activities	2,436.0	1,535.2	963.7
Net cash provided by operating activities	3,971.3	2,906.8	2,267.2
Net cash used by investing activities	(3,639.7)	(4,027.3)	(1,719.9)
Net cash provided (used) by financing activities	(0.8)	71.6	479.1
Increase (Decrease) in Cash and Equivalents	330.8	(1,048.9)	1,026.4
Cash and Equivalents at Beginning of Year	101.7	1,150.6	124.2
Cash and Equivalents at End of Year	\$ 432.5	\$ 101.7	\$ 1,150.6



These condensed combined financial statements should be read in connection with the full financial statements presented in Sprint's Form 10-K.

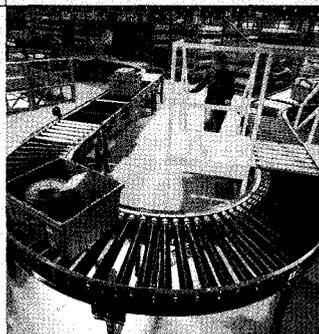
Spotlight



Sprint is a major directory publisher.

Sprint Publishing & Advertising has a circulation of more than 20 million telephone directories across 20 states.

Customer George Lampert of Marco River Marina in Naples, Florida, works with Sprint's Stephanie Allan.



Sprint North Supply: nationwide distributor.

Sprint North Supply provides equipment and distribution services to the communications and security industries. The company has annual sales exceeding \$1 billion.

By installing new pick modules in its distribution centers, Sprint North Supply is significantly increasing efficiency.



↑ Minneapolis KFAN radio salesperson Jileen Hansen uses her Sprint PCS phone at home. "Why pay someone for a phone that rings on my wall

The PCS Group includes Sprint's domestic wireless phone services. The PCS Group, which markets its products and services under the Sprint and Sprint PCS brand names, operates the only 100% digital, 100% PCS wireless network in the United States with licenses to provide service using a single frequency and a single technology. The PCS Group owns licenses to provide service to the entire U.S. population, including Puerto Rico and the U.S. Virgin Islands. At year-end 1998, the PCS Group operated PCS systems in 225 U.S. metropolitan markets,

Condensed Combined Statements of Operations

SPRINT CORPORATION — PCS GROUP

(millions)

For the years ended December 31,

	1998	1997	1996
Net Operating Revenues	\$ 1,225.4	\$ -	\$ -
Operating expenses	3,794.8	18.5	0.5
Operating Loss	(2,569.4)	(18.5)	(0.5)
Interest expense	(491.6)	-	-
Other partners' loss in Sprint PCS	1,250.9	-	-
Equity in loss of Sprint PCS	-	(659.6)	(191.8)
Minority interest and other, net	178.4	-	-
Loss before income taxes	(1,631.7)	(678.1)	(192.3)
Income tax benefit	542.1	259.0	72.6
Loss before Extraordinary Item	(1,089.6)	(419.1)	(119.7)
Extraordinary item, net	(31.2)	-	-
Net Loss	\$ (1,120.8)	\$ (419.1)	\$ (119.7)

These condensed combined financial statements should be read in connection with the full financial statements presented in Sprint's Form 10-K.

The 1998 amounts include Sprint PCS' operating results on a consolidated basis for the entire year. The Cable Partners' share of losses through the PCS Restructuring date has been reflected as "Other partners' loss in Sprint PCS." Before 1998, Sprint's investment in Sprint PCS was accounted for using the equity method.

In November 1998, Sprint completed the restructuring of Sprint PCS and recapitalized its common shares into two separate classes — FON Stock and PCS Stock. The PCS Stock is intended to reflect the performance of Sprint's wireless PCS operations. The following PCS Group pro forma loss per share amounts assume the PCS Restructuring and Recapitalization occurred at the beginning of 1997. The per share amounts also exclude a \$179 million (\$0.43 per share) nonrecurring charge for acquired in-process research and development.

Pro Forma Diluted Loss per Common Share Before Extraordinary Item (unaudited)

	\$ (4.42)	\$ (3.52)
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Report of Independent Auditors on Condensed Combined Financial Statements — Sprint PCS Group

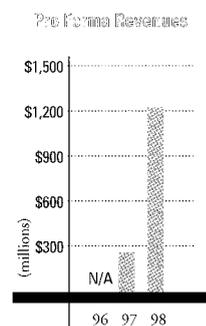
The Board of Directors and Shareholders
Sprint Corporation

We have audited, in accordance with generally accepted auditing standards, the combined balance sheets of the Sprint PCS Group at December 31, 1998 and 1997, and the related combined statements of operations and cash flows for each of the three years in the period ended December 31, 1998 (not presented separately herein), and in our report dated February 2, 1999, we expressed an unqualified opinion on those combined financial statements based on our audits and the report of other auditors. In our opinion, the information set forth in the accompanying condensed combined statements of operations, balance sheets and statements of cash flows is fairly stated in all material respects in relation to the combined financial statements from which it has been derived.

Ernst & Young LLP

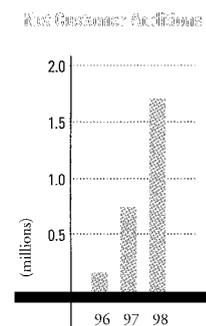
Kansas City, Missouri
February 2, 1999

Sprint PCS Group



Assumes the PCS Restructuring occurred at the beginning of 1997.

Sprint PCS Group



Includes Cox PCS and APC customers.

Spotlight

1998 Year in Review



Sprint PCS is sold nationwide through nearly 9,000 outlets.

Extensive distribution channels have helped generate the rapid growth in our Sprint PCS customer base. Sprint PCS retail outlets include our own stores and third-party retailers. RadioShack sells Sprint PCS services in more than 3,000 locations. Other national retailers of Sprint PCS include Best Buy, Circuit City and Sam's Club.

More than 60% of Sprint PCS sales are made through third-party retailers.

October 19

Sprint is providing high-speed data connections to boost the speed and bandwidth of Microsoft's corporate Internet. Using Sprint's advanced technology, Microsoft will dramatically increase reliability and access to several of its most popular web sites, including its home page and sites for travel, automotive service, on-line news and on-line magazine.

Condensed Combined Balance Sheets

SPRINT CORPORATION — PCS GROUP

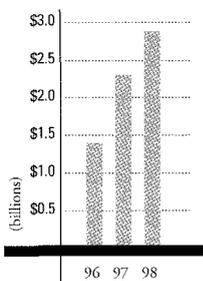
(millions)

December 31,

	1998	1997
Assets		
Current assets	\$ 855.8	\$ 2.9
Property, plant and equipment, net	6,534.9	187.3
Goodwill and other intangibles, net	7,337.8	544.5
Other	409.9	968.4
Total	\$ 15,138.4	\$ 1,703.1
Liabilities and Group Equity		
Current liabilities	\$ 2,673.7	\$ 67.6
Long-term debt	7,572.7	-
Other	1,136.5	249.6
Group equity	3,755.5	1,385.9
Total	\$ 15,138.4	\$ 1,703.1

Sprint PCS Group

Capital Expenditures



Includes capital expenditures for all PCS Group entities for the years presented.

Condensed Combined Statements of Cash Flows

SPRINT CORPORATION — PCS GROUP

(millions)

For the years ended December 31,

	1998	1997	1996
Operating Activities			
Net loss	\$ (1,120.8)	\$ (419.1)	\$ (119.7)
Adjustments to reconcile net loss to net cash provided (used) by operating activities	961.9	456.6	119.2
Net cash provided (used) by operating activities	(158.9)	37.5	(0.5)
Net cash used by investing activities	(861.1)	(1,019.7)	(381.5)
Net cash provided by financing activities	1,192.7	982.2	382.0
Change in Cash and Equivalents	172.7	-	-
Cash and Equivalents at Beginning of Year	-	-	-
Cash and Equivalents at End of Year	\$ 172.7	\$ -	\$ -

These condensed combined financial statements should be read in connection with the full financial statements presented in Sprint's Form 10-K.

The 1998 amounts reflect Sprint PCS' cash flows after the PCS Restructuring.

1998 Year in Review

November 10

Using Sprint's high-speed frame relay data service, BMW is changing the way it finances and sells cars. Prospective customers are walking into 350 BMW dealerships in the United States and using the BMW InfoBahn system, a computer program that helps customers choose the make and model of their new car and apply for credit — all at the touch of a button.

Spotlight

Sprint PCS attracts customers with feature-rich phones.

Sales of Sprint PCS service are driven, in part, by our wide selection of phones. Sprint PCS has offered 13 different models from seven manufacturers. Among them are the Samsung SCH-2000, featuring voice-activated dialing, and the Sprint PCS Touchpoint, a simple, easy-to-use PCS phone with a built-in mouse-like user interface and an extra-large display screen.

Sprint PCS will further enhance its competitive position in 1999 by offering an even wider assortment of PCS phones.



One Sprint Orlando Right Here, Right Now



↑ Orlando was the first branch to consolidate Sprint's sales efforts. Dorothy Nieto of long distance now works alongside Edwin Wright of local in Maitland, Florida.

Sprint Corporation is a diversified telecommunications service provider. Its principal activities are conducted through the FON Group and the PCS Group. In November 1998, Sprint's shareholders approved a proposal that created PCS Stock and FON Stock. The PCS Stock is intended to reflect the performance of the PCS Group. The FON Stock is intended to reflect the performance of the FON Group.

Condensed Consolidated Statements of Income

SPRINT CORPORATION

(millions)

For the years ended December 31,

	1998	1997	1996
Net Operating Revenues	\$ 17,134.3	\$ 14,873.9	\$ 13,887.5
Operating expenses	16,943.9	12,422.5	11,620.3
Operating Income	190.4	2,451.4	2,267.2
Interest expense	(728.2)	(187.2)	(196.7)
Equity in loss of Global One	(186.0)	(162.1)	(82.1)
Other partners' loss in Sprint PCS	1,250.9	-	-
Equity in loss of Sprint PCS	-	(659.6)	(191.8)
Other income, net	315.3	140.5	115.3
Income from continuing operations before income taxes	842.4	1,583.0	1,911.9
Income tax expense	(391.9)	(630.5)	(721.0)
Income from Continuing Operations	450.5	952.5	1,190.9
Discontinued operation, net	-	-	(2.6)
Extraordinary items, net	(36.0)	-	(4.5)
Net Income	\$ 414.5	\$ 952.5	\$ 1,183.8

These condensed consolidated financial statements should be read in connection with the full financial statements presented in Sprint's Form 10-K.

The 1998 amounts include Sprint PCS' operating results on a consolidated basis for the entire year. The Cable Partners' share of losses through the PCS Restructuring date has been reflected as "Other partners' loss in Sprint PCS." Before 1998, Sprint's investment in Sprint PCS was accounted for using the equity method.

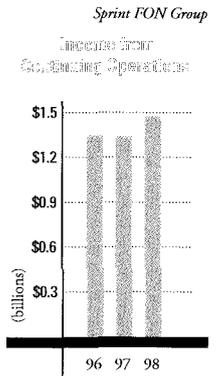
Report of Independent Auditors on Condensed Consolidated Financial Statements

The Board of Directors and Shareholders
Sprint Corporation

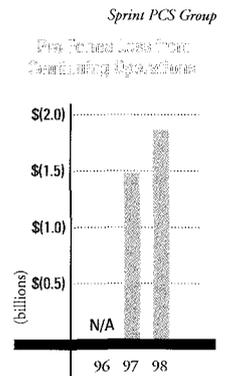
We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheets of Sprint Corporation at December 31, 1998 and 1997, and the related consolidated statements of income, cash flows, comprehensive income and shareholders' equity for each of the three years in the period ended December 31, 1998 (not presented separately herein), and in our report dated February 2, 1999, we expressed an unqualified opinion on those consolidated financial statements based on our audits and the report of other auditors. In our opinion, the information set forth in the accompanying condensed consolidated statements of income, balance sheets and statements of cash flows is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

Ernst & Young LLP

Kansas City, Missouri
February 2, 1999



Excludes nonrecurring items.



Assumes the PCS Restructuring occurred at the beginning of 1997 and excludes nonrecurring items.

Spotlight

1998 Year in Review



Sprint unveils a new global blueprint.

Global One, the alliance of Sprint, France Telecom and Deutsche Telekom, announced a revolutionary Global ATM (Asynchronous Transfer Mode) Backbone Network to carry voice, data and other traffic over a single network globally. The ATM network is a high quality, cost-effective solution for multinational companies that have outgrown their frame relay and private line networks.

Dennis Lombardi, Cameron Rejali and Malcolm Petty represent three organizations on Sprint's global backbone design team.

November 13

Shareholders approved a proposal enabling Sprint to assume full ownership and management control of Sprint PCS and create two separate classes of Sprint common stock — the PCS Stock is intended to reflect the performance of Sprint's domestic wire-less PCS operations and the FON Stock is intended to reflect local, long distance and other operations.

Condensed Consolidated Balance Sheets

SPRINT CORPORATION

(millions)

December 31,

1998

1997

Assets

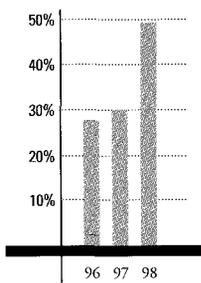
Current assets	\$ 4,387.9	\$ 3,772.6
Property, plant and equipment, net	18,983.0	11,494.1
Goodwill and other intangibles, net	7,693.0	938.7
Other	2,167.2	2,068.2
Total	\$ 33,231.1	\$ 18,273.6

Liabilities and Shareholders' Equity

Current liabilities	\$ 5,441.1	\$ 3,076.8
Long-term debt	11,942.4	3,748.6
Other	3,399.3	2,423.0
Shareholders' equity	12,448.3	9,025.2
Total	\$ 33,231.1	\$ 18,273.6

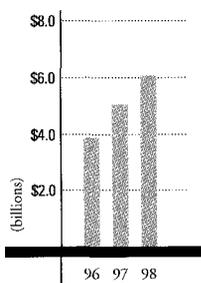
Sprint Corporation

Debt to Capital Ratio



Sprint Corporation

Capital Expenditures



Includes capital expenditures for all Sprint entities for the years presented.

Condensed Consolidated Statements of Cash Flows

SPRINT CORPORATION

(millions)

For the years ended December 31,

1998

1997

1996

Operating Activities

Net income	\$ 414.5	\$ 952.5	\$ 1,183.8
Adjustments to reconcile net income to net cash provided by operating activities	3,840.9	2,426.5	1,219.7
Net cash provided by operating activities	4,255.4	3,379.0	2,403.5
Net cash used by investing activities	(4,485.4)	(4,499.5)	(1,856.2)
Net cash provided by financing activities	733.5	71.6	479.1

Increase (Decrease) in Cash and Equivalents

503.5 (1,048.9) 1,026.4

Cash and Equivalents at Beginning of Year

101.7 1,150.6 124.2

Cash and Equivalents at End of Year

\$ 605.2 \$ 101.7 \$ 1,150.6

These condensed consolidated financial statements should be read in connection with the full financial statements presented in Sprint's Form 10-K.

The 1998 amounts reflect Sprint PCS' cash flows after the PCS Restructuring.

1998 Year in Review

Spotlight

December 7

The first group of *Sprint ION*, Integrated On-Demand Network, business customers began migrating their multiple voice, data and video networks onto the revolutionary network. The significant milestone helps customers eliminate worries about technological obsolescence, redundant costs and the distractions of managing multiple communications networks.

EarthLink cross-markets Sprint Sense service.

EarthLink Sprint is a jointly marketed, co-branded Internet access service. EarthLink Sprint is an asset representing a customer, a distribution channel and an additional product in Sprint's portfolio. Sprint Business will sell EarthLink Sprint to small businesses by mid-year.

This magazine ad cross-markets consumer Internet access with Sprint Sense long distance calling.

Sign up for
Sprint Sense AnyTimeSM
and
Sign on for Savings



Management Report

The condensed financial statements in this summary annual report were derived from the financial statements that appear in Sprint's 1998 Form 10-K. Management of Sprint has the responsibility for the integrity and objectivity of the financial statements contained in this document. Management is also responsible for the consistency of reporting this information and for ensuring that generally accepted accounting principles are used.

In discharging this responsibility, management maintains a comprehensive system of internal controls and supports an extensive program of internal audits, has made organizational arrangements providing appropriate divisions of responsibility and has established communication programs aimed at assuring that its policies, procedures and codes of conduct are understood and practiced by its employees.

The financial statements of Sprint have been audited by Ernst & Young LLP, independent accountants, who have also issued a report on the condensed financial statements. Their audits were conducted using generally accepted auditing standards.

The Board of Directors' responsibility for these financial statements is pursued mainly through its Audit Committee. The Audit Committee, composed entirely of directors who are not officers or employees of Sprint, meets periodically with the internal auditors and independent auditors, both with and without management present, to assure that their respective responsibilities are being fulfilled. The internal and independent auditors have full access to the Audit Committee to discuss auditing and financial reporting matters.



William T. Esrey
Chairman and Chief Executive Officer



Arthur B. Krause
Executive Vice President and Chief Financial Officer

Spotlight

1998 Year in Review



J.D. Power, *Data Communications* magazine honor Sprint.

Sprint won three significant industry-wide awards for 1998: 1) J.D. Power and Associates' top ranking for overall customer satisfaction among high-volume long distance customers; 2) *Data Communications* magazine's "Tester's Choice" award for the industry's top-performing Internet Protocol backbone network; and 3) *DataComm's* "Hot Products" award for the revolutionary *Sprint ION* network.

Data Communications magazine gave Sprint its highest ranking in all Internet categories evaluated.

December 7

Sprint is leveraging its technological expertise in local telephone communications to support the rollout of *Sprint ION* on a nationwide scale. Using a One Sprint approach, a new organization also will draw upon the company's long distance and wireless resources to design and build local broadband networks on a national basis.

Board of Directors

DuBose Ausley is chairman of Ausley & McMullen, a law firm in Tallahassee, Florida. He is also chairman of the Capital City Bank Group, Inc. He has been a Sprint director since 1993. Ausley is a member of the organization, compensation and nominating committee and the capital stock committee.

Warren L. Batts is the retired chairman and chief executive officer of Tupperware Corporation in Orlando, Florida. He is also the retired chairman of Premark International, Inc. He has been a Sprint director since 1982. Batts is chairman of the audit committee and a member of the capital stock and executive committees.

Michel Bon is chairman of France Telecom. From 1993 to September 1995, he was head of France's national job placement agency. Prior to that he was chairman and chief executive officer of Carrefour, the largest retailer in France. He has been a Sprint director since 1996. Bon is a member of the executive and the capital stock committees.

William T. Esrey is chairman and chief executive officer of Sprint. He joined Sprint in 1980 as executive vice president-corporate planning, was named president and chief executive officer in 1985 and became chairman and chief executive officer in 1990. He has been a Sprint director since 1985. Esrey is chairman of the Board's executive committee.

Irvine O. Hockaday Jr. is president and chief executive officer of Hallmark Cards, Inc., in Kansas City, Missouri. He became a Sprint director in 1997. Hockaday is a member of the audit committee and chairman of the capital stock committee.

Harold S. Hook is the retired chairman and chief executive officer of American General Corporation, in Houston, Texas. He has been a Sprint director since 1982. Hook is a member of the audit and the capital stock committees.

Ronald T. LeMay is president and chief operating officer of Sprint, a position held since February 1996, except for the period of July to October 1997, when he served as chairman and chief executive officer of Waste Management, Inc. Prior to that, he was vice chairman of Sprint, and chief executive officer of Sprint Spectrum L.P. (Sprint PCS). From 1989 to 1995, he was president and chief operating officer of the long distance division of Sprint. LeMay served as a Sprint director from 1993 until July 1997. He was re-elected as a Sprint director in 1997.

Linda Koch Lorimer is vice president and secretary of Yale University, in New Haven, Connecticut. She has been a director of Sprint since 1993. She is a member of the capital stock and the organization, compensation and nominating committees.

Charles E. Rice is vice chairman-corporate development of Bank of America. He has been a Sprint director since 1975. Rice is a member of the capital stock, the executive and the organization, compensation and nominating committees.

Ron Sommer is vice chairman of the board of management of Deutsche Telekom A.G. From 1989 until May 1995, he worked for the German subsidiary of the Sony Group, where he was last responsible for the 22 European subsidiaries as the head of Sony Europe. He has been a Sprint director since 1996. Sommer is a member of the capital stock and the organization, compensation and nominating committees.

Stewart Turley is the retired chairman of Eckerd Corporation, in Clearwater, Florida. He has been a Sprint director since 1980. Turley is chairman of the organization, compensation and nominating committee, and a member of the capital stock and the executive committees.

Principal Corporate Officers

William T. Esrey
Chairman and Chief Executive Officer

Ronald T. LeMay
President and Chief Operating Officer

J. Richard Devlin
Executive Vice President
General Counsel
and External Affairs

Arthur B. Krause
Executive Vice President
Chief Financial Officer

Kevin E. Brauer
President
National Integrated Services

Michael B. Fuller
President
Local Telecommunications Division

Patti S. Manuel
President
Long Distance Division

Andrew J. Sukawaty
President
Sprint PCS

John E. Berndt
President
Sprint International

Gene M. Betts
Senior Vice President
Treasurer

Arthur A. Kurtze
Senior Vice President
One Sprint
Strategic Development

John P. Meyer
Senior Vice President
Controller

Theodore H. Schell
Senior Vice President
Strategic Planning
and Corporate Development

I. Benjamin Watson
Senior Vice President
Human Resources

Thomas E. Weigman
Senior Vice President
Consumer Market Strategy
and Communications

Don A. Jensen
Vice President
Secretary

Shareholder Information and Common Stock Data

Annual Meeting

The Annual Meeting of Shareholders will be held at 10:00 a.m., Tuesday, April 20, 1999, at the world headquarters.

Common Stock Dividends

Dividends on the FON Stock, declared by the Board of Directors, are usually paid quarterly at the end of March, June, September and December. The exact record dates and payment dates are set by the Board of Directors. The last quarterly dividend payment in the fourth quarter 1998 was 25 cents per FON share, or an indicated annual dividend of \$1.00 per FON share.

Sprint does not expect to pay dividends on the PCS Stock for the foreseeable future.

Investor Information Line

Requests for the information shown below may be made in writing or by calling the Sprint Investor Information Line at **(800) 259-3755**.

Automatic Dividend Reinvestment Plan

Sprint offers a dividend reinvestment and stock purchase plan to registered FON common stock shareholders at no commission or handling charge for purchases made with reinvested dividends and/or optional cash payments. Shareholders may obtain information about the plan by writing to Shareholder Relations at the corporate headquarters or by calling the above 800 number.

Form 10-K

Copies of Sprint's Annual Report on Form 10-K to the Securities and Exchange Commission may be obtained by shareholders without charge by writing to Investor Relations at the corporate headquarters or by calling the 800 number.

Investor Inquiries

Security analysts, shareholders and investment professionals should direct inquiries regarding Sprint and its business in writing to Investor Relations at the corporate headquarters or by calling the 800 number. Copies of the investor supplement to the Annual Report are available upon request.

Shareholder Inquiries

Inquiries regarding stock transfer, lost certificates, direct deposit of dividends or address change should be directed to the stock transfer agent, UMB Bank, n.a., in writing at the address shown below or by calling **(800) 259-3755** and connecting with the transfer agent.

Quarterly Financial Information

Shareholders can receive a faxed or mailed copy of the quarterly financial results upon request through Sprint's toll-free Shareholder Information Line. Shareholders can dial **(800) 284-6977** to hear a recorded report on Sprint's financial performance and request a copy of printed quarterly results.

Sprint on the Internet

Sprint's World Wide Web site — www.sprint.com — is continuously updated and includes an electronic version of this annual report. Shareholders are also invited to visit Sprint's home page at this Internet address for quarterly financial data, important news releases and current information about products and services.

Common Stock Data

	Market Price		End of Period
	High	Low	
1998			
Sprint Stock			
First quarter	75 ⁵ / ₈	55 ¹ / ₄	67 ¹¹ / ₁₆
Second quarter	75 ⁵ / ₈	65	70 ¹ / ₂
Third quarter	80 ¹ / ₈	61 ¹ / ₂	72
Fourth quarter ⁽¹⁾	82 ⁷ / ₈	69 ¹ / ₁₆	81 ⁵ / ₁₆
FON Stock⁽²⁾	85 ⁵ / ₁₆	71 ⁵ / ₈	84 ¹ / ₈
PCS Stock⁽²⁾	23 ³ / ₈	14 ¹ / ₁₆	23 ¹ / ₈
1997			
Sprint Stock			
First quarter	48	38 ³ / ₈	45 ³ / ₈
Second quarter	52 ³ / ₄	42 ¹ / ₄	52 ¹ / ₄
Third quarter	52 ⁵ / ₈	44	50
Fourth quarter	60 ⁵ / ₈	48 ³ / ₄	58 ⁵ / ₈

⁽¹⁾Fourth quarter per share market data is for the period October 1, 1998, through November 23, 1998.

⁽²⁾FON Stock and PCS Stock per share market data is for the period November 24, 1998, through December 31, 1998.

Corporate Headquarters Mailing Address

Sprint
Post Office Box 11315
Kansas City, Missouri 64112

Shareholder Relations

(913) 624-2541

Auditors

Ernst & Young LLP, Kansas City, Missouri

Stock Transfer Agent, Registrar and Dividend Paying Agent

UMB Bank, n.a.
Post Office Box 410064
Kansas City, Missouri 64141-0064
(816) 860-7786

Dividend Reinvestment Agent

UMB Bank, n.a.
Kansas City, Missouri

New York Stock Exchange Listings

FON Common Stock
PCS Common Stock
Convertible Preferred Stock

Stock Symbols: FON

PCS

What Makes Sprint an Industry Leader?

Sprint is at the forefront in integrating long distance, local and wireless communications services. And because Sprint is one of the industry's largest and fastest-growing companies, it has been successful in assembling an elite team of innovative telecom professionals.

Sprint's ranking of first in customer satisfaction by J.D. Power and Associates is clear evidence that outstanding employees are attracted to the most customer-focused company in the industry. Sprint offers professional training and employee development through its University of Excellence, a nationally recognized training organization. In addition, Sprint has been ranked first in employee talent by *Fortune* magazine in its 1999 annual survey of America's "Most Admired Companies."

Sprint World Headquarters

2330 Shawnee Mission Parkway
Westwood, KS 66205
(913) 624-3000

F O N G R O U P

Sprint's Long Distance Division

Headquarters
8140 Ward Parkway
Kansas City, MO 64114
(913) 624-6000

Sprint Business

(Businesses, state and local governments, universities and pay phone markets)

Business Marketing
5420 LBJ Freeway
Dallas, TX 75240
(972) 405-5000

Consumer Services Group

(Residential customers)

8140 Ward Parkway
Kansas City, MO 64114
(913) 624-6000

Government Services Division

(Federal government)

13221 Woodland Park Drive
Herndon, VA 20171
(703) 904-2000

Sprint Paranet

(Computer network services)

1776 Yorktown
Suite 700
Houston, TX 77056
(713) 626-4800

Wholesale Services Group

(Wholesale solutions)

8140 Ward Parkway
Kansas City, MO 64114
(913) 624-6365

Sprint's Local Telecommunications Division

Headquarters
5454 W. 110th Street
Overland Park, KS 66211
(913) 345-7600

Sprint North Supply

600 New Century Parkway
New Century, KS 66031
(913) 791-7000

Sprint Publishing & Advertising

7015 College Boulevard
Suite 400
Overland Park, KS 66211
(913) 491-7000

Sprint ION

National Integrated Services

7301 College Boulevard
Overland Park, KS 66210
(913) 534-6231

Ventures

EarthLink Sprint
3100 New York Drive
Pasadena, CA 91107
(626) 296-2400

Global One

(Corporate and European headquarters)

Park Atrium
Rue des Colonies 11
B-1000 Brussels, Belgium
(011) 32-2-545-2000

(World headquarters)

12490 Sunrise Valley Drive
Reston, VA 20196
(703) 689-6000

Sprint International

2330 Shawnee Mission Parkway
Westwood, KS 66205
(913) 624-3000

P C S G R O U P

Wireless

Sprint PCS

4900 Main Street
Kansas City, MO 64112
(816) 559-1050

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RadioShack is a service mark of the Tandy Corporation.

Sprint is a global communications company, at the forefront of integrating long distance, local, wireless and Internet communications services.

Sprint developed and operates the United States' only nationwide, all-digital, fiber-optic network and is a leader in advanced data communications services. The company is a source of the world's largest carriers of Internet traffic. In addition, Sprint operates the largest 100% digital, 100% PCS nationwide wireless network in the United States.

Sprint has more than \$17 billion in annual revenues and serves more than 17 million business and residential customers.

Founded in 1851, Sprint is celebrating its 100th anniversary of telecommunications service. Sprint's world headquarters is in the heart of Kansas City.





One person is directing
the future of communications.

