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SPRINT CORP  
Form 424B3  
July 30, 2001

RULE NO. 424(b)(3)  
REGISTRATION NO. 333-65402  
333-65402-01

THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS ARE NOT AN OFFER TO SELL THESE SECURITIES AND ARE NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PROSPECTUS SUPPLEMENT (SUBJECT TO COMPLETION--DATED JULY 30, 2001)  
(TO PROSPECTUS DATED JULY 26, 2001)

40,000,000 SHARES

[LOGO] SPRINT

[LOGO] Sprint (R)  
Sprint PCS (R)

SPRINT CORPORATION  
PCS COMMON STOCK, SERIES 1

-----  
We are offering 40,000,000 shares of our PCS common stock, series 1.

The PCS common stock is intended to track the performance of our PCS group. Holders of PCS common stock, however, are common stockholders of our company and are subject to all of the risks of an equity investment in us and all of our businesses, assets and liabilities.

The PCS common stock, series 1 is traded on the New York Stock Exchange, or NYSE, under the symbol "PCS". On July 26, 2001, the last reported sales price of the PCS common stock, series 1 as reported on the NYSE was \$25.00 per share.

Concurrently with this offering we are offering equity units (initially consisting of 40,000,000 corporate units) pursuant to a separate prospectus supplement. Neither offering is contingent upon the closing of the other offering.

INVESTING IN THE PCS COMMON STOCK INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 6 OF THE ACCOMPANYING PROSPECTUS.

	PER	TOTAL
	SHARE	
	-----	-----
Public offering price.....	\$	\$
Underwriting discount.....	\$	\$

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Proceeds, before expenses, to us \$ \$

The underwriters may also purchase up to an additional 6,000,000 shares of PCS common stock, series 1 at the public offering price less the underwriting discount within 30 days of the date of this prospectus supplement in order to cover overallocments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares are expected to be ready for delivery in book-entry form only through The Depository Trust Company on or about , 2001.

-----  
JOINT BOOK-RUNNING MANAGERS

JPMORGAN

MERRILL LYNCH & CO.

UBS WARBURG

-----  
ABN AMRO ROTHSCHILD LLC  
CREDIT SUISSE FIRST BOSTON

BANC OF AMERICA SECURITIES LLC  
LEHMAN BROTHERS

-----  
DAIN RAUSCHER WESSELS FIRST UNION SECURITIES, INC. ROBERTSON STEPHENS  
THE WILLIAMS CAPITAL GROUP, L.P.

-----  
The date of this prospectus supplement is , 2001.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates; provided, however, that any information that we file with the SEC after the date of this prospectus supplement that is incorporated by reference in this prospectus supplement and the accompanying prospectus will automatically update this prospectus supplement and the accompanying prospectus. Our business, financial condition, results of operations and prospects may have changed since those dates. See "Where You Can Find More Information."

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part, which is this prospectus supplement, describes the specific terms of this offering and other matters relating to us and our financial condition. The second part, which is the accompanying prospectus, gives more general information about securities we and Sprint Capital Corporation, our wholly owned finance subsidiary, may offer from time to time, some of which may not apply to the PCS common stock offered by this prospectus supplement. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

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PROSPECTUS SUPPLEMENT SUMMARY

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YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION INCLUDED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS ABOUT US AND THE PCS COMMON STOCK OFFERED PURSUANT TO THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS. UNLESS WE INDICATE OTHERWISE, ALL INFORMATION IN THIS PROSPECTUS SUPPLEMENT ASSUMES THAT THE UNDERWRITERS DO NOT EXERCISE THEIR OVERALLOTMENT OPTION. UNLESS THE CONTEXT OTHERWISE REQUIRES, REFERENCES IN THIS PROSPECTUS SUPPLEMENT TO "WE," "US" AND "OUR" MEAN SPRINT CORPORATION AND ITS SUBSIDIARIES AND REFERENCES TO "PCS COMMON STOCK" MEAN THE PCS COMMON STOCK, SERIES 1.

### SPRINT CORPORATION

We are a global communications company and a leader in integrating long-distance, local service and wireless communications. We are also one of the largest carriers of Internet traffic using our tier one Internet protocol network, which provides connectivity to any point on the Internet either through our own network or via direct connections with another backbone provider. We are the nation's third-largest provider of long distance services and operate nationwide, all-digital long distance and tier one Internet protocol networks using fiber-optic and electronic technology. In addition, our local telecommunications division currently serves approximately 8.3 million access lines in 18 states. We also operate the only 100% digital personal communications service, or PCS, wireless network in the United States with licenses to provide service nationwide using a single frequency band and a single technology. We own PCS licenses to provide service to the entire United States population, including Puerto Rico and the U.S. Virgin Islands. For the year ended December 31, 2000, we had revenues of \$23.6 billion and net income of \$93 million and served more than 23 million business and residential customers. For the six months ended June 30, 2001, we had revenues of \$12.7 billion and a net loss of \$33 million.

In November 1998, we allocated all of our assets and liabilities into two groups: the FON group and the PCS group. At the same time, we reclassified each share of our publicly traded common stock into tracking stocks. Each share of common stock was reclassified into one share of FON common stock and 1/2 share of PCS common stock. Our business is divided into four lines of business: the global markets division, the local telecommunications division, the product distribution and directory publishing businesses and the PCS wireless telephony products and services business. The FON group includes the global markets division, the local telecommunications division and the product distribution and directory publishing businesses, and the PCS group includes the PCS wireless telephony products and services business. The PCS common stock is intended to reflect the financial results and economic value of the PCS wireless telephony products and services business. The FON common stock is intended to reflect the financial results and economic value of the global markets division, the local telecommunications division and the product distribution and directory publishing businesses. Our tracking stocks present a number of risks. See "Risks Factors--Risk Factors Relating to Tracking Stocks" in the accompanying prospectus.

We were incorporated in 1938 under the laws of the State of Kansas. Our principal executive offices are located at 2330 Shawnee Mission Parkway, Westwood, Kansas 66205, and our telephone number is (913) 624-3000.

### SPRINT'S PCS GROUP

The PCS group includes our wireless PCS operations. The PCS group, which markets its wireless telephony products and services under the Sprint and Sprint PCS brand names, operates the only 100% digital PCS wireless network in the United States with licenses to provide service nationwide using a single frequency band and a single technology. The PCS group owns licenses to provide service to the entire United States population, including Puerto Rico and the

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U.S. Virgin Islands.

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The PCS group currently provides nationwide service through a combination of:

- . operating its own digital network in major metropolitan areas,
- . affiliating with other companies, primarily in and around small metropolitan areas,
- . roaming on analog cellular networks of other providers using dual-band/dual-mode handsets, and
- . roaming on other providers' digital PCS networks that use code division multiple access technology.

The PCS group also provides wholesale PCS services to companies that resell the services to their customers on a retail basis. These companies pay the PCS group a discounted price for their customers' usage, but bear the costs of acquisition and customer service. The PCS group also includes our investment in Pegaso Telecomunicaciones, S.A. de C.V., a wireless PCS operation in Mexico. This investment is accounted for using the equity method.

The PCS group's business goals include continually expanding network coverage using superior technology and increasing market penetration by aggressively marketing competitively priced PCS products and services under the Sprint and Sprint PCS brand names, offering enhanced voice and data services and seeking to provide superior customer service. The principal elements of the PCS group's strategy for achieving these goals are:

- . operating a nationwide digital wireless network;
- . leveraging the operating scale of the PCS group's national network to achieve significant cost advantages in purchasing power, operations and marketing;
- . leveraging our national brand to gain consumer confidence in, and acceptance of, the PCS group's products and services;
- . using state-of-the-art technology, including code division multiple access technology, which is a digital spread-spectrum wireless technology that allows a large number of users to access a single frequency band that assigns a code to all speech bits, sends a scrambled transmission of the enclosed speech over the air and reassembles the speech into its original format;
- . incorporating third generation technology into its network;
- . delivering superior value and service to its customers;
- . growing its customer base using multiple distribution channels;
- . continuing to expand coverage; and
- . offering PCS services in combination with FON group services.

Since launching its first commercial PCS service in the United States in November 1995, the PCS group has experienced rapid customer growth, providing service to approximately 11.5 million direct and resale customers as of June

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30, 2001, representing an increase of more than 50% in the number of customers served as of June 30, 2000. The PCS group affiliates also had approximately 1.3 million subscribers as of June 30, 2001. The service offered by the PCS group and its affiliates now reaches nearly 239 million people. For the year ended December 31, 2000, the PCS group had revenues of \$6.3 billion, and for the six months ended June 30, 2001, the PCS group had revenues of \$4.3 billion.

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### SPRINT'S FON GROUP

The FON group includes our global markets division, local telecommunications division, and product distribution and directory publishing businesses.

Through our global markets division we provide a broad suite of communications services targeted to domestic business and residential customers, multinational corporations and other communications companies. These services include domestic and international voice, data communications services using various protocols such as Internet protocol and frame relay (a public data service that transfers packets of data over our network) and managed security services. Through this division we also provide broadband services, including high-speed data transmission over our networks using fixed wireless multipoint multichannel distribution service technology, which is a fixed wireless network that distributes signals through microwave from a single transmission point to multiple receiving points, and digital subscriber line technology, which enables high-speed transmission of data over existing copper telephone lines between the customer and the service provider.

Our local telecommunications division consists primarily of regulated local exchange carriers serving approximately 8.3 million access lines in 18 states. Through this division we provide local voice and data services, long distance services for customers within our local territories, and access for other carriers to our local exchange facilities. This division also sells telecommunications equipment. Our local telecommunications division has embarked on a growth strategy to market our entire long distance and PCS product portfolios as well as its core product line of local voice and advanced network features and data products to our local customers.

Our product distribution and directory publishing businesses consist of wholesale distribution of telecommunications equipment and the publishing and marketing of white and yellow page telephone directories. We are one of the nation's largest distributors of telecommunications equipment to wireline and wireless service companies, cable television operators, and systems resellers.

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### RECENT DEVELOPMENTS

The following table sets forth selected financial data for our company, the PCS group and the FON group for the six months ended June 30, 2000 and 2001. The following selected financial data for the six months ended June 30, 2000 and 2001 have been derived from our unaudited consolidated financial statements and, in our opinion, reflect all adjustments, consisting of normal recurring accruals, necessary to present fairly the data for those periods. Results of operations for the six months ended June 30, 2001 are not necessarily indicative of results that may be expected for the full year. You should read the table below in conjunction with our Current Report on Form 8-K

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filed on July 24, 2001 and incorporated by reference in this prospectus supplement and the accompanying prospectus.

	SIX MONTHS ENDED JUNE 30,	
	2000	2001
	(IN MILLIONS, EXCEPT PER SHARE DATA)	
SPRINT CORPORATION:		
Net operating revenues.....	\$11,350	\$12,700
Operating income.....	278	681
Loss from continuing operations.....	(156)	(34)
Net income (loss).....	514	(33)
Diluted earnings (loss) per share from continuing operations:		
PCS group.....	(1.02)	(0.66)
FON group.....	0.91	0.68
SPRINT'S PCS GROUP:		
Net operating revenues.....	\$ 2,696	\$ 4,315
Operating loss.....	(1,071)	(339)
Loss from continuing operations.....	(966)	(640)
Net loss.....	(969)	(638)
SPRINT'S FON GROUP:		
Net operating revenues		
Global markets division.....	\$ 5,314	\$ 5,130
Local telecommunications division.....	3,052	3,105
Product distribution and directory publishing.....	932	968
Intercompany eliminations.....	(448)	(535)
Total.....	8,850	8,668
Operating income (loss)		
Global markets division.....	\$ 505	\$ (22)
Local telecommunications division.....	889	904
Product distribution and directory publishing.....	135	157
Unallocated corporate operations and intercompany eliminations.....	(180)	(19)
Total.....	1,349	1,020
Income from continuing operations.....	810	606
Net income.....	1,483	605
Ratio of earnings to fixed charges.....	--(1)	1.03(2)
Ratio of earnings to combined fixed charges and preferred stock dividends	--(1)	1.02(2)

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(1) For the six months ended June 30, 2000, our earnings were inadequate to cover fixed charges by \$172 million and were inadequate to cover combined fixed charges and preferred stock dividends by \$177 million. Earnings included a nonrecurring charge of \$187 million related to the proposed WorldCom merger, which was terminated, net nonrecurring gains from the sale of an independent directory publishing operation and investment activities of \$71 million and a net nonrecurring gain of \$28 million from the sale of network infrastructure and the right to manage customers to a PCS affiliate. Excluding these items, earnings would have been inadequate to cover fixed charges by \$84 million and inadequate to cover combined fixed charges and preferred stock dividends by \$89 million.

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(2) Earnings for the six months ended June 30, 2001 included net nonrecurring gains from investment activities of \$14 million. Excluding these gains, the ratio of earnings to fixed charges would have been 1.01 and the ratio of earnings to combined fixed charges and preferred stock dividends would have been 1.00.

On June 29, 2001, we paid a dividend of 12.5 cents per share on our FON common stock.

On June 4, 2001 we completed a registered secondary offering on behalf of France Telecom and Deutsche Telekom in which they sold 174.8 million shares of our FON common stock (including 22.8 million shares to cover over-allotments), which represented an approximate 10% voting interest in our company. We did not receive any of the proceeds from that offering.

On February 9, 2001, we announced updated terms relating to our alliance with EarthLink, Inc. The new arrangement eliminates the original exclusivity terms of the alliance and revises the governance terms. For financial reporting purposes, we are no longer required to record our respective share of EarthLink's losses.

On January 25, 2001, we issued \$2.4 billion aggregate principal amount of senior notes, including \$750 million aggregate principal amount of 7 1/8% Notes due 2006 and \$1.65 billion aggregate principal amount of 7 5/8% Notes due 2011. We received net proceeds of approximately \$2.4 billion in connection with the transaction, which were used to repay commercial paper.

In the first quarter of 2000, we sold our interest in Global One to France Telecom and Deutsche Telekom. As a result of this sale, our gain on the sale of Global One has been reported as a discontinued operation. In 2000, we recorded an after-tax gain related to the sale of our interest in Global One of \$675 million.

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### THE OFFERING

PCS common stock offered hereby.....	40,000,000 shares
PCS common stock outstanding as of June 30, 2001(1)	980,550,789 shares
Overallotment option granted by us.....	6,000,000 shares
Use of proceeds.....	We expect to use the net proceeds from this offering for general corporate purposes, including repaying debt, making capital investments and funding working capital requirements.
Concurrent offering.....	Concurrently with this offering we are offering 40,000,000 equity units (initially consisting of corporate units) pursuant to a separate prospectus supplement. Neither offering is contingent upon the closing of the other offering.
New York Stock Exchange symbol.....	"PCS"



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(1) Includes shares of PCS common stock, series 1 issuable upon conversion of shares of PCS common stock, series 2 and series 3, as well as shares of PCS common stock, series 1 issuable in respect of shares of Class A common stock. Does not include shares issuable upon exercise of outstanding options, warrants and, other than as set forth in the immediately preceding sentence, other convertible securities.

## RISK FACTORS

Prospective investors in the PCS common stock should carefully consider all of the information in this prospectus supplement and the accompanying prospectus and, in particular, should evaluate the specific factors under "Risk Factors" beginning on page 6 of the accompanying prospectus.

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## USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of the PCS common stock in this offering of approximately \$ billion (approximately \$ billion if the underwriters exercise their overallotment option in full), after deducting the underwriting discount and estimated offering expenses payable by us. We expect to use the net proceeds from this offering for general corporate purposes, including repaying debt, making capital investments and funding working capital requirements.

## PRICE RANGE OF PCS COMMON STOCK AND DIVIDENDS

The following table sets forth for the periods indicated the intra-day high and low sales prices per share of the PCS common stock as reported on the NYSE composite transactions reporting system during the periods indicated, in each case as adjusted for a two-for-one stock split in the first quarter of 2000.

	HIGH	LOW
	-----	-----
YEAR ENDED DECEMBER 31, 1999:		
First Quarter.....	\$24.16	\$10.44
Second Quarter.....	30.38	20.75
Third Quarter.....	39.13	26.47
Fourth Quarter.....	56.81	33.41
YEAR ENDED DECEMBER 31, 2000:		
First Quarter.....	66.94	42.56
Second Quarter.....	66.00	44.06
Third Quarter.....	65.88	27.81
Fourth Quarter.....	39.19	19.38
YEAR ENDED DECEMBER 31, 2001:		
First Quarter.....	33.25	15.72
Second Quarter.....	27.50	16.43
Third Quarter (through July 26, 2001).	26.58	22.70

On July 26, 2001, the last reported sale price of the PCS common stock on the NYSE was \$25.00 per share. As of July 26, 2001, there were approximately 62,000 holders of record of the PCS common stock.

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We have not declared any dividends on the PCS common stock and do not intend to declare dividends on the PCS common stock in the foreseeable future. Our board of directors periodically considers appropriate dividend policies and practices relating to future dividends on the PCS common stock. Pursuant to the board's existing tracking stock policies, dividends on the PCS common stock may be declared and paid only out of the lesser of:

- . the funds legally available therefor and
- . the PCS group available dividend amount.

The PCS group available dividend amount is similar to the amount of assets that would be available for payment of dividends on the PCS common stock under the Kansas General Corporation Code if the PCS group were a separate company. The board's tracking stock policies generally may be modified, suspended, or rescinded and additions adopted or exceptions made at any time, although the board has no present intention to do so. In the absence of this dividend policy, our board could declare dividends on the PCS common stock or on the FON common stock in excess of the respective available dividend amount for each class, although the board could not in any case declare dividends in excess of our funds legally available for the payment of dividends. See "Risk Factors--Risk Factors Relating to Tracking Stocks" in the accompanying prospectus.

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### CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2001 (1) on an actual basis and (2) as adjusted to give effect to this offering and the application of the net proceeds as described under "Use of Proceeds" in this prospectus supplement and the sale of the 40,000,000 equity units that we are offering pursuant to a separate prospectus supplement concurrently with this offering and the application of the net proceeds from that offering.

	AS OF JUNE 30, 2001			
	PCS GROUP	FON GROUP	ELIMINATIONS/ RECLASSIFICATIONS	CONSOLIDATED AS
	(IN MILLIONS, EXCEPT PER SHARE DATA)			
Cash and equivalents.....	\$ 136	\$ 40	\$ --	\$ 176
	=====	=====	=====	=====
Short-term debt (includes current maturities of long-term debt) (1) (2).....	\$ 1,746	\$ 2,351	\$ (69)	\$ 4,028
Long-term debt (1) (2).....	14,313	3,262	(111)	17,464
Redeemable preferred stock (2).....	526	10	(280)	256
Class A common stock:				
\$.50 par value; 200 million shares authorized; 86.2 million shares issued and outstanding (each share represents the right to 1/2 PCS share).....	--	--	43	43
FON common stock:				
\$2.00 par value; 4.2 billion shares authorized; 886.6 million shares issued and outstanding.....	--	--	1,773	1,773

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PCS common stock:

\$1.00 par value; 4.6 billion shares authorized; 937.4 million shares issued and outstanding.....	--	--	937	937
Other stockholders' equity.....	--	--	10,809	10,809
Combined attributed net assets.....	940	12,631	(13,571)	--
	-----	-----	-----	-----
Total stockholders' equity(2).....	--	--	(9)	13,562
Total capitalization(2).....	\$17,525	\$18,254	\$ (469)	\$35,310
	=====	=====	=====	=====

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- (1) We manage financing activities for the FON group and the PCS group on a centralized basis. Debt incurred by us on behalf of the FON group and the PCS group is specifically allocated to and reflected in the financial statements of the applicable group.
- (2) The FON group holds certain interests in the PCS group in the form of redeemable preferred interest and high yield debt securities. These interests are eliminated in consolidation.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data for and as of the years ended December 31, 1996 through 2000 are derived from our consolidated financial statements for those years, which have been audited by Ernst & Young LLP whose audit was based in part on the reports of Deloitte & Touche LLP on the financial statements of Sprint Spectrum Holding Company, L.P., for the years ended December 31, 1996, 1997 and 1998. The selected consolidated financial data for the six months ended June 30, 2000 and 2001 have been derived from our unaudited financial statements and, in our opinion, reflect all adjustments (consisting of normal accruals) necessary to present fairly the data for those periods. Our results of operations for the six months ended June 30, 2001 may not be indicative of results that may be expected for the full year. You should read the table below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus. Certain prior-year amounts have been reclassified to conform to the current-year presentation. These reclassifications had no effect on the results of operations as previously reported.

	YEAR ENDED DECEMBER 31,					E
	1996(1)	1997(1)	1998(1)	1999	2000	
	(IN MILLIONS, EXCEPT PER SHARE DA					
INCOME STATEMENT DATA:						
Net operating revenues.....	\$13,874	\$14,947	\$17,144	\$20,265	\$23,613	\$1
Operating income (loss) (2).....	2,267	2,451	190	(307)	505	
Income (loss) from continuing operations(2) (3) (5) (6).....	1,253	1,094	585	(745)	(576)	
Net income (loss) (2) (3) (5) (6) (7).....	1,184	952	414	(935)	93	
Earnings (loss) per common share from continuing operations--diluted (2) (3) (4)						

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Sprint.....	2.93	2.51	2.19	--	--
FON group (5) (6).....	--	--	0.18	1.97	1.45
PCS group (5) (6).....	--	--	(0.63)	(2.71)	(1.95)
Earnings (loss) per common share from continuing operations--basic (2) (3) (4)					
Sprint.....	2.97	2.54	2.23	--	--
FON group (5) (6).....	--	--	0.18	2.01	1.47
PCS group (5) (6).....	--	--	(0.63)	(2.71)	(1.95)
Dividends per common share: (4)					
Sprint.....	1.00	1.00	0.75	--	--
FON group.....	--	--	0.125	0.50	0.50
BALANCE SHEET DATA:					
Total assets.....	\$16,915	\$18,274	\$33,257	\$39,250	\$42,601
Property, plant and equipment, net.....	10,464	11,494	18,983	21,969	25,316
Total debt (including long-term borrowings and redeemable preferred stock).....	3,086	3,891	12,445	17,028	18,975
Stockholders' equity.....	8,520	9,025	12,202	13,313	13,716

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(1) In November 1998, we purchased the remaining ownership interests in Sprint Spectrum Holding Company, L.P. and PhillieCo, L.P. (together, Sprint PCS), other than a minority interest in Cox Communications PCS, L.P. Our 1998 results of operations include Sprint PCS's operating results on a consolidated basis for the entire year. The cable partners' share of losses through the PCS restructuring in November 1998, which is described in our Annual Report on Form 10-K/A for the year ended December 31, 2000 incorporated by reference in this prospectus supplement and the accompanying prospectus was reflected as "Other partners' loss in Sprint PCS" in our consolidated statements of operations. The cable partners consist of Tele-Communications, Inc., Comcast Corporation and Cox Communications. Before 1998, our investment in Sprint PCS was accounted for using the equity method. Sprint PCS's financial position at year-end 1998 has

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also been reflected on a consolidated basis. As a result of the recapitalization, earnings per share for Sprint common stock reflects earnings through the recapitalization date, while earnings (loss) per share for FON common stock and PCS common stock reflects results from that date to year-end 1998.

- (2) In 2000, the FON group recorded a nonrecurring charge principally related to a write-down of goodwill in the global markets division, which reduced operating income by \$238 million and income from continuing operations by \$152 million. Also in 2000, we recorded a nonrecurring charge associated with the proposed WorldCom merger, which was terminated. This charge reduced the FON group's operating income by \$163 million and income from continuing operations by \$105 million. This charge increased the PCS group's operating loss by \$24 million and loss from continuing operations by \$16 million. In 1998, the PCS group recorded a nonrecurring charge to write off \$179 million of acquired in-process research and development costs related to the PCS restructuring. This charge reduced operating income and income from continuing operations by \$179 million. The FON group recorded a nonrecurring charge of \$20 million in 1997 and \$60 million in 1996 related to litigation. These charges reduced income from continuing operations by \$13 million in 1997 and \$36 million in 1996.
- (3) In 2000, the FON group recorded nonrecurring charges of \$122 million related to write-downs of certain equity investments. These charges increased the loss from continuing operations by \$109 million. Also in 2000, the FON group recorded nonrecurring gains of \$71 million from the sale of an independent directory publishing operation and from investment activities. These gains

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included income from continuing operations of \$44 million. In 2000, the PCS group recorded a net nonrecurring gain of \$28 million from the sale of network infrastructure and the right to manage customers to a PCS affiliate, which reduced the PCS group's loss from continuing operations by \$18 million. In 1999, the FON group recorded nonrecurring gains of \$54 million related to investment activities, which increased the FON group's income from continuing operations by \$35 million. In 1998, the FON group recorded net nonrecurring gains of \$104 million mainly from the sale of local exchanges, which increased its income from continuing operations by \$62 million. In 1997, the FON group recorded nonrecurring gains of \$71 million mainly from sales of local exchanges and certain investments, which increased the FON group's income from continuing operations by \$44 million.

- (4) In the first quarter of 2000, we effected a two-for-one stock split of the PCS common stock. In the 1999 second quarter, we effected a two-for-one-stock split of the FON common stock. As a result, diluted and basic earnings per common share and dividends for the FON common stock and diluted and basic loss per common share for the PCS common stock have been restated for periods before these stock splits.
- (5) In the six months ended June 30, 2000, the FON group recorded a \$163 million nonrecurring charge, and the PCS group recorded a nonrecurring charge of \$24 million, for costs associated with the proposed WorldCom merger, which was terminated. These charges increased the loss from continuing operations by \$121 million.
- (6) In the six months ended June 30, 2001, the FON group recorded net nonrecurring gains from investment activities of \$14 million, which reduced the loss from continuing operations by \$9 million. In the six months ended June 30, 2000, the FON group recorded net nonrecurring gains from the sale of an independent directory publishing operation and investment activities of \$71 million which reduced the loss from continuing operations by \$44 million. In the six months ended June 30, 2000, the PCS group recorded a net nonrecurring gain of \$28 million from the sale of network infrastructure and the right to manage customers to a PCS affiliate, which reduced the loss from continuing operations by \$18 million.
- (7) In the first quarter of 2000, we sold our interest in Global One to France Telecom and Deutsche Telekom. As a result of this sale, our gain on the sale of Global One has been reported as a discontinued operation. In 2000, we recorded an after-tax gain related to the sale of our interest in Global One of \$675 million.

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The following table sets forth selected operating data for the PCS group. You should read the table below in conjunction with the information in our consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus.

	YEAR ENDED DECEMBER 31,			SIX MONTH ENDED JUNE	
	1998	1999	2000	2000	2001
	(IN MILLIONS)				
NET OPERATING REVENUES:.....	\$ 1,294	\$ 3,373	\$ 6,341	\$ 2,696	\$ 4,111
OPERATING EXPENSES:					
Costs of services and products.....	1,758	3,150	3,942	1,831	2,811
Selling, general and administrative.....	1,138	1,937	2,426	1,035	1,811

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Depreciation.....	670	1,060	1,339	611
Amortization.....	119	463	538	266
Merger related costs.....	--	--	24	24
Acquired in-process research and development costs.....	179	--	--	--
Total operating expenses.....	3,864	6,610	8,269	3,767
OPERATING LOSS:.....	(2,570)	(3,237)	(1,928)	(1,071)
Interest expense.....	(491)	(698)	(933)	(444)
Other partners' loss in Sprint PCS.....	1,251	--	--	--
Minority interest.....	145	20	--	--
Other income (expense), net.....	34	46	(11)	17
Loss from continuing operations before income tax benefit	(1,631)	(3,869)	(2,872)	(1,498)
Income tax benefit.....	541	1,388	1,004	532
LOSS FROM CONTINUING OPERATIONS.....	(1,090)	(2,481)	(1,868)	(966)
Extraordinary items, net.....	(31)	(21)	(3)	(3)
Cumulative effect of change in accounting principle, net.	--	--	--	--
NET LOSS:.....	\$ (1,121)	\$ (2,502)	\$ (1,871)	\$ (969)

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The following table sets forth selected consolidating financial data for our company. You should read the table below in conjunction with the information in our consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus. Certain prior-year amounts have been reclassified to conform to the current-year presentation.

	YEAR ENDED DECEMBER		
	1996 (1)	1997 (1)	1998 (1)
	-----	-----	-----
	(IN MILLIONS)		
RESULTS OF OPERATIONS:			
Net operating revenues:			
Sprint FON group.....	\$13,874	\$14,947	\$15,958
Sprint PCS group.....	--	--	1,294
Eliminations.....	--	--	(108)
Consolidated.....	\$13,874	\$14,947	\$17,144
Operating income (loss) (3) (7) :			
Sprint FON group.....	\$ 2,268	\$ 2,470	\$ 2,760
Sprint PCS Group.....	(1)	(19)	(2,570)
Consolidated.....	\$ 2,267	\$ 2,451	\$ 190
Income (loss) from continuing operations (3) (4) (7) (8) :			
Sprint FON group.....	\$ 1,373	\$ 1,513	\$ 1,675
Sprint PCS group.....	(120)	(419)	(1,090)

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Consolidated.....	\$ 1,253	\$ 1,094	\$ 585
	-----	-----	-----
EARNINGS PER SHARE AND DIVIDENDS:			
Earnings per Sprint common share from continuing operations(2) (3) (4) (7) (8):			
Diluted.....	\$ 2.93	\$ 2.51	\$ 2.19
Basic.....	2.97	2.54	2.23
Dividends per Sprint common share.....	1.00	1.00	0.75
EARNINGS (LOSS) PER SHARE AND DIVIDENDS:			
Earnings (loss) per common share from continuing operations(2) (3) (4) (5):			
Sprint FON group (diluted).....	--	--	\$ 0.18
Sprint FON group (basic).....	--	--	0.18
Sprint PCS group (diluted and basic).....	--	--	(0.63)
Dividends per FON common share.....	--	--	0.125
FINANCIAL POSITION:			
Total Assets:			
Sprint FON group.....	\$15,655	\$16,581	\$19,001
Sprint PCS group.....	1,260	1,703	15,165
Eliminations.....	--	(10)	(909)
	-----	-----	-----
Consolidated.....	\$16,915	\$18,274	\$33,257
	-----	-----	-----
Property, plant and equipment, net:			
Sprint FON group.....	\$10,464	\$11,307	\$12,464
Sprint PCS group.....	--	187	6,535
Eliminations.....	--	--	(16)
	-----	-----	-----
Consolidated.....	\$10,464	\$11,494	\$18,983
	-----	-----	-----
Total debt (including long-term borrowings and redeemable preferred stock):			
Sprint FON group.....	\$ 3,086	\$ 3,891	\$ 4,452
Sprint PCS group.....	--	--	8,721
Eliminations.....	--	--	(728)
	-----	-----	-----
Consolidated.....	\$ 3,086	\$ 3,891	\$12,445
	-----	-----	-----
Stockholders' equity:			
Sprint FON group.....	\$ 7,332	\$ 7,639	\$ 9,024
Sprint PCS group.....	1,188	1,386	3,229
Eliminations.....	--	--	(51)
	-----	-----	-----
Consolidated.....	\$ 8,520	\$ 9,025	\$12,202
	-----	-----	-----
CASH FLOW DATA:			
Net cash from operating activities--continuing operations(6):			
Sprint FON group.....	\$ 2,267	\$ 2,899	\$ 3,915
Sprint PCS group.....	(1)	38	(159)
Eliminations.....	138	435	443
	-----	-----	-----
Consolidated.....	\$ 2,404	\$ 3,372	\$ 4,199
	-----	-----	-----
Capital expenditures:			

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Sprint FON group.....	\$ 2,434	\$ 2,709	\$ 3,159
Sprint PCS group.....	--	154	1,072
	-----	-----	-----
Consolidated.....	\$ 2,434	\$ 2,863	\$ 4,231
	=====	=====	=====

SIX MONTHS  
ENDED JUNE 30,

	2000	2001
	-----	-----

RESULTS OF OPERATIONS:

Net operating revenues:

Sprint FON group.....	\$ 8,850	\$ 8,668
Sprint PCS group.....	2,696	4,315
Eliminations.....	(196)	(283)
	-----	-----
Consolidated.....	\$11,350	\$12,700
	-----	-----

Operating income (loss) (3) (7):

Sprint FON group.....	\$ 1,349	\$ 1,020
Sprint PCS Group.....	(1,071)	(339)
	-----	-----
Consolidated.....	\$ 278	\$ 681
	-----	-----

Income (loss) from continuing operations(3) (4) (7) (8):

Sprint FON group.....	\$ 810	\$ 606
Sprint PCS group.....	(966)	(640)
	-----	-----
Consolidated.....	\$ (156)	\$ (34)
	-----	-----

EARNINGS PER SHARE AND DIVIDENDS:

Earnings per Sprint common share from continuing operations(2) (3) (4) (7) (8):

Diluted.....	\$ --	\$ --
Basic.....	--	--

Dividends per Sprint common share.....

-- --

EARNINGS (LOSS) PER SHARE AND DIVIDENDS:

Earnings (loss) per common share from continuing operations(2) (3) (4) (5):

Sprint FON group (diluted).....	\$ 0.91	\$ 0.68
Sprint FON group (basic).....	0.92	0.69
Sprint PCS group (diluted and basic).....	(1.02)	(0.66)
Dividends per FON common share.....	0.25	0.25

FINANCIAL POSITION:

Total Assets:

Sprint FON group.....	\$24,599
Sprint PCS group.....	20,585
Eliminations.....	(600)
	-----
Consolidated.....	\$44,584
	-----

Property, plant and equipment, net:

Sprint FON group.....	\$17,241
Sprint PCS group.....	10,388
Eliminations.....	(45)



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Consolidated.....		-----	\$27,584
Total debt (including long-term borrowings and redeemable preferred stock):			
Sprint FON group.....			\$ 5,161
Sprint PCS group.....			15,093
Eliminations.....			(460)
Consolidated.....		-----	\$19,794
Stockholders' equity:			
Sprint FON group.....			\$12,631
Sprint PCS group.....			940
Eliminations.....			(9)
Consolidated.....		-----	\$13,562
CASH FLOW DATA:			
Net cash from operating activities--continuing operations(6):			
Sprint FON group.....	\$ 1,615		\$ 1,776
Sprint PCS group.....	294		(154)
Eliminations.....	--		--
Consolidated.....	\$ 1,909		\$ 1,622
Capital expenditures:			
Sprint FON group.....	\$ 1,751		\$ 2,602
Sprint PCS group.....	1,435		1,712
Consolidated.....	\$ 3,186		\$ 4,314
	=====		=====

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- (1) Our 1998 results of operations 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" in our consolidated statements of operations. Before 1998, our investment in Sprint PCS was accounted for using the equity method. Sprint PCS' financial position at year-end 1998 has also been reflected on a consolidated basis. Cash flow data reflects Sprint PCS' cash flows only after the PCS restructuring date.
  - (2) As a result of the recapitalization in 1998, earnings per share for Sprint common stock reflects earnings through the recapitalization date, while earnings (loss) per share for FON common stock and PCS common stock reflects results from that date to year-end 1998.
  - (3) In 2000, the FON group recorded a nonrecurring charge of \$238 million, which principally represented a write-down of goodwill, and a \$163 million nonrecurring charge for costs associated with the proposed WorldCom merger, which was terminated. The PCS group recorded costs associated with the terminated WorldCom merger of \$24 million. These charges reduced operating

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income by \$425 million and increased the loss from continuing operations by \$273 million. In 1998, the PCS group recorded a nonrecurring charge to write off \$179 million of acquired in-process research and development costs related to the PCS restructuring, which reduced operating income and income from continuing operations by \$179 million. The FON group recorded nonrecurring charges of \$20 million on 1997 and \$60 million in 1996 related to litigation within the global markets division, which reduced income from continuing operations by \$13 million in 1997 and \$36 million in 1996.

- (4) In 2000, the FON group recorded nonrecurring charges of \$122 million related to write-downs of certain equity investments, which increased the loss from continuing operations by \$109 million. Also in 2000, the FON group recorded net nonrecurring gains of \$71 million from the sale of an independent directory publishing operation and from investment activities, which reduced the loss from continuing operations by \$44 million. In 2000, the PCS group recorded a net nonrecurring gain of \$28 million from the sale of network infrastructure and the right to manage customers to a PCS affiliate, which reduced the loss from continuing operations by \$18 million. In 1999, the FON group recorded net nonrecurring gains of \$54 million from investment activities, which reduced the loss from continuing operations by \$35 million. In 1998, the FON group recorded net nonrecurring gains of \$104 million mainly from the sale of local exchanges, which increased income from continuing operations by \$62 million. In 1997, the FON group recorded nonrecurring gains of \$71 million mainly from sales of local exchanges and certain investments, which increased income from continuing operations by \$44 million.
- (5) In the 2000 first quarter, we effected a two-for-one stock split of the PCS common stock. In the 1999 second quarter, we effected a two-for-one stock split of the FON common stock. As a result, diluted and basic earnings per common share and dividends for the FON common stock and diluted and basic loss per common share for the PCS common stock have been restated for periods before these stock splits.
- (6) The 1996 amount was reduced by \$600 million for cash required to terminate an accounts receivable sales agreement.
- (7) In the six months ended June 30, 2000, the FON group recorded a \$163 million nonrecurring charge, and the PCS group recorded a nonrecurring charge of \$24 million, for costs associated with the proposed WorldCom merger, which was terminated. These charges increased the loss from continuing operations by \$121 million.
- (8) In the six months ended June 30, 2001, the FON group recorded net nonrecurring gains from investment activities of \$14 million, which reduced the loss from continuing operations by \$9 million. In the six months ended June 30, 2000, the FON group recorded net nonrecurring gains from the sale of an independent directory publishing operation and investment activities of \$71 million which reduced the loss from continuing operations by \$44 million. In the six months ended June 30, 2000, the PCS group recorded a net nonrecurring gain of \$28 million from the sale of network infrastructure and the right to manage customers to a PCS affiliate, which reduced the loss from continuing operations by \$18 million.

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### CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material United States federal income tax consequences of the acquisition, ownership and disposition of PCS common stock. The following discussion does not address the effect of any applicable state, local or foreign laws or any federal tax laws other than those pertaining to the income tax. The discussion is based on the Internal Revenue Code of 1986, as amended, regulations and rulings now in effect or proposed thereunder, current administrative rulings and practice, and judicial

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precedent, all of which are subject to change. In particular, Congress could enact legislation affecting the treatment of stock with characteristics similar to the PCS common stock or the Treasury Department could change the current law in future regulations, including regulations issued pursuant to its broad authority under Section 337(d) of the Internal Revenue Code. Any such change, which may or may not be retroactive, could alter the tax consequences to us or our stockholders discussed herein. This discussion is also based on certain assumptions regarding the circumstances in existence at the time of the recapitalization of our common stock into PCS common stock and FON common stock in November 1998, which we refer to as the recapitalization, including certain representations made or to be made by us and others. This discussion assumes that our stockholders hold their shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code.

### CLASSIFICATIONS OF PCS COMMON STOCK AS STOCK OF SPRINT

In the opinion of King & Spalding, our counsel, any outstanding stock that is designated as common stock in our articles of incorporation, including the PCS common stock, will constitute voting stock for Sprint for United States federal income tax purposes.

The Internal Revenue Service announced in 1987 that it was studying and would not issue advance rulings on the classification of an instrument that has certain voting and liquidation rights in an issuing corporation but the dividend rights of which are determined by reference to the earnings of a segregated portion of the issuing corporation's assets, including assets held by a subsidiary. In 1997 the IRS placed such instruments on its list of areas in which rulings or determination letters will not be issued. There are no court decisions or other authorities that bear directly on transactions similar to the offering or the recapitalization. It is possible, therefore, that the IRS could assert that the PCS common stock or the FON common stock or both represent property other than our stock. If such stocks were treated as other property, we or our subsidiaries would recognize a significant taxable gain on the sale of PCS common stock and would have recognized significant taxable gain on the recapitalization, in each case in an amount equal to the excess of the fair market value of such stock constituting other property over its federal income tax basis to us or our subsidiaries allocable to such other property. In addition, we and the entities in the PCS group could lose our ability to file consolidated federal income tax returns. As a result, the tax losses expected to be incurred by the PCS group could not offset the taxable income expected to be earned by the FON group and any dividends paid or deemed paid to us by the PCS group or FON group could be taxable to us, subject to any applicable dividends received deduction. Counsel believes that if the status for United States federal income tax purposes of the PCS common stock or FON common stock were challenged, a court would agree with counsel's conclusions that such stock represents our stock, although there can be no assurance that a court would reach that result.

### NON-U.S. STOCKHOLDERS

The following is a general discussion of certain United States federal income tax consequences of the ownership and disposition of PCS common stock by a non-U.S. stockholder. A non-U.S. stockholder is a holder who, for United States federal income tax purposes, is a foreign corporation, a nonresident alien individual or a foreign estate or trust.

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Dividend payments received by a non-U.S. stockholder on shares of PCS common stock will generally be subject to the withholding of United States federal income tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty. Dividends paid to a non-U.S. stockholder that are effectively connected with a non-U.S. stockholder's conduct of a trade or business within the United States will not be subject to the withholding tax, but, instead, will be subject to regular U.S. federal income tax at the graduated rates in the same manner as if the non-U.S. stockholder were a U.S. resident, unless a tax treaty exemption applies to exclude such dividends from U.S. tax. If the non-U.S. stockholder is a corporation, any effectively connected income may also be subject to a "branch profits tax." A non-U.S. stockholder may be required to satisfy certain certification requirements to claim treaty benefits or otherwise claim a reduction of, or exemption from, the withholding obligation described above.

### SALE OR EXCHANGE OF PCS COMMON STOCK

A non-U.S. stockholder generally will not be subject to federal income tax on any gain realized on the taxable sale or exchange of PCS common stock unless:

- . the gain is effectively connected with the conduct of a trade or business of the non-U.S. stockholder within the United States,
- . the gain is derived from sources within the United States and the non-U.S. stockholder is a non-resident alien individual who is present in the United States for 183 days or more in the taxable year of such sale or exchange and has a "tax home" in the United States,
- . the non-U.S. stockholder is subject to tax pursuant to the provisions of the Internal Revenue Code applicable to certain United States expatriates, or
- . the non-U.S. stockholder has owned, directly or indirectly, more than five percent of the value of the class of stock in question at any time during the five-year period ending at the time of the sale or exchange, and we are a "United States real property holding corporation" (as defined in Section 897 of the Internal Revenue Code) during the shorter of the period for which the non-U.S. stockholder holds the PCS common stock or the five-year period ending at the time of the sale or exchange.

We do not believe that we are a United States real property holding corporation as of the date hereof, although it has not been determined or established whether we will be a United States real property holding corporation in the future.

### INFORMATION REPORTING AND BACKUP WITHHOLDING FOR U.S. AND NON-U.S. STOCKHOLDERS

Certain non-corporate holders of PCS common stock may be subject to backup withholding on the payment of dividends on such stock at a rate equal to the fourth lowest income tax rate applicable to individuals (which is 30.5% for 2001, 30.0% for 2002 and 2003, 29.0% for 2004 and 28.0% for 2006). Backup withholding will apply only if the stockholder:

- . fails to furnish his taxpayer identification number,
- . furnishes an incorrect taxpayer identification number,
- . is notified by the IRS that he has failed properly to report payments of interest or dividends, or

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- . under certain circumstances, fails to certify, under penalties of perjury, that he has furnished a correct taxpayer identification number and has not been notified by the IRS that he is subject to backup withholding for failure to report payments of interest or dividends.

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Generally, non-U.S. holders will not be subject to backup withholding on the payment of dividends if they provide certain documentation of their foreign status to us. In addition, a foreign partnership and certain foreign trusts must provide additional documentation, which certifies that the individual partners, beneficiaries, or owners of the partnership or trust are non-U.S. holders and provides the individual partners', beneficiaries' or owners' names and addresses.

Upon the sale or other taxable disposition of PCS common stock by a stockholder to or through a United States office of a broker, the broker generally must backup withhold at a rate equal to the fourth lowest income tax rate applicable to individuals (which is 30.5% for 2001, 30.0% for 2002 and 2003, 29.0% for 2004, and 28.0% for 2006) and report the sale to the IRS, unless the holder certifies its taxpayer identification number or its exempt non-U.S. status under penalties of perjury, or otherwise establishes an exemption from backup withholding. Upon the sale or other taxable disposition of PCS common stock by a non-U.S. stockholder to or through the foreign office of a United States broker, or a foreign broker with certain types of relationships to the United States, the broker must report the sale to the IRS, but not backup withhold, unless the broker has documentary evidence in its files that the seller is a non-U.S. stockholder and/or certain other conditions are met, or the holder otherwise establishes an exemption. Stockholders should consult their tax advisors regarding their qualification for a tax exemption from backup withholding and the procedure for obtaining such an exemption if applicable.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules are generally allowable as credit against a stockholder's U.S. federal income tax liability, if any, which may entitle such stockholder to a refund, provided that the required information is furnished to the IRS.

PROSPECTIVE PURCHASERS OF PCS COMMON STOCK ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF ACQUIRING, HOLDING, AND DISPOSING OF PCS COMMON STOCK AND POTENTIAL CHANGES IN THE APPLICABLE TAX LAWS.

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### UNDERWRITING

We intend to offer the PCS common stock through the underwriters. J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS Warburg LLC are acting as representatives of the underwriters named below. Subject to the terms and conditions in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters, and the underwriters have severally agreed to purchase from us, the number of shares of PCS common stock set forth opposite their names below.

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UNDERWRITER -----	NUMBER OF SHARES -----
J.P. Morgan Securities Inc..... Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	
UBS Warburg LLC.....	
ABN AMRO Rothschild LLC.....	
Banc of America Securities LLC.....	
Credit Suisse First Boston Corporation.....	
Lehman Brothers Inc.....	
Dain Rauscher Incorporated.....	
First Union Securities, Inc.....	
Robertson Stephens, Inc.....	
The Williams Capital Group, L.P.....	
	-----
Total.....	=====

The underwriters have agreed to purchase all of the shares of PCS common stock sold pursuant to the underwriting agreement if any of the shares of PCS common stock are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the PCS common stock, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the PCS common stock, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

COMMISSIONS AND DISCOUNTS

The underwriters have advised us that they propose initially to offer the PCS common stock to the public at the public offering price on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of \$ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of \$ per share to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

We expect to incur expenses in connection with this offering, not including the underwriting discount, of approximately \$ .

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The following table shows the per share and total public offering price, underwriting discount to be paid by us to the underwriters and proceeds before expenses to us. The information is presented assuming either no exercise or full exercise by the underwriters of the overallotment option.

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	PER	SHARE	WITHOUT OPTION	WITH OPTION
Public offering price.....	\$	\$	\$	\$
Underwriting discount.....	\$	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$	\$

### OVERALLOTMENT OPTION

We have granted an option to the underwriters to purchase up to an additional 6,000,000 shares of PCS common stock at the public offering price less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus supplement solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares of PCS common stock proportionate to that underwriter's initial amount reflected in the table above.

### NO SALE OF SIMILAR SECURITIES

We have agreed, with some exceptions, not to, directly or indirectly, without the prior written consent of any two of J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS Warburg LLC, on behalf of the underwriters, for a period of 90 days after the date of this prospectus supplement:

- . offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of directly or indirectly, any shares of any series of PCS common stock or any securities convertible into or exercisable or exchangeable for shares of any series of PCS common stock; or
- . enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the PCS common stock.

The restrictions described in this paragraph do not apply to:

- . any transactions by us in connection with or pursuant to any employee or director benefit plan in effect on the date of this prospectus supplement, our registration of any such transaction or the issuance by us of shares of capital stock under our rights plan in effect on the date of this prospectus supplement;
- . issuances by us of PCS common stock or securities convertible or exchangeable into PCS common stock in connection with acquisitions or mergers or in connection with strategic or other significant investments in which the recipient of such PCS common stock or securities convertible or exchangeable into PCS common stock agrees to be bound by the restrictions described above for a 90-day period;
- . issuance of PCS common stock upon conversion of outstanding shares of preferred stock -- seventh series, convertible, or upon exercise of outstanding warrants to purchase PCS common stock;
- . registrations of PCS common stock for, or issuances of PCS common stock to, Comcast Corporation, Cox Communications, Inc. and Liberty

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PCS Trust (collectively, the "Cable Partners") upon any exercise of their equity purchase rights or registration rights;

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- . issuances or registrations of shares of PCS common stock issuable to or for the benefit of France Telecom, Deutsche Telekom, or any affiliate or third parties in respect of the shares of our Class A common stock held by France Telecom and Deutsche Telekom on the date of this prospectus supplement; and
- . the sale of corporate units, including the purchase contracts to purchase PCS common stock, to the underwriters in the offering being conducted concurrently with this offering or, similarly, treasury units or corporate units to be created or recreated upon substitution of pledged securities, or shares of PCS common stock issuable upon early settlement of the corporate units or the treasury units.

Any two of J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS Warburg LLC, in their sole discretion, may jointly release any of the securities subject to these lock-up agreements at any time without notice.

### NEW YORK STOCK EXCHANGE LISTING

The PCS common stock is traded on the NYSE under the symbol "PCS".

### PRICE STABILIZATION AND SHORT POSITIONS

Until the distribution of the PCS common stock offered by this prospectus supplement is completed, SEC rules may limit the underwriters and selling group members from bidding for or purchasing shares of the PCS common stock. However, the representatives may engage in transactions that stabilize the price of the PCS common stock, such as bids or purchases that peg, fix or maintain the price of the PCS common stock.

In connection with this offering, the representatives may make short sales of our PCS common stock. Short sales involve the sale by the underwriters, at the time of the offering, of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not greater than the overallotment option. The underwriters may close out any covered short position by either exercising the overallotment option or purchasing shares of PCS common stock in the open market. In determining the source of shares to close out the covered short position, the representatives will consider, among other things, the price of shares of PCS common stock available for purchase in the open market as compared to the price at which they may purchase the shares of PCS common stock through the overallotment option. Similar to other purchase transactions, purchases by the representatives to cover syndicate short positions may have the effect of raising or maintaining the market price of the PCS common stock or preventing or retarding a decline in the market price of the PCS common stock. As a result, the price of the PCS common stock may be higher than it would otherwise be in the absence of these transactions.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the PCS common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.



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### ELECTRONIC PROSPECTUS

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters participating in this offering. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters that will make internet distributions on the same basis as other allocations. Merrill Lynch will be facilitating distribution for this offering to certain of their internet subscription customers. Merrill Lynch intends to allocate a limited number of shares for sale to their online brokerage customers. An electronic preliminary prospectus supplement is available on the internet website maintained by Merrill Lynch. Other than the

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preliminary prospectus supplement in electronic format, the information on the Merrill Lynch website is not intended to be part of this prospectus supplement.

### OTHER RELATIONSHIPS

The underwriters and their affiliates have performed certain investment banking, advisory and general financing and banking services for us from time to time for which they have received customary fees and expenses. The underwriters and their affiliates may, from time to time, be customers of, engage in transactions with and perform services for us in the ordinary course of their business. Certain of the underwriters and their affiliates have in the past and may in the future act as lenders in connection with our credit facilities.

### LEGAL MATTERS

The validity of the PCS common stock will be passed upon for us by Thomas A. Gerke, Vice President, Corporate Secretary and Associate General Counsel of our company. Certain legal matters relating to the offering will be passed upon for us by King & Spalding and for the underwriters by Cravath, Swaine & Moore, New York, New York. As of June 30, 2001, Thomas A. Gerke beneficially owned approximately 16,100 shares of PCS common stock and 16,400 shares of FON common stock and had options to purchase in excess of 75,000 shares of PCS common stock and in excess of 135,000 shares of FON common stock.

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### PROSPECTUS

[LOGO] Sprint (R)

SPRINT CORPORATION

[LOGO] Sprint (R)  
Sprint PCS (R)

Debt Securities  
Guarantees  
Convertible Subordinated Debt Securities  
Convertible Preferred Stock  
PCS Common Stock, Series 1  
Stock Purchase Contracts

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Equity Units

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SPRINT CAPITAL CORPORATION

Debt Securities  
unconditionally guaranteed by

SPRINT CORPORATION  
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We may offer from time to time debt securities, guarantees, convertible subordinated debt securities, convertible preferred stock, PCS common stock, series 1, stock purchase contracts and equity units, and Sprint Capital Corporation may offer from time to time debt securities unconditionally guaranteed by us, in an aggregate amount not to exceed \$4,000,000,000. In addition, one or more of our stockholders may offer from time to time up to 57,000,000 shares of PCS common stock, series 1. We or Sprint Capital Corporation, as the case may be, will provide the specific terms of these securities as applicable in supplements to this prospectus. You should read this prospectus and the accompanying prospectus supplement carefully before you invest.

The PCS common stock is intended to track the performance of our PCS group. The PCS common stock is a class of common stock of our company and, accordingly, holders of PCS common stock are subject to all the risks of an equity investment in us and all of our businesses, assets and liabilities.

The PCS common stock, series 1 is listed on the New York Stock Exchange under the symbol "PCS". Any PCS common stock sold pursuant to a prospectus supplement will be listed on the New York Stock Exchange.

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Investing in our securities involves risks. See "Risk Factors" beginning on page 6.

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

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The date of this prospectus is July 26, 2001.

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### ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC using a "shelf" registration process. Under this shelf process, we may sell any combination of the following securities:

- . debt securities,
- . guarantees,
- . convertible subordinated debt securities,
- . convertible preferred stock,
- . PCS common stock, series 1,
- . stock purchase contracts, and
- . equity units,

and Sprint Capital Corporation, or Sprint Capital, may sell:

- . debt securities

in one or more offerings up to a total dollar amount of \$4,000,000,000. In addition, one or more of our stockholders may from time to time sell up to 57,000,000 shares of PCS common stock, series 1, in one or more offerings. This prospectus provides you with a general description of the securities we or a selling stockholder may sell. Each time we, Sprint Capital or a selling stockholder sell securities, we or Sprint Capital will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement also may add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the caption "Where You Can Find More Information." We, Sprint Capital or a selling stockholder may only use this prospectus to sell securities if it is accompanied by a prospectus supplement.

### WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may

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also read and copy any document we file with the SEC at its public reference facilities at 450 Fifth Street, N.W., Washington, D.C. 20549, 7 World Trade Center, Suite 1300, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. Our SEC filings are also available at the office of the New York Stock Exchange. For further information on obtaining copies of our public filings at the New York Stock Exchange, you should call (212) 656-5060.

The SEC allows us to "incorporate by reference" the information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus and information that we subsequently file with the SEC will automatically update and supercede information in this prospectus and in our other filings with the SEC. We incorporate by reference the documents listed below, which we have already filed with the SEC, and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities offered by this prospectus:

- . Annual Report on Form 10-K/A for the year ended December 31, 2000;
- . Quarterly Report on Form 10-Q for the quarter ended March 31, 2001;
- . Current Report on Form 8-K filed on February 20, 2001;
- . Current Report on Form 8-K filed on April 23, 2001;
- . Current Report on Form 8-K filed on May 16, 2001;
- . Current Report on Form 8-K filed on July 24, 2001;
- . Amendment No.3 to Form 8-A registering the PCS common stock, series 1 under the Exchange Act, dated and filed on April 18, 2001; and
- . Amendment No.2 to Form 8-A registering the PCS group rights under the Exchange Act, dated and filed on July 26, 1999.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing or calling us at the following address:

Sprint Corporation  
2330 Shawnee Mission Parkway  
Westwood, Kansas 66205  
(800) 259-3755  
Attention: Investor Relations

We and Sprint Capital have also filed a registration statement with the SEC relating to the securities described in this prospectus. This prospectus is part of the registration statement. You may obtain from the SEC a copy of the registration statement and exhibits that we and Sprint Capital filed with the SEC when we and Sprint Capital registered the securities. The registration statement may contain additional information that may be important to you.

You should rely only on the information contained or incorporated by

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reference in this prospectus or the applicable prospectus supplement. Neither we nor Sprint Capital have authorized anyone else to provide you with additional or different information. We and Sprint Capital are only offering these securities in states where the offer is permitted. You should not assume that the information in this prospectus or the applicable prospectus supplement is accurate as of any date other than the dates on the front of those documents.

Unless the context requires otherwise, references to "we," "us," and "our" mean Sprint Corporation and its subsidiaries, including Sprint Capital Corporation and references to Sprint Capital mean Sprint Capital Corporation, our wholly owned finance subsidiary.

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### SPRINT CORPORATION

#### General

We are a global communications company and a leader in integrating long-distance, local service and wireless communications. We are also one of the largest carriers of Internet traffic using our tier one Internet protocol network, which provides connectivity to any point on the Internet either through our own network or via direct connections with another backbone provider. We are the nation's third-largest provider of long distance services and operate nationwide, all-digital long distance and tier one Internet protocol networks using fiber-optic and electronic technology. In addition, our local telecommunications division currently serves approximately 8.3 million access lines in 18 states. We also operate the only 100% digital personal communications service, or PCS, wireless network in the United States with licenses to provide service nationwide using a single frequency band and a single technology.

In November 1998, we allocated all of our assets and liabilities into two groups: the FON group and the PCS group. At the same time, we reclassified each share of our publicly traded common stock into tracking stocks. Each share of common stock was reclassified into one share of FON common stock and 1/2 share of PCS common stock. Our business is divided into four lines of business: the global markets division, the local telecommunications division, the product distribution and directory publishing businesses and the PCS wireless telephony products and services business. The FON group includes the global markets division, the local telecommunications division and the product distribution and directory publishing businesses, and the PCS group includes the PCS wireless telephony products and services business. The PCS common stock is intended to reflect the financial results and economic value of the PCS wireless telephony products and services business. The FON common stock is intended to reflect the financial results and economic value of the global markets division, the local telecommunications division and the product distribution and directory publishing businesses.

We were incorporated in 1938 under the laws of the State of Kansas. Our principal executive offices are located at 2330 Shawnee Mission Parkway, Westwood, Kansas 66205, and our telephone number is (913) 624-3000.

#### Characteristics of Tracking Stock

Our PCS common stock and FON common stock are intended to reflect the performance of the PCS and FON groups. However, they are classes of common stock of our company, not of the group they are intended to track. Accordingly, holders of PCS and FON common stock are subject to all of the risks of an

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equity investment in us and all of our businesses, assets and liabilities. Shares of PCS or FON common stock do not represent a direct equity or legal interest in the assets and liabilities allocated to either group, but rather represent a direct equity interest in our assets and liabilities as a whole.

Holders of PCS and FON common stock generally vote as a single class on all matters submitted to a vote of our stockholders, including the election of directors. The vote per share of PCS common stock is different than the vote per share of FON common stock. The FON common stock has one vote per share. The vote per share of the PCS common stock is based on the market price of a share of PCS common stock relative to the market price of a share of FON common stock for a period of time before the record date for a stockholder meeting. See "Description of PCS Common Stock--Voting Rights."

The market price of the PCS common stock may not accurately reflect the reported financial results and prospects of the PCS group or the dividend policies established by our board with respect to the PCS common stock. The market price of the FON common stock may not accurately reflect the reported financial results and prospects of the FON group or the dividend policies established by our board of directors with respect to the FON common stock. Events affecting our company generally or the results of one group could adversely affect the results of operations of the other group or the market price of the stock tracking the other group. In addition, holders of PCS and FON common stock may have conflicting interests, which could be resolved by our board to the detriment of one group or the other. See "Risk Factors--Risk Factors Relating to Tracking Stocks."

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### SPRINT CAPITAL CORPORATION

Sprint Capital is a wholly owned subsidiary of our company. We formed Sprint Capital to engage in financing activities to provide funds for use by us and our other subsidiaries, other than the local exchange companies in our local telecommunications division. Sprint Capital raises funds through the sale of debt securities, and then uses the net proceeds to make loans to, or investments in, us or our other subsidiaries, other than the local exchange companies in our local telecommunications division. Sprint Capital does not and will not engage in any other business operations.

Sprint Capital was incorporated in 1993 under the laws of the State of Delaware. Its principal offices are located at 2330 Shawnee Mission Parkway, Westwood, Kansas 66205, and its telephone number is (913) 624-3000.

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### RISK FACTORS

An investment in the securities described in this prospectus involves risks. You should carefully consider the following risk factors and the other information included or incorporated by reference in this prospectus before deciding to invest in the securities.

#### Risk Factors Relating to our Company

Any failure by the PCS group to continue the buildout of its network and meet capacity requirements of its customer growth will likely impair its financial

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performance and negatively impact the market price of the PCS common stock and our other securities.

The PCS group has additional network buildout and substantial capacity additions to complete. As the PCS group continues the buildout and expansion of its PCS network, it must:

- . obtain rights to a large number of cell sites;
- . obtain zoning variances or other approvals or permits for network construction and expansion; and
- . build and maintain additional network capacity to satisfy customer growth.

Network buildout and expansion may not occur as scheduled or at the cost that the PCS group has estimated. The Federal Communications Commission requires certain levels of construction or "buildout" for licensees to retain their PCS licenses. Moreover, delays or failure to add network capacity, or increased costs of adding capacity, could limit our ability to increase the revenues of, or cause a deterioration in the operating margin of, the PCS group or our company as a whole.

The PCS group expects to continue to supplement its own network buildout through affiliation arrangements with other companies. Under these arrangements, these companies offer PCS services under the Sprint PCS brand name, allow us to retain a portion of collected revenues, and complete network buildout at the affiliates' expense. The related PCS networks are in various stages of network buildout and launch. These companies may not be able to complete and operate their networks.

Failure to satisfy our substantial capital requirements could cause us to delay or abandon our expansion plans.

The PCS group and the FON group will continue to require substantial additional capital to continue to expand their businesses. We may not be able to arrange additional financing to fund our capital requirements on terms acceptable to us. Our ability to arrange additional financing will depend upon, among other factors, our financial performance, general economic conditions and prevailing market conditions. Many of these factors are beyond our control. Either of the PCS group's or the FON group's fund raising efforts may adversely affect the other group's ability to raise additional capital. Failure to obtain suitable financing could, among other things, result in the delay or abandonment of the PCS group's expansion plans or the inability of the FON group to continue to expand its business and meet competitive challenges.

We face intense competition that may reduce our market share and harm our financial performance.

There is substantial competition in the telecommunications industry. The traditional dividing lines between long distance, local, wireless and Internet services are increasingly becoming blurred. Through mergers and various service integration strategies, major providers, including us, are striving to provide integrated solutions both within and across all geographical markets.

We expect competition to intensify as a result of the entrance of new competitors and the rapid development of new technologies, products and services. We cannot predict which of many possible future technologies,

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products or services will be important to maintain our competitive position or what expenditures will be required to develop and provide these technologies, products or services. Our ability to compete successfully will depend on marketing and on our ability to anticipate and respond to various competitive factors affecting the industry, including new services that may be introduced, changes in consumer preferences, demographic trends, economic conditions and discount pricing strategies by competitors. To the extent we do not keep pace with technological advances or fail to timely respond to changes in competitive factors in our industry, we could lose market share or experience a decline in our revenue and net income.

PCS group. Each of the markets in which the PCS group competes is served by other two-way wireless service providers, including cellular, enhanced specialized mobile radio and PCS operators and resellers. A majority of markets have five or more commercial mobile radio service providers. Each of the top 50 metropolitan markets has at least two other PCS competitors in addition to two cellular incumbents. Many of these competitors have been operating for a number of years and currently serve a substantial subscriber base. Competition may continue to increase to the extent that licenses are transferred from smaller stand-alone operations to larger, better capitalized and more experienced wireless communications operations. These larger wireless communications operations may be able to offer customers network features not offered by the PCS group. The actions of these larger wireless communications operations could negatively impact the PCS group's customer churn, ability to attract new customers, average revenue per user, cost to acquire customers and operating costs per customer.

The PCS group relies on agreements with competitors to provide automatic roaming capability to PCS group customers in many of the areas of the United States not covered by the PCS group's network, which primarily serves metropolitan areas. Certain competitors may be able to offer coverage in areas not served by the PCS group's network or may be able to offer roaming rates that are lower than those offered by the PCS group. Certain of our competitors are seeking to reduce access to their networks through actions pending with the Federal Communications Commission. Moreover, the standard for the dominant air interface upon which PCS customers roam is currently being considered for elimination by the Federal Communications Commission as part of a streamlining proceeding. If the Federal Communications Commission eliminates this standard, PCS customers may have difficulty roaming in certain markets.

Many cellular providers, some of which have an infrastructure in place and have been operating for a number of years, have been upgrading their systems and provide expanded and digital services to compete with the PCS group's services. Many of these wireless providers require their customers to enter into long term contracts, which may make it more difficult for the PCS group to attract these customers away from these wireless providers.

We anticipate that market prices for two-way wireless voice services and products generally will decline in the future as a result of increased competition. We also expect to face increased competition for access to distribution channels. Consequently, we may be forced to increase advertising and promotion spending. All of this may lead to greater choices for customers, possible consumer confusion and increased industry churn.

FON group. As the nation's third largest provider of long distance services, the FON group competes with AT&T Corp., or AT&T, and WorldCom, Inc., as well as a host of smaller competitors. A class of new entrants has emerged, such as Qwest Communications International Inc. and Level 3 Communications, Inc., that have built high-capacity fiber-optic networks capable of supporting tremendous amounts of bandwidth. Although these new entrants have not captured a large market share, they and others with a strategy of using Internet-based networks claim certain cost structure advantages which, among other factors, may



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position them well for the future. In addition, increased competition has forced lower prices for long distance services. The significant increase in capacity resulting from new networks may drive prices down further.

The Telecommunications Act of 1996 allows the Regional Bell Operating Companies to provide long distance services in their respective regions if certain conditions are met. Verizon Communications Inc. has entered the long distance market in New York and SBC Communications Inc. has entered the long distance market in Texas. Both have been successful in obtaining a significant market share in a short period of time. SBC

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Communications Inc. has also recently entered the long distance market in Kansas and Oklahoma and Verizon Communications Inc. has recently entered the long distance market in Massachusetts. A significant portion of the Regional Bell Operating Companies may secure regulatory clearance to offer long distance services in their respective markets in the next 12 months. As the Regional Bell Operating Companies enter the market they should prove to be formidable long distance competitors.

Because our local telecommunications division operates largely in rural markets, competition in the local division's markets is occurring more gradually. There is already significant competition for business and residential customers in urban areas served by the local telecommunications division of the FON group and for business customers located in most areas. Certain combinations involving competitors may increase competition. In addition, wireless services will continue to grow as an alternative to wireline services as a means of reaching customers.

Demand for some of our communications products and services has been adversely affected by a downturn in the United States economy as well as changes in the global economy.

Demand for some of our communications products and services has been adversely affected by a downturn in the United States economy as well as changes in the global economy. A number of the FON group's wholesale customers have struggled financially recently and some have filed for bankruptcy. As a result, we have experienced lower than expected revenues for our wholesale business in recent quarters. In addition, we have lowered our expectations for near-term growth of our web hosting and related businesses due to lower demand. As a result, we have recently reduced our financial forecast for our FON group operations for the remainder of 2001.

Likewise, a number of our suppliers have recently experienced financial challenges. If they cannot meet their commitments, we would have to use different vendors and this could result in delays, interruptions or additional expenses associated with the upgrade and expansion of our networks and the offering of our products and services.

If current general economic conditions continue or worsen, the revenues, cash flow and net income of the PCS group, the FON group and our company as a whole could be adversely effected.

Our substantial leverage will reduce cash flow from operations available to fund our business and may cause a decline in our credit rating and/or limit our ability to raise additional capital.

We have substantial indebtedness. As of March 31, 2001, we had total outstanding debt of \$20.1 billion. We intend to incur additional indebtedness

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in the future as we implement the business plans of the PCS group and the FON group. In connection with the execution of our business strategies, we are continuously evaluating acquisition opportunities with respect to both the PCS group and the FON group, and we may elect to finance acquisitions by incurring additional indebtedness. We must use a portion of our future cash flow from operations to pay the principal and interest on our indebtedness, which will reduce the funds available for our operations, including capital investments and business expenses. This could hinder our ability to adjust to changing market and economic conditions. If we incur significant additional indebtedness, our credit rating could be adversely affected. As a result, our borrowing costs would likely increase and our access to capital may be adversely affected.

Any convertible subordinated debt securities will rank behind other indebtedness.

Any convertible subordinated debt securities will rank behind all of our existing and future senior debt (as defined in the indenture relating to the convertible subordinated debt securities), including debt outstanding under our credit facilities. As of March 31, 2001, we, excluding our subsidiaries, had \$16.9 billion of senior debt outstanding (including \$86 million of letters of credit and \$15.5 billion of guarantees of debt of our subsidiaries). This amount does not include approximately \$2.7 billion that we had available to borrow under our credit facilities, all of which would be senior debt if borrowed. In addition, the convertible subordinated debt securities will be effectively subordinated to all of the indebtedness and liabilities, including trade payables, of our subsidiaries. As of March 31, 2001, our subsidiaries had \$28.2 billion of indebtedness and other liabilities, including trade payables, outstanding. In the event of our bankruptcy, liquidation or reorganization, our assets will be available to pay our obligations on the convertible subordinated debt securities only after we have repaid

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all of our senior debt in full. It is possible that sufficient assets would not remain to make full payment on the convertible subordinated debt securities after those payments are made. In addition, the subordination provisions of the indenture provide that we cannot make cash payments on any convertible subordinated debt securities while a payment default is continuing under any of our senior debt. See "Description of Convertible Subordinated Debt Securities--Subordination."

We are a holding company and, accordingly, will depend on the cash flow of our subsidiaries to satisfy our obligations under our indebtedness.

We are primarily a holding company and have no material operations, sources of income or assets other than our equity interest in our subsidiaries. Any convertible subordinated debt securities will be exclusively our obligations and will not be guaranteed by any of our subsidiaries. Because substantially all of our operations are conducted by our subsidiaries, our operating cash flow and our ability to service our indebtedness, including any convertible subordinated debt securities, depends upon the cash flow of our subsidiaries and their ability to make transfers to us in the form of loans, dividends or otherwise. If we cannot obtain sufficient funds from our subsidiaries, we may not be able to meet our obligations on the convertible subordinated debt securities.

The PCS group has a history of operating losses.

If the PCS group does not achieve and maintain profitability on a timely

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basis, the PCS group may be unable to make capital expenditures necessary to implement its business plan, meet its debt service requirements or otherwise conduct its business in an effective and competitive manner. This would require us to divert cash from other uses, which may not be possible or may detract from the growth of our PCS and FON groups' businesses. These events could limit our ability to increase revenues and net income of the PCS group and our company as a whole or cause these amounts to decline.

Significant change in the wireless industry could cause a decline in demand for the PCS group's services.

The wireless telecommunications industry is experiencing significant technological change, including improvements in the capacity and quality of digital technology such as the move to third generation wireless technology. This causes uncertainty about future customer demand for the PCS group's services and the prices that we will be able to charge for these services. For example, the demands for wireless data services provided by the PCS group may be impacted by the proliferation of wireless local area networks using new technologies. The rapid change in technology may lead to the development of wireless telecommunications services or alternative services that consumers prefer over PCS. There is also uncertainty as to the extent to which airtime charges and monthly recurring charges may continue to decline. As a result, the future prospects of the wireless industry and the PCS group and the success of PCS and other competitive services remain uncertain.

A high rate of customer churn would likely impair the PCS group's financial performance.

Historically, the PCS group experienced a high rate of customer churn. Current strategies to address customer churn may not continue to be successful and recent improvements in the rate of churn could reverse. A high rate of customer churn would impair our ability to increase the revenues of, or cause a deterioration in the operating margin of, the PCS group or our company as a whole.

Government regulation could adversely affect the PCS group's prospects and results of operations.

The licensing, construction, operation, sale and interconnection arrangements of wireless telecommunications systems are regulated to varying degrees by the Federal Communications Commission and, depending on the jurisdiction, state and local regulatory agencies. In addition, the Federal Communications Commission, together with the Federal Aviation Administration, regulates tower marking and lighting. Tower construction is also affected by federal statutes addressing environmental protection and historic preservation. The Federal Communications Commission, the Federal Aviation Administration or other governmental

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authorities having jurisdiction over the PCS group's business could adopt regulations or take other actions that would adversely affect the business prospects or results of operations of the PCS group.

Federal Communications Commission licenses to provide PCS services are subject to renewal and revocation. The PCS group's metropolitan trading area licenses will expire in 2005 and its basic trading area licenses will expire in 2007. Metropolitan trading areas are areas defined by the Federal Communications Commission for the purpose of issuing licenses for PCS. Several basic trading areas make up each metropolitan trading area. The licenses may be

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renewed by the Federal Communications Commission for additional ten year terms; however, there can be no guarantee that the PCS group's licenses will be renewed. Federal Communications Commission rules require all PCS licensees to meet certain buildout requirements. The PCS group may not continue to obtain the requisite coverage in each metropolitan trading area market or obtain the requisite coverage in each basic trading area market. Failure to comply with Federal Communications Commission requirements in a given license area could result in revocation of the PCS group's PCS license for that license area or the imposition of fines on the PCS group by the Federal Communications Commission.

Failure by various regulatory bodies to make telephone numbers available in a timely fashion could result in the PCS group not having enough local numbers to assign to new subscribers in certain markets. The Federal Communications Commission has adopted rules to promote the efficient use of numbering resources, including restrictions on the assignment of telephone numbers to carriers, including wireless carriers. The Federal Communications Commission is considering additional rules in this area. The Federal Communications Commission has delegated to states the authority to assign, administer and conserve telephone numbers. Depending on the actual rules adopted by the states, the supply of available numbers could be adversely restricted. As a result, the PCS group may:

- . be required to assign subscribers non-local telephone numbers, which may be a disincentive for potential customers to subscribe to PCS service,
- . incur significant costs to either acquire new numbers or reassign subscribers to new numbers and/or
- . be unable to enroll new subscribers at projected rates.

Failure to complete development and rollout of new technology could impact our ability to compete in the industry.

We are currently in the process of developing and rolling out various new technologies intended to help us compete in the industry. We have entered into several major contracts with vendors and undertaken other initiatives for the provision of third generation technology to be included in our PCS network. Successful implementation of this upgrade depends on the vendors meeting their obligations in a timely manner. In addition, we have invested significant amounts in the development of Sprint ION for the FON group. Sprint ION is still in its development phase. For example, although we have deployed Sprint ION using dedicated access and digital subscriber line technology, we are in the process of developing our ability to deploy Sprint ION over our fixed wireless multipoint multichannel distribution service technology. We are also working to improve voice stability on the Sprint ION digital subscriber line platform. We may not successfully complete the development and rollout of third generation technology, Sprint ION or any other new technology in a timely manner and third generation technology, Sprint ION or any other new technology may not be widely accepted by customers. In either case, we may not be able to compete effectively in the industry.

We could be required to move our broadband fixed wireless services to a higher frequency or surrender some of the frequency we use to provide these services, which would adversely affect our ability to provide these services.

The Federal Communications Commission and the National Telecommunications and Information Administration in the Department of Commerce are seeking to identify additional spectrum that can be used to

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provide advanced wireless services. Among the spectrum bands under consideration are the bands currently used by the FON group and others to provide broadband fixed wireless services. The Federal Communications Commission has initiated a proceeding to examine the issues raised by the possibility of reallocating spectrum subject to its jurisdiction or reducing the spectrum available to current licensees and is expected to issue an order later this year. If the Federal Communications Commission orders reallocation of the spectrum used by us or reduces our spectrum, it would substantially increase our cost of providing broadband fixed wireless services and could make it unprofitable to provide these services.

### Risk Factors Relating to Tracking Stocks

Risks associated with the business of the FON group may adversely affect our overall performance. Because PCS common stock represents an equity interest in our company as a whole and not the PCS group separately, the market price of the PCS common stock and any security convertible into or exercisable for the PCS common stock could be adversely affected by the business of the FON group.

Although the PCS common stock is intended to track the performance of our PCS group, it does not represent a direct legal interest in the assets and liabilities of the PCS group, but rather represents a direct equity interest in our assets and liabilities as a whole. Therefore, holders of PCS common stock are common stockholders of our company and as such are subject to the risks related to all of our businesses, assets and liabilities. This means that events affecting the business, assets or financial condition of the FON group could also adversely affect the business, assets or financial condition of the PCS group. Consequently, these events could affect the market price of the PCS common stock and any security convertible into or exercisable for PCS common stock.

The market price of the PCS common stock may not accurately reflect the performance of the PCS group.

The market price for the PCS common stock may not reflect the reported financial results and prospects of the PCS group or the dividend policies established by our board of directors with respect to the PCS common stock. For example, if investors have negative expectations for the FON group or our company as a whole, the market price of the PCS common stock and any security convertible into or exercisable for PCS common stock could be adversely affected without regard to the performance of the PCS group.

The complex nature of the tracking stocks may adversely affect the market prices of the PCS common stock and the FON common stock.

The complex nature of the terms of the PCS common stock and the FON common stock, such as the relative voting power and dividend policies applicable to each type of common stock, and the difficulties investors may have in understanding these terms may adversely affect the market prices of the PCS common stock and the FON common stock and any security convertible into or exercisable for either of these stocks.

Holders of PCS common stock are stockholders of our company and generally do not have specific rights related to the assets or business of the PCS group. As such, they must vote with holders of FON and Class A common stock on matters submitted to a vote of our stockholders and they may not be able to determine the outcome of the vote.

We are the issuer of the PCS common stock, and the PCS common stock does not

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represent a direct interest in the PCS group. As a result, with few exceptions, holders of PCS common stock have only the rights customarily held by common stockholders of a corporation and do not have rights specifically related to the assets or business of the PCS group. For example, holders of PCS common stock vote together with holders of FON common stock and Class A common stock as a single class on most matters, including the election of directors. The FON common stock has one vote per share. The vote per share of the PCS common stock fluctuates, based on its market price relative to the market price of a share of FON common stock for a period of time before the record date for a stockholders' meeting. To the extent that the aggregate voting power of the outstanding FON common stock and

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Class A common stock is greater than that of the PCS common stock, the holders of those stocks would be in a position to control the outcome of stockholder votes, including the election of directors. This would be true even if the matter to be voted upon involves a conflict in the interests of the holders of the FON common stock and the PCS common stock.

Under the applicable corporate law, our board of directors does not owe separate duties to the holders of the PCS common stock or to the holders of the FON common stock.

Under the applicable corporate law, our board of directors owes its fiduciary duties to all of our stockholders. Neither the PCS group nor the FON group has a separate board of directors to represent solely the interests of the holders of the PCS common stock or FON common stock. Consequently, there is no board of directors that owes separate duties to the holders of either the PCS common stock or the FON common stock. Our tracking stock policies provide that our board, in resolving material matters in which the holders of PCS common stock and FON common stock have potentially divergent interests, will act in the best interest of our company and all of our common stockholders after giving fair consideration to the potentially divergent interests of the holders of the separate classes of our common stock. These tracking policies may be changed by the board without stockholder approval.

Conflicts of interest between holders of PCS common stock and FON common stock in transactions between the PCS group and the FON group or in our dealings with third parties could be resolved by our board to the detriment of PCS stockholders.

Holders of PCS common stock may have interests that differ from or conflict with the interests of holders of FON common stock. For example, conflicts could arise with respect to decisions by our board of directors with respect to, among other things, the following matters:

- . conversion of the outstanding shares of PCS common stock into shares of FON common stock, which our board of directors may do any time after November 23, 2001;
- . payment of dividends on PCS common stock or FON common stock;
- . sale of the assets of either the PCS or FON group to a third party;
- . transfer of assets from one group to the other group;
- . allocation of consideration in a merger among holders of PCS common stock and FON common stock;

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- . intercompany loans from one group to the other group;
- . formulation of public policy positions that could have different effects on the interests of the PCS group and the FON group; and
- . the effects on each group of operational and financial decisions.

Policies adopted by our board of directors with respect to our tracking stocks provide that loans from the FON group to the PCS group will be made at interest rates and on terms and conditions substantially equivalent to the interest rates and terms and conditions that the PCS group would be able to obtain from third parties, including the public markets, as a wholly-owned subsidiary, but without the benefit of any guaranty from us or the FON group. This provision applies regardless of the interest rate at which the loaned funds are borrowed by us or the FON group. We anticipate that the interest rates payable by the PCS group will continue to be higher than those payable by us or the FON group for the foreseeable future.

These tracking stock policies also provide guidelines for addressing material conflicts. Our board of directors has appointed a committee, consisting of outside board members, to interpret and oversee the implementation of these policies. Subject to these policies, the resolution of conflicts by our board may benefit, or appear to benefit, one group at the expense of the other group.

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Our directors generally own more FON common stock than PCS common stock, which could give rise to claims of conflict of interest.

In general, members of our board of directors have a greater economic interest in the FON group than in the PCS group. This difference in ownership could give rise to claims of conflict of interest when our board of directors makes decisions on matters where the interests of the FON group and the PCS group diverge.

Payments to the PCS group under the tax sharing agreement could be less than expected, and our board of directors could change the terms of the tax sharing agreement to the detriment of the PCS group.

Federal and state income taxes incurred by us are allocated between the groups in accordance with a tax sharing agreement entered into by us when we created the FON group and the PCS group. These allocations are based principally on the taxable income and tax credits contributed by each group. Allocations to or from the PCS group are intended to reflect its actual incremental cumulative effect (positive or negative) on our consolidated federal and state taxable income and related tax liability and tax credit positions, subject to certain adjustments. Significant payments pursuant to the tax sharing agreement have been made by the FON group to the PCS group and we expect that significant payments will continue to be made by the FON group to the PCS group in the near future, in light of the operating losses that the PCS group has incurred or is expected to incur during this time. It is possible that these payments will be more or less than expected. For example, PCS group losses or FON group income could be less than anticipated, in which case the payments to the PCS group would be less than expected.

The initial tax sharing agreement applies to tax years ending on or before December 31, 2001. For periods after December 31, 2001, our board of directors will adopt a tax sharing arrangement that will be designed to continue to allocate tax benefits and burdens fairly between the FON group and the PCS

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group. We expect that tax benefits that cannot be used by a group generating those benefits but can be used on a consolidated basis will continue to result in payments to the group that generated the benefits. In addition, we expect that any tax benefits relating to tax loss or tax credit carry forwards generated by the PCS group but not used as of the expiration of the initial tax sharing agreement will continue to result in payments to the PCS group when the tax benefits are used. Our board of directors could change the terms of the tax sharing agreement in a way that would decrease the benefit (or increase the cost) of the agreement to the PCS group.

Our board of directors has the discretion to change the allocation of the assets and liabilities that comprise each of the PCS group and the FON group without the approval of our stockholders.

Our board of directors, subject to the restrictions in our articles of incorporation, has the discretion to change the allocation of the assets and liabilities that comprise each of the PCS group and the FON group without the approval of our stockholders. It is possible that a change in the existing allocation of our assets and liabilities between the groups could adversely affect the PCS group or the FON group. We intend to disclose any change in this allocation in our reports filed with the SEC; however, this disclosure is not required and the timing and content of this disclosure is at our discretion. Because our stockholders would not be entitled to vote on any change in the allocations, the market prices of the PCS common stock and the FON common stock and any security convertible into or exercisable for either of these stocks may not reflect a change until the change is disclosed by us.

Our board of directors could change its established policies relating to the holders of PCS common stock to the detriment of the PCS group.

Our board of directors may change its tracking stock policies without the approval of our stockholders. Our board of directors may also adopt additional policies depending upon the circumstances. Our board of directors may adopt new policies and change existing policies in a manner consistent with its fiduciary duties after giving fair consideration to the potentially divergent interests and all other relevant interests of the holders of the separate classes of our common stock, including the holders of PCS common stock and the holders of FON

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common stock. However, new policies and changes to the existing policies could have different impacts upon holders of PCS common stock and FON common stock and could affect one common stock negatively in relation to the other common stock. See "Description of PCS Common Stock--Dividend Rights and Restrictions."

The structure of the tracking stocks may impede an acquisition of the PCS group.

If the PCS group were a stand-alone entity, a person that did not wish to negotiate with our management could seek to acquire the PCS group by means of a tender offer or proxy contest involving only the PCS group stockholders. However, because the PCS group is a part of our company, acquiring it without negotiation with our management would require a proxy contest or tender offer to gain control of our company as a whole and would probably require solicitations to holders of both PCS common stock and FON common stock. This may hinder potential acquirers of the PCS group assets and thereby prevent holders of PCS common stock from achieving additional return on their investment related to such acquisitions.

Holders of PCS common stock may receive less in an acquisition of the PCS



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group's assets than they would if the PCS group were a separate company.

If the PCS group were an independent company and its shares were acquired by another person, certain costs, including corporate level taxes, might not be payable in connection with the acquisition. As a result, holders of PCS common stock might receive more consideration in an acquisition of the PCS group if the PCS group were an independent company. In addition, the after-tax proceeds per share that holders of PCS common stock would receive as a result of a disposition of PCS group assets might be less than the market value per share of the PCS common stock before or after the announcement of such disposition.

Potential sales of large amounts of PCS common stock into the market could lower the market price of the PCS common stock.

As of June 30, 2001, we had approximately 980.6 million shares of PCS common stock outstanding (including shares of PCS common stock underlying the Class A common stock held by France Telecom and Deutsche Telekom). Of these shares, an aggregate of approximately 113.4 million were held by France Telecom and Deutsche Telekom, and an aggregate of 324.2 million were held by Liberty PCS Trust, Comcast Corporation and Cox Communications, Inc. In addition, as of June 30, 2001 Liberty PCS Trust, Comcast and Cox held shares of our preferred stock that were convertible into an aggregate of approximately 16.1 million shares of PCS common stock and warrants to purchase approximately 24.9 million shares of PCS common stock.

Comcast, Cox and Tele-Communications, Inc., or TCI, which we refer to together with Liberty PCS Trust as the cable holders, received PCS common stock, series 2 as part of the purchase price in our acquisition of their interests in entities that are now part of the PCS group. TCI transferred its shares to Liberty PCS Trust in connection with the acquisition of TCI by AT&T in March 1999.

These stockholders have significant registration rights. Sales of a substantial number of these shares of PCS common stock, or the perception that such sales may occur, could cause the market price of the PCS common stock and any security convertible into or exercisable for PCS common stock to decline and impede our ability to raise capital through sales of PCS common stock or securities convertible into or exercisable for PCS common stock.

On February 20, 2001, we entered into an agreement with France Telecom and Deutsche Telekom that sets forth the parties' agreements concerning the timing and mechanics of our recent secondary offering of FON common stock, series 1 in relation to an offering by us of PCS common stock, which we refer to as the PCS offering. Under the agreement, unless waived by us, each of France Telecom and Deutsche Telekom is required to refrain from disposing of, or requesting that we register, its shares of PCS common stock, subject to limited exceptions, until the earliest to occur of:

- . 180 days following the closing of the PCS offering, if the PCS offering is completed by December 31, 2001,

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- . November 15, 2001, if we have not publicly announced our intention to commence the PCS offering by that date, and
- . January 1, 2002, if the PCS offering is not completed by December 31, 2001.

Any sale of PCS common stock by the cable holders to the public or other

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unaffiliated parties will result in conversion of their shares of PCS common stock, series 2 into the same number of shares of PCS common stock, series 1. Each share of PCS common stock, series 1 possesses ten times the vote of each share of PCS common stock, series 2, except in the case of a class vote. Thus, any sales of PCS common stock, series 2 to the public or other unaffiliated parties will dilute the voting power of the shares of PCS common stock, series 1 that are outstanding immediately before the sale.

In connection with AT&T's acquisition of TCI, the U.S. Department of Justice required TCI to transfer its shares of PCS common stock to the Liberty PCS Trust for disposition within a five-year period. Other elements and requirements of the trust included the following:

- . the trustee must divest sufficient shares of PCS common stock to cause its holdings to amount to no more than 10% of the PCS common stock on a fully diluted basis on or before May 23, 2002,
- . the trustee must divest the remaining shares on or before May 23, 2004,
- . the trustee must accomplish the divestiture only in a manner reasonably calculated to maximize the value of the PCS common stock held by the selling stockholder, and
- . there are no specified limits on the number of shares that may be sold in any given period.

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### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes and incorporates by reference "forward-looking statements" within the meaning of the securities laws. All statements that are not historical facts are "forward-looking statements." The words "estimate," "project," "intend," "expect," "believe," "anticipate" and similar expressions identify forward-looking statements. These forward-looking statements include statements regarding the expected financial position, business, financing plans, business prospects, revenues, working capital, liquidity, capital needs, interest costs and income, in each case relating to the PCS group and the FON group as well as our company as a whole.

Forward-looking statements are estimates and projections reflecting our best judgment and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Although we and Sprint Capital believe that the estimates and projections reflected in the forward-looking statements are reasonable, our expectations may prove to be incorrect. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include:

- . the effects of vigorous competition in the markets in which we operate;
- . the costs and business risks associated with providing new services and entering new markets necessary to provide nationwide or global services;
- . the ability of the PCS group to continue to grow a significant market presence;
- . the effects of mergers and consolidations within the telecommunications industry;

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- . the uncertainties related to our strategic investments;
- . the impact of any unusual items resulting from ongoing evaluations of our business strategies;
- . unexpected results of litigation filed against us;
- . the possibility of one or more of the markets in which we compete being impacted by changes in political, economic or other factors such as monetary policy, legal and regulatory changes, including the impact of the Telecommunications Act of 1996, or other external factors over which we have no control; and
- . those factors listed in this prospectus under "Risk Factors."

We and Sprint Capital believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made.

### USE OF PROCEEDS

Unless the applicable prospectus supplement states otherwise, we and Sprint Capital will use the net proceeds from the sale of any securities for general corporate purposes, including repaying debt, making capital investments and funding working capital requirements.

We will not receive any of the proceeds from the sale, if any, of PCS common stock, series 1, by any selling stockholder.

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### RATIOS OF EARNINGS TO FIXED CHARGES AND TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table shows the ratios of earnings to fixed charges and to combined fixed charges and preferred stock dividends for our company, which includes our subsidiaries, on a consolidated basis. The following table does not show the ratio of earnings to fixed charges for Sprint Capital on a stand-alone basis because it is not meaningful.

For purposes of calculating the ratios,

(1) earnings include:

- . income (loss) from continuing operations before taxes, plus
- . equity in the net losses of less-than-50% owned entities, less
- . capitalized interest; and

(2) fixed charges include:

- . interest on all debt of continuing operations, including capitalized interest;
- . amortization of debt issuance costs; and
- . the interest component of operating rents.

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For purposes of calculating the ratio of earnings to combined fixed charges and preferred stock dividends, preferred stock dividends include the amount of pre-tax earnings required to pay the dividends on outstanding preferred stock.

The ratio of earnings to fixed charges is calculated as follows:

$$\frac{(\text{earnings}) + (\text{fixed charges})}{(\text{fixed charges})}$$

The ratio of earnings to combined fixed charges and preferred stock dividends is calculated as follows:

$$\frac{(\text{earnings}) + (\text{fixed charges})}{(\text{fixed charges}) + (\text{pretax earnings required to cover preferred stock dividends})}$$

Pretax earnings required to cover preferred stock dividends are calculated as follows:

$$\frac{\text{preferred stock dividends, as adjusted for the tax benefits related to unallocated shares}}{1 - (\text{our effective income tax rate})}$$

	Year Ended December 31,					Three Mo Ende March
	1996	1997	1998	1999	2000	2000
Ratio of earnings to fixed charges.....	5.96(1)	6.67(2)	1.79(3)	-- (4)	-- (5)	-- (6)
Ratio of earnings to combined fixed charges and preferred stock dividends.....	5.93(1)	6.64(2)	1.78(3)	-- (4)	-- (5)	-- (6)

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- (1) Earnings, as defined above, include a nonrecurring charge related to litigation of \$60 million. Excluding this charge, the ratio of earnings to fixed charges would have been 6.10 for 1996 and the ratio of earnings to combined fixed charges and preferred stock dividends would have been 6.08 for 1996.
- (2) Earnings, as defined above, include a nonrecurring litigation charge of \$20 million and nonrecurring net gains of \$71 million mainly from sales of local exchanges and certain investments. Excluding these items, the ratio of earnings to fixed charges would have been 6.54 for 1997 and the ratio of earnings to combined fixed charges and preferred stock dividends would have been 6.51 for 1997.

- (3) Earnings, as defined above, include a nonrecurring charge to write off \$179 million of acquired in-process research and development costs related to the PCS restructuring and nonrecurring net gains of \$104 million mainly relating to sales of local exchanges. Excluding these items, the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and

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preferred stock dividends would have been 1.85 for 1998.

- (4) Earnings, as defined above, were inadequate to cover fixed charges by \$1.1 billion and inadequate to cover combined fixed charges and preferred stock dividends by \$1.2 billion in 1999. Earnings, as defined above, include a net nonrecurring gain of \$54 million from investment activities. Excluding this gain, earnings, as defined above, would have been inadequate to cover fixed charges, and inadequate to cover combined fixed charges and preferred stock dividends, by \$1.2 billion.
- (5) Earnings, as defined above, were inadequate to cover fixed charges by \$621 million and inadequate to cover combined fixed charges and preferred stock dividends by \$632 million in 2000. Earnings, as defined above, include:
- . nonrecurring charges of \$238 million principally representing a write-down of goodwill, \$187 million for costs associated with the terminated WorldCom merger and \$122 million for the write-downs of certain equity investments;
  - . net nonrecurring gains of \$71 million from the sale of an independent directory publishing operation and from investment activities; and
  - . a nonrecurring gain of \$28 million from the sale of network infrastructure and the right to manage customers to a PCS affiliate.
- Excluding these items, earnings, as defined above, would have been inadequate to cover fixed charges by \$173 million and inadequate to cover combined fixed charges and preferred stock dividends by \$184 million.
- (6) Earnings, as defined above, were inadequate to cover fixed charges by \$72 million and inadequate to cover combined fixed charges and preferred stock dividends by \$75 million in the quarter ending March 31, 2000. Earnings, as defined above, include a net nonrecurring gain of \$26 million from investment activities. Excluding this gain, earnings, as defined above, would have been inadequate to cover fixed charges by \$98 million and inadequate to cover combined fixed charges and preferred stock dividends by \$101 million.
- (7) Earnings, as defined above, were inadequate to cover fixed charges by \$62 million and inadequate to cover combined fixed charges and preferred stock dividends by \$65 million in the quarter ending March 31, 2001. Earnings, as defined above, include a nonrecurring gain of \$14 million from investment activities. Excluding this gain, earnings, as defined above, would have been inadequate to cover fixed charges by \$76 million and inadequate to cover combined fixed charges and preferred stock dividends by \$79 million.

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### DESCRIPTION OF DEBT SECURITIES

Debt securities issued by us will be issued pursuant to an indenture dated as of October 1, 1998 between us and Bank One, N.A., as trustee, as supplemented by a first supplemental indenture dated as of January 15, 1999. We refer to this indenture as so supplemented as the Sprint indenture. Debt securities issued by Sprint Capital will be issued under an indenture dated as of October 1, 1998 among us, Sprint Capital and Bank One, N.A., as trustee, as supplemented by a first supplemental indenture dated as of January 15, 1999. We refer to this indenture as so supplemented as the Sprint Capital indenture. We refer to the Sprint indenture and the Sprint Capital indenture collectively as the indentures.

We have summarized the material provisions of the indentures below. The forms of the indentures have been filed as exhibits to the registration statement and you should read the indentures for provisions that may be important to you. In the summary below, we have included references to section numbers of the indentures so that you can easily locate these provisions. Capitalized terms used in the summary have the meaning specified in the indentures. You can obtain copies of the indenture by following the directions

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described under the caption "Where You Can Find More Information." In this section, references to "our", "we" and similar terms mean Sprint Corporation, excluding its subsidiaries.

### General

The indentures do not limit the aggregate principal amount of debt securities that we and Sprint Capital may issue and provide that we and Sprint Capital may issue debt securities from time to time in one or more series, in each case with the same or various maturities, at par or at a discount. We may issue additional debt securities of a particular series without the consent of the holders of the debt securities of that series outstanding at the time of the issuance. Any additional debt securities, together with all other outstanding debt securities of that series, will constitute a single series of debt securities under the applicable indenture. The indentures also do not limit our ability or the ability of Sprint Capital to incur other debt and do not contain financial or similar restrictive covenants, except as described below. Debt securities issued by us will be our senior unsecured obligations, and debt securities issued by Sprint Capital will be its senior unsecured obligations and will be fully and unconditionally guaranteed by us.

A prospectus supplement relating to a series of debt securities being offered will include specific terms relating to the offering. These terms will include some or all of the following:

- . the title of the debt securities;
- . any limit on the total principal amount of the debt securities;
- . the maturity date or dates of the debt securities;
- . the rate or rates of interest, which may be fixed or variable, per annum at which the debt securities will bear interest, or the method of determining the rate or rates, if any;
- . the date or dates from which interest, if any, will accrue;
- . the dates on which interest will be payable and the related record dates;
- . whether payments of principal or interest will be determined by any index, formula or other method and the manner of determining the amount of these payments;
- . the place or places where the principal of, premium, if any, and interest on the debt securities will be payable if other than the location specified in this prospectus;
- . any redemption dates, prices, rights, obligations and restrictions on the debt securities;
- . any mandatory or optional sinking fund, purchase fund or similar provisions;
- . the denominations in which the debt securities will be issuable if other than denominations of \$ 1,000 and integral multiples of \$ 1,000;

- . the portion of the principal amount of the debt securities payable upon

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the acceleration of the maturity of the debt securities if other than the principal amount;

- . the currency or currency unit in which principal and interest will be paid if other than U.S. dollars;
- . whether the debt securities will be issued in permanent global form and the circumstances under which the permanent global debt security may be exchanged;
- . any deletions from, changes in or additions to the events of default or the covenants specified in the indenture; and
- . any other material terms of the debt securities not specified in this prospectus (Section 301).

We and Sprint Capital may issue debt securities at a substantial discount below their stated principal amount. We refer to these securities as original issue discount securities, which means any security that initially provides for an amount less than its principal amount to be due and payable upon the acceleration of its maturity. We or Sprint Capital, as applicable, will describe the federal income tax consequences and other special considerations applicable to any original issue discount securities in the applicable prospectus supplement.

Unless the applicable prospectus supplement states otherwise, debt securities will be issued only in fully registered form, without coupons, in denominations of \$1,000 and any integral multiple of \$1,000 (Sections 301 and 302). Holders of debt securities will not pay any service charge for any registration of transfer or exchange of the debt securities, but we or Sprint Capital may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the registration of transfer or exchange (Section 305).

Unless the applicable prospectus supplement states otherwise, the covenants contained in the indentures, the debt securities and guarantees would not necessarily afford holders protection in the event of a highly leveraged or other transaction involving us that may adversely affect holders.

### Payment; Transfer

Unless the applicable prospectus supplement states otherwise, principal of, premium, if any, and interest, if any, on the debt securities will be payable, and the debt securities will be transferable, at the corporate trust office of the applicable trustee. However, interest may be paid at our or Sprint Capital's option by check mailed to the address of the holder entitled to the interest as it appears on the applicable security register. We and Sprint Capital will have the right to require a holder of any debt security, in connection with any payment on the debt security, to certify information to us or, in the absence of certification, we or Sprint Capital, as the case may be, may rely on any legal presumption to enable us to determine our obligation, if any, to deduct or withhold taxes, assessments or governmental charges from the payment.

### Guarantees

We will unconditionally guarantee the due and punctual payment of the principal and any premium and interest on the debt securities issued by Sprint Capital when and as it becomes due and payable, whether at maturity or otherwise (Sprint Capital indenture, Section 311). The guarantees will rank equally with all our other unsecured and unsubordinated indebtedness. The guarantees provide that in the event of a default in payment of principal or

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any premium or interest on a debt security, the holder of the debt security may institute legal proceedings directly against us to enforce the guarantees without first proceeding against Sprint Capital. The Sprint Capital indenture provides that we may under certain circumstances assume all rights and obligations of Sprint Capital under the Sprint Capital indenture with respect to a series of debt securities issued by Sprint Capital.

### Restrictive Covenants

Sprint. Under the indentures, we may not, and may not permit our Restricted Subsidiaries to, create, incur or allow to exist any Lien upon any property or assets now owned or acquired at a later time unless:

- . the Lien is a Permitted Lien; or

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- . the outstanding debt securities and, in the case of debt securities issued by Sprint Capital, the outstanding guarantees are equally and ratably secured by the Lien; or
- . the aggregate principal amount of indebtedness secured by the Lien and any other Lien, other than Permitted Liens, plus the Attributable Debt in respect of any Sale and Leaseback Transaction does not exceed 15% of our Consolidated Net Tangible Assets (Sprint indenture, Section 1008, Sprint Capital indenture, Section 1012).

Sprint Capital. Sprint Capital may not create, issue, assume or guarantee any unsecured funded debt ranking prior to the debt securities issued by Sprint Capital (Sprint Capital indenture, Section 1009).

Unless the applicable prospectus supplement states otherwise, Sprint Capital may not create, assume or suffer to exist any Lien upon any of its property or assets, now owned or acquired at a later time, without equally and ratably securing any outstanding debt securities issued by Sprint Capital with any and all other obligations and indebtedness secured by the Lien, subject to certain exceptions (Sprint Capital indenture, Section 1008).

Definitions. Under the indentures:

"Attributable Debt" of a Sale and Leaseback Transaction means, at any date, the total net amount of rent required to be paid under the lease during the remaining term of the lease, excluding any subsequent renewal or other extension options held by the lessee, discounted from the respective due dates of the amounts to the date of determination at the rate of interest per annum implicit in the terms of the lease, as determined in good faith by us, compounded annually. The net amount of rent required to be paid under any lease during the remaining term will be the amount of rent payable by the lessee with respect to this period, after excluding amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and contingent rents.

"Capital Lease Obligations" means indebtedness represented by obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with generally accepted accounting principles. The amount of indebtedness will be the capitalized amount of the obligations determined in accordance with generally accepted accounting principles consistently applied.

"Consolidated Net Tangible Assets" means our and our subsidiaries'



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consolidated total assets as reflected in our most recent balance sheet preceding the date of determination prepared in accordance with generally accepted accounting principles consistently applied, less

- . current liabilities, excluding current maturities of long-term debt and Capital Lease Obligations, and
- . goodwill, tradenames, trademarks, patents, minority interests of others, unamortized debt discount and expense and other similar intangible assets, excluding any investments in permits or licenses issued, granted or approved by the Federal Communications Commission.

"Lien" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement or zoning restriction, encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to property including any Capital Lease Obligation, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing or any Sale and Leaseback Transaction.

"Permitted Liens" means:

(1) Liens existing on October 1, 1998;

(2) Liens on property existing at the time of acquisition of the property or to secure the payment of all or any part of the purchase price of the property or to secure any indebtedness incurred before, at the time of or within 270 days after the acquisition of the property for the purpose of financing all or any part of the purchase price of the property;

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(3) Liens securing indebtedness owing by a Restricted Subsidiary to us or any of our wholly owned subsidiaries;

(4) Liens on property of any entity, or on the stock, indebtedness or other obligations of any entity, existing at the time

- . the entity becomes a Restricted Subsidiary,
- . the entity is merged into or consolidated with us or a Restricted Subsidiary, or
- . we or a Restricted Subsidiary acquires all or substantially all of the assets of the entity,

as long as the Liens do not extend to any other property of ours or property of any other Restricted Subsidiary;

(5) Liens on property to secure any indebtedness incurred to provide funds for all or any part of the cost of development of or improvements to the property;

(6) Liens on our property or the property of any of our Restricted Subsidiaries securing

- . nondelinquent performance of bids or contracts, other than for borrowed money, obtaining of advances or credit or the securing of debt,

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- . contingent obligations on surety and appeal bonds, and
- . other nondelinquent obligations of a similar nature,

in each case, incurred in the ordinary course of business;

(7) Liens securing Capital Lease Obligations, provided that

- . the Liens attach to the property within 270 days after the acquisition thereof, and
- . the Liens attach solely to the property so acquired;

(8) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds, as long as the deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by us or a Restricted Subsidiary, as applicable, in excess of those set forth by regulations promulgated by the Federal Reserve Board and the deposit account is not intended by us or the Restricted Subsidiary to provide collateral to the depository institution;

(9) pledges or deposits under worker's compensation laws, unemployment insurance laws or similar legislation;

(10) statutory and tax Liens for sums not yet due or delinquent or which are being contested or appealed in good faith by appropriate proceedings;

(11) Liens arising solely by operation of law, such as mechanics', materialmen's, warehouseman's and carriers' Liens and Liens of landlords or of mortgages of landlords, on fixtures and movable property located on premises leased in the ordinary course of business;

(12) Liens on personal property, other than shares of stock or indebtedness of any Restricted Subsidiary, to secure loans maturing not more than one year from the date of the creation of the loan and on accounts receivable associated with a receivables financing program of ours or any of our Restricted Subsidiaries;

(13) any Lien created by or resulting from litigation or other proceeding against us or any Restricted Subsidiary, or upon property of ours or of a Restricted Subsidiary, or any lien for workmen's compensation awards or similar awards, so long as the finality of the judgment or award is being contested and execution on the judgment or award is stayed or the Lien relates to a final unappealable judgment which is satisfied

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within 30 days of the judgment or any Lien incurred by us or any Restricted Subsidiary for the purpose of obtaining a stay or discharge in the course of any litigation or other proceeding, as long as the judgment or award does not constitute an Event of Default under clause (5) of "Events of Default" below;

(14) Liens on our real property or the real property of a Restricted Subsidiary which constitute minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of the real

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property, as long as all of the liens referred to in this clause (14) in the aggregate do not at any time materially detract from the value of the real property or materially impair its use in the operation of our business or the business of our subsidiaries;

(15) Liens on our property or the property of a Restricted Subsidiary securing indebtedness or other obligations issued by the United States of America or any state or any department, agency or instrumentality or political subdivision of the United States of America or any state, or by any other country or any political subdivision of any other country, to finance all or any part of the purchase price of, or, in the case of real property, the cost of construction on or improvement of, any property or assets subject to the Liens, including Liens incurred in connection with pollution control, industrial revenue or similar financings; and

(16) any renewal, extension or replacement of any Lien permitted pursuant to (1), (2), (4), (5), (7) and (15) above or of any indebtedness secured by any such Lien, as long as the extension, renewal or replacement Lien is limited to all or any part of the same property that secured the Lien extended, renewed or replaced, plus improvements on the property, and the principal amount of indebtedness secured by the Lien and not otherwise authorized by clauses (1), (2), (4), (5), (7) and (15) does not exceed the principal amount of indebtedness plus any premium or fee payable in connection with the renewal, extension or replacement so secured at the time of the renewal, extension or replacement.

"Receivables Subsidiary" means a special purpose wholly owned subsidiary created in connection with any transactions that may be entered into by us or any of our subsidiaries pursuant to which we or any of our subsidiaries may sell, convey, grant a security interest in or otherwise transfer undivided percentage interests in its receivables.

"Restricted Subsidiary" means any subsidiary of ours, other than a Receivables Subsidiary or Sprint Capital, if:

. the subsidiary has substantially all of its property in the United States, other than its territories and possessions; and

. at the end of our most recent fiscal quarter preceding the date of determination, the aggregate amount, determined in accordance with generally accepted accounting principles consistently applied, of securities of, loans and advances to, and other investments in, the subsidiary held by us and our other subsidiaries, less any securities of, loans and advances to, and other investments in us and our other subsidiaries held by the subsidiary or any of its subsidiaries, exceeded 15% of our Consolidated Net Tangible Assets.

"Sale and Leaseback Transaction" means any direct or indirect arrangement pursuant to which property is sold or transferred by us or a Restricted Subsidiary and is thereafter leased back from the purchaser or transferee by us or the Restricted Subsidiary.

### Events of Default

Definition. The indentures define an Event of Default with respect to debt securities of any series as any one of the following events:

(1) failure to pay principal of or any premium on any debt security of that series at maturity;

(2) failure to pay any interest on any debt security of that series when due, continued for 30 days;

(3) failure to deposit any sinking fund payment, when due, in respect of any debt security of that series;

(4) failure to perform any other covenant or warranty in the applicable indenture, other than a covenant included solely for the benefit of series of debt securities other than that series, continued for 60 days after written notice as provided in that indenture;

(5) default resulting in acceleration of more than \$50 million in aggregate principal amount of any indebtedness for money borrowed by us or Sprint Capital or any other subsidiary of ours under the terms of the instrument under which that indebtedness is issued or secured, if that indebtedness is not discharged or acceleration is not rescinded or annulled within 10 days after written notice as provided in the indentures;

(6) certain events of bankruptcy, insolvency or reorganization; and

(7) any other Event of Default provided with respect to debt securities of that series (Section 501).

Remedies. If an Event of Default with respect to debt securities of any series at the time outstanding occurs and is continuing, either the applicable trustee or the holders of at least 25% in principal amount of the outstanding debt securities of that series may declare the principal amount (or, if any of the debt securities of that series are original issue discount securities, such portion of the principal amount as may be specified in the terms of that series) of all the debt securities of that series to be due and payable immediately by written notice as provided in the applicable indenture. Notwithstanding the foregoing, unless the applicable prospectus supplement states otherwise, if an Event of Default described in clause (6) with respect to any debt securities of any series occurs and is continuing, then all of the debt securities of that series shall become immediately due and payable without any further act by us, Sprint Capital, any holder or the applicable trustee. At any time after a declaration of acceleration with respect to debt securities of any series has been made and before a judgment or decree for payment of the money due based on acceleration has been obtained, the holders of a majority in principal amount of the outstanding debt securities of that series may, in accordance with the applicable indenture, rescind and annul the acceleration (Section 502).

Obligations of Trustee. Each indenture provides that the trustee will be under no obligation, subject to the duty of the trustee during default to act with the required standard of care, to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless the holders offer reasonable indemnity to the trustee (Sections 601 and 603). Subject to the provisions for indemnification of the applicable trustee, the holders of a majority in principal amount of the outstanding debt securities of any series will have the right, in accordance with applicable law, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the debt securities of that series (Section 512).

Under the indentures we and Sprint Capital must furnish to the applicable trustee annually a statement regarding the performance of our respective obligations under the applicable indentures and as to any default in performance (Section 1004).

Modification and Waiver

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Modifications and Amendments. We and the applicable trustee may modify and amend the Sprint indenture, in most cases with the consent of the holders of a majority in principal amount of the outstanding debt securities of each series affected by the modification or amendment.

We, Sprint Capital and the applicable trustee may modify and amend the Sprint Capital indenture, in most cases with the consent of the holders of a majority in principal amount of the outstanding debt securities of each series affected by the modification or amendment.

Unless the applicable prospectus supplement states otherwise, however, neither we nor Sprint Capital may, without the consent of the holder of each outstanding debt security affected:

- . change the date specified in the debt security for the payment of the principal of, or any installment of principal of or interest on, the debt security,

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- . reduce the principal amount of, or any premium or interest on, any debt security,
- . reduce the amount of principal of an original issue discount security or any other debt security payable upon acceleration of the maturity of that debt security,
- . change the place or currency of payment of principal of, or any premium or interest on, any debt security,
- . impair the right to institute suit for the enforcement of any payment on or with respect to any debt security or
- . reduce the percentage in principal amount of outstanding debt securities of any series, the consent of whose holders is required to modify or amend the indenture or to waive compliance with certain provisions of the applicable indenture or for waiver of certain defaults (Section 902).

In addition, unless the applicable prospectus supplement states otherwise, we, Sprint Capital and the trustee may not, without the consent of the holder of each outstanding debt security affected, modify or amend the terms and conditions of, or our obligations under, the guarantees in any manner adverse to the holders of any debt security.

Waivers. The holders of a majority in principal amount of the outstanding debt securities of any series issued under the indentures may on behalf of the holders of all debt securities of that series waive, insofar as that series is concerned, compliance by us or Sprint Capital, as the case may be, with certain restrictive provisions of the indenture (Sprint indenture, Section 1009, Sprint Capital indenture, Sections 1010 and 1013). The holders of a majority in principal amount of the outstanding debt securities of any series may on behalf of the holders of all debt securities of that series waive any past default under the applicable indenture with respect to that series, except a default in the payment of the principal of or any premium or interest on any debt security of that series or in respect of a covenant or provision which under the indentures cannot be modified or amended without the consent of the holder of each outstanding debt security of that series affected (Section 513).

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### Consolidation, Merger and Conveyances

Neither we nor, in the case of the Sprint Capital indenture, Sprint Capital may consolidate with or merge into any other person or convey, transfer or lease all or substantially all of our properties and assets in any one transaction or series of transactions, and neither we nor, in the case of the Sprint Capital indenture, Sprint Capital may permit any person to consolidate with or merge into us or Sprint Capital or convey, transfer or lease all or substantially all of its properties and assets in any one transaction or series of transactions to us or Sprint Capital, unless:

- . the successor person is organized under the laws of any United States jurisdiction and assumes our obligations or the obligations of Sprint Capital, as applicable, under the debt securities, the guarantees and the applicable indenture,
- . after giving effect to the transaction no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, has happened and is continuing, and
- . certain other conditions specified in the indentures are met.

Thereafter, if we or Sprint Capital are not the successor person, all of our obligations and the obligations of Sprint Capital terminate (Sections 801 and 802).

### Defeasance

Unless the applicable prospectus supplement states otherwise, the following defeasance provisions will apply to the debt securities.

The indentures provide that we and Sprint Capital, in the case of debt securities issued under the Sprint Capital indenture, may elect either:

- . to defease and be discharged from any and all obligations with respect to the debt securities and the guarantees of those debt securities, with certain limited exceptions described below, which we refer to as full defeasance, or
- . to be released from our respective obligations with respect to the debt securities under the restrictive covenants in the indentures and the related Events of Default as well as the cross-default to other indebtedness Event of Default, which we refer to as covenant defeasance.

In order to accomplish full defeasance or covenant defeasance, we or Sprint Capital must deposit with the applicable trustee, or other qualifying trustee, in trust, money and/or U.S. government obligations which through the payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal of and any premium and interest on the debt securities on the scheduled due dates for the payments. Such a trust may be established only if, among other things, we or Sprint Capital deliver to the applicable trustee an opinion of counsel to the effect that the holders of the debt securities will not recognize gain or loss for federal income tax purposes as a result of full defeasance or covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if full defeasance or covenant defeasance had not occurred. The opinion, in the case of full defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable

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federal income tax law occurring after October 1, 1998. Obligations not discharged in a full defeasance include those relating to the rights of holders of outstanding debt securities to receive, solely from the trust fund described above, payments in respect of the principal of and any premium and interest on debt securities when due as set forth in Section 1304 of the indentures, and obligations to register the transfer or exchange of the debt securities, to replace temporary or mutilated, destroyed, lost or stolen debt securities, to maintain an office or agency in respect of the debt securities, to hold moneys for payment in trust and to compensate, reimburse and indemnify the trustee (Article Thirteen).

The applicable prospectus supplement may further describe additional provisions, if any, permitting defeasance or covenant defeasance with respect to the debt securities of a particular series.

### Regarding the Trustee

We have a normal business banking relationship with the trustee, including the maintenance of accounts and the borrowing of funds. The trustee may own debt securities.

### Governing Law

New York law, without regard to principles of conflicts of law, will govern the indentures, the debt securities and the guarantees.

### Global Securities

Unless otherwise provided in the applicable prospectus supplement, each series of the debt securities will be issued in the form of one or more global securities that will be deposited with, or on behalf of, The Depository Trust Company, as depository. Interests in the global securities will be issued only in denominations of \$1,000 or integral multiples thereof. Unless and until it is exchanged in whole or in part for debt securities in definitive form, a global security may not be transferred except as a whole to a nominee of the depository for such global security, or by a nominee of the depository to the depository or another nominee of the depository, or by the depository or any such nominee to a successor depository or a nominee of such successor depository.

### Book-Entry System

Initially, the debt securities will be registered in the name of Cede & Co., the nominee of the depository. Accordingly, beneficial interests in the debt securities will be shown on, and transfers of the debt securities will be effected only through, records maintained by the depository and its participants. For further discussion of the provisions we expect will apply to depository arrangements, see "Description of Convertible Subordinated Debt Securities--Book-Entry Securities."

## DESCRIPTION OF CONVERTIBLE SUBORDINATED DEBT SECURITIES

The convertible subordinated debt securities will be issued under an indenture between us and a trustee. The name of the trustee will be set forth in the applicable prospectus supplement. We have summarized the material provisions of the indenture below. The form of the indenture has been filed as an exhibit to the registration statement and you should read the indenture for

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provisions that may be important to you. In the summary below, we have included references to section numbers of the indenture so that you can easily locate these provisions. Capitalized terms used in the summary have the meaning specified in the indenture. You can obtain copies of the indenture by following the directions described under the caption "Where You Can Find More Information." In this section, references to "our", "we" and similar terms mean Sprint Corporation, excluding its subsidiaries.

### General

The indenture does not limit the aggregate principal amount of convertible subordinated debt securities that we may issue and provides that we may issue convertible subordinated debt securities from time to time in one or more series, in each case with the same or various maturities, at par or at a discount. We may issue additional convertible subordinated debt securities of a particular series without the consent of the holders of the convertible subordinated debt securities of that series outstanding at the time of the issuance. Any additional convertible subordinated debt securities, together with all other outstanding convertible subordinated debt securities of that series, will constitute a single series of convertible subordinated debt securities under the indenture. The indenture also does not limit our ability to incur other debt and does not contain financial or similar restrictive covenants. The convertible subordinated debt securities will be subordinated in right of payment to all of our Senior Debt as described below.

A prospectus supplement relating to a series of convertible subordinated debt securities being offered will include specific terms relating to the offering. These terms will include some or all of the following:

- . the title of the convertible subordinated debt securities;
- . any limit on the total principal amount of the convertible subordinated debt securities;
- . the maturity date or dates of the convertible subordinated debt securities;
- . the rate or rates of interest, which may be fixed or variable, per annum at which the convertible subordinated debt securities will bear interest, or the method of determining the rate or rates, if any;
- . the date or dates from which interest, if any, will accrue;
- . the dates on which interest will be payable and the related record dates;
- . whether payments of principal or interest will be determined by any index, formula or other method and the manner of determining the amount of these payments;
- . the place or places where the principal of, premium, if any, and interest on the convertible subordinated debt securities will be payable if other than the location specified in this prospectus;
- . any redemption dates, prices, rights, obligations and restrictions on the convertible subordinated debt securities;
- . any mandatory or optional sinking fund, purchase fund or similar provisions;
- . the denominations in which the convertible subordinated debt securities will be issuable if other than denominations of \$1,000 and integral



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multiples of \$1,000;

- . the portion of the principal amount of the convertible subordinated debt securities payable upon the acceleration of the maturity of the convertible subordinated debt securities if other than the principal amount;

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- . the currency or currency unit in which principal and interest will be paid if other than U.S. dollars;
- . whether we will issue the convertible subordinated debt securities in permanent global form and the circumstances under which the permanent global debt security may be exchanged;
- . whether subordination provisions different from those summarized below will apply to the convertible subordinated debt securities;
- . any special tax implications of the convertible subordinated debt securities;
- . any deletions from, changes in or additions to the events of default or the covenants specified in the indenture; and
- . any other material terms of the convertible subordinated debt securities not specified in this prospectus (Section 301).

We may issue convertible subordinated debt securities at a substantial discount below their stated principal amount. We refer to these securities as original issue discount securities, which means any security that initially provides for an amount less than its principal amount to be due and payable upon the acceleration of its maturity. We will describe the federal income tax consequences and other special considerations applicable to any original issue discount securities in the applicable prospectus supplement.

Unless the applicable prospectus supplement states otherwise, the convertible subordinated debt securities will be issued only in fully registered form, without coupons, in denominations of \$1,000 and any integral multiple of \$1,000. Holders of convertible subordinated debt securities will not pay any service charge for any registration of transfer or exchange of the convertible subordinated debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the registration of transfer or exchange.

Payment; Transfer

Unless the applicable prospectus supplement states otherwise, principal of, premium, if any, and interest, if any, on the convertible subordinated debt securities will be payable, and the convertible subordinated debt securities will be transferable, at the corporate trust office of the trustee. However, interest may be paid at our option by check mailed to the address of the holder entitled to the interest as it appears on the security register. We will have the right to require a holder of any convertible subordinated debt security, in connection with any payment on the convertible subordinated debt security, to certify information to us or, in the absence of certification, we may rely on any legal presumption to enable us to determine our obligation, if any, to deduct or withhold taxes, assessments or governmental charges from the payment.

Conversion Rights

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General. Unless the applicable prospectus supplement states otherwise, the holder of any convertible subordinated debt security of any series will have the right, at the holder's option, to convert any portion of the principal amount of the security that is an integral multiple of \$1,000 into shares of common stock, as defined, at any time following the last original issue date of the convertible subordinated debt securities of that series and before the close of business on the maturity date at the conversion rate per \$1,000 principal amount of the convertible subordinated debt security set forth in the applicable prospectus supplement. Unless the applicable prospectus supplement states otherwise, the conversion rate will be subject to adjustment as described below. The right to convert a convertible subordinated debt security called for redemption or delivered for repurchase will terminate at the close of business on the redemption date or repurchase date for that convertible subordinated debt security (Sections 203 and 1501).

Definition of Common Stock. Under the indenture, the term "common stock" initially refers to our PCS common stock, series 1. However, if we convert all outstanding shares of PCS common stock into FON common

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stock as described under the caption "Description of PCS Common Stock--Conversion of PCS Common Stock at our Option" or "--Mandatory Dividend, Redemption or Conversion of PCS Common Stock," each convertible subordinated debt security then outstanding will thereafter be convertible into the number of shares of FON common stock that would have been issuable in respect of that security if it had been converted into PCS common stock immediately before the conversion of PCS common stock into FON common stock. See "--Adjustments to Conversion Rate" below. In this circumstance, the term "common stock" as used in the indenture will thereafter refer to FON common stock.

If we redeem all outstanding shares of PCS common stock in exchange for common stock of one or more of our subsidiaries as described under the caption "Description of PCS Common Stock--Redemption of PCS Common Stock in Exchange for Stock of a Subsidiary," each convertible subordinated debt security then outstanding will thereafter be convertible into the number of shares of common stock of the subsidiary or subsidiaries that would have been issuable in respect of that security if it had been converted into PCS common stock immediately before the redemption. See "--Adjustments to Conversion Rate" below. In this circumstance, the term "common stock" as used in the indenture will thereafter refer to the common stock of our subsidiary or subsidiaries.

Exercise of Conversion Rights. Unless the applicable prospectus supplement states otherwise, the holder of any convertible subordinated debt security will be able to exercise its right of conversion by delivering the convertible subordinated debt security at the specified office of the conversion agent, accompanied by a duly signed and completed notice of conversion. You will be able to obtain a copy of the form of conversion notice from the trustee. The conversion date will be the date on which the convertible subordinated debt security and the duly signed and completed notice of conversion and all other required items are so delivered. As promptly as practicable on or after the conversion date, we will issue and deliver to the conversion agent a certificate for the number of full shares of common stock issuable upon conversion. Shares of common stock issued upon conversion of the convertible subordinated debt securities will be fully paid and nonassessable.

Unless the applicable prospectus supplement states otherwise, any holder that surrenders a convertible subordinated debt security for conversion on a date that is not an interest payment date will not be entitled to any interest

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for the period from the preceding interest payment date to the date of conversion, except as described in this paragraph. The holder of any convertible subordinated debt security on a regular record date, including a convertible subordinated debt security that is subsequently converted after the regular record date, will receive the interest payable on the interest payment date. However, any holder surrendering a convertible subordinated debt security for conversion during the period from the close of business on a regular record date to the opening of business on the next interest payment date must be accompanied by payment of an amount equal to the interest payable on that interest payment date on the principal amount of the convertible subordinated debt security surrendered for conversion. Notwithstanding this requirement, a holder need not make that payment if it is converting a convertible subordinated debt security that we have called for redemption or are required to repurchase, if the right to convert the subordinated debt security would terminate between the regular record date and the close of business on the next interest payment date because of the redemption or repurchase. We will pay interest in respect of any convertible subordinated debt security surrendered for conversion on or after an interest payment date and before the next regular record date to the holder of that convertible subordinated debt security as of the next preceding regular record date, notwithstanding the exercise of the conversion right.

We will not make any other payment or adjustment for interest, or for any dividends in respect of common stock, upon conversion. Holders of common stock issued upon conversion of convertible subordinated debt securities will not receive any dividends payable to holders of common stock as of any record time before the close of business on the conversion date relating to such convertible subordinated debt securities. We will not issue any fractional shares upon conversion and instead will pay fractional shares in cash or, at our option, we will round up the shares issued to the next whole number of shares.

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A holder delivering a convertible subordinated debt security for conversion need not pay any transfer or similar taxes or duties in respect of the issue or delivery of common stock on conversion but must pay any tax or duty payable in respect of any transfer involved in the issue of the common stock. We will not deliver certificates representing shares of common stock unless the person requesting delivery has paid to us the amount of any tax or duty that is payable or has established to our satisfaction that the tax or duty has been paid (Sections 1502 and 1508).

Adjustments to Conversion Rate. Unless the applicable prospectus supplement states otherwise, we will adjust the conversion rate in certain events, including:

- (1) dividends and other distributions payable in common stock on shares of our capital stock;
- (2) the issuance to all holders of common stock of rights, options or warrants to subscribe for or purchase common stock at less than the then current market price (determined as provided in the indenture) as of the record date for stockholders entitled to receive those rights, options or warrants;
- (3) subdivisions, combinations and reclassifications of our common stock;
- (4) distributions to all holders of common stock of evidences of our indebtedness, shares of capital stock, cash or assets (including securities,

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but excluding those dividends, rights, options, warrants and distributions referred to in clauses (1) and (2) above, dividends and distributions paid exclusively in cash and in mergers and consolidations to which the third succeeding paragraph applies);

(5) cash distributions (excluding any cash portion of distributions referred to in clause (4) above or cash distributed upon a merger or consolidation to which the third succeeding paragraph applies) to all holders of common stock in an aggregate amount that, together with:

- . other cash distributions made within the preceding 12 months to all holders of common stock in respect of which no adjustment has been made, and
- . any cash and the fair market value of other consideration payable in respect of any tender offer by us or any of our subsidiaries for common stock concluded within the preceding 12 months in respect of which no adjustment has been made,

exceeds 10% of the market capitalization of the common stock on the record date for that distribution;

(6) the successful completion of a tender offer by us or any of our subsidiaries for common stock that involves an aggregate consideration that, together with:

- . any cash and other consideration payable in a tender offer by us or any of our subsidiaries for common stock expiring within the 12 months preceding the expiration of the tender offer in respect of which no adjustment has been made, and
- . the aggregate amount of any cash distributions referred to in clause (5) above to all holders of common stock within the 12 months preceding the expiration of the tender offer in respect of which no adjustments have been made,

exceeds 10% of the market capitalization of the common stock on the expiration of that tender offer; and

(7) the conversion of all outstanding shares of PCS common stock into shares of FON common stock or common stock of a subsidiary as described under the caption "Description of PCS Common Stock-- Conversion of PCS Common Stock at our Option, "--Mandatory Dividend, Redemption or Conversion of PCS Common Stock" or "--Redemption of PCS Common Stock in Exchange for Stock of a Subsidiary."

In addition, we reserve the right to make increases in the conversion rate that we consider advisable so that any event treated for federal income tax purposes as a dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock will not be taxable to the recipients.

We will not adjust the conversion rate until the cumulative adjustments amount to 1.0% or more of the conversion rate (Section 1504). We will also not duplicate any adjustment when an event falls into more than one of the categories described above. We will compute any adjustments to the conversion rate and will give notice to the holders of the convertible subordinated debt securities of any adjustments (Section 1505).

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In case of:

- (1) our consolidation or merger with or into another person, or
- (2) any merger of another person into us, other than a merger which does not result in any reclassification, conversion, exchange or cancellation of the common stock, or
- (3) any sale or transfer of all or substantially all of our assets,

each convertible subordinated debt security then outstanding will become convertible only into the securities, cash and other property receivable upon the consolidation, merger, sale or transfer by a holder of the number of shares of common stock into which that convertible subordinated debt security could be converted immediately before the event, assuming:

- . the holder of common stock failed to exercise any rights of election with respect to the consolidation, merger, sale or transfer, and
- . that the convertible subordinated debt security was then convertible (Section 1511).

Unless the applicable prospectus supplement states otherwise, from time to time we may increase the conversion rate relating to any series of convertible subordinated debt securities by any amount for any period of at least 20 days if our board of directors determines that the increase would be in our best interests. This determination will be conclusive. We will give holders at least 15 days' notice of any increase of this kind.

If at any time we make a distribution of property to our stockholders that would be taxable to those stockholders as a dividend for federal income tax purposes and, pursuant to the anti-dilution provisions of the indenture, the number of shares into which convertible subordinated debt securities of any series are convertible is increased, that increase may be deemed for federal income tax purposes to be the payment of a taxable dividend to holders of convertible subordinated debt securities.

**Termination of Conversion Rights.** Under our articles of incorporation, if we dispose of all or most of the PCS group's assets and elect to redeem all or most of the outstanding shares of PCS common stock, series 1 as described under the caption "Description of PCS Common Stock--Mandatory Dividend, Redemption or Conversion of PCS Common Stock," we will mail notice of the redemption to all holders of convertible subordinated debt securities at least 30 days prior to the redemption date, which we refer to as the PCS stock redemption date. The right to convert convertible subordinated debt securities into shares of common stock will terminate at the close of business on the day immediately preceding the PCS stock redemption date. After the PCS stock redemption date, outstanding convertible subordinated securities will no longer be convertible into any securities of our company.

### Subordination

The convertible subordinated debt securities will be subordinate and junior in right of payment to all of our Senior Debt. The convertible subordinated debt securities will also be effectively subordinated in right of payment to all indebtedness and other liabilities of our subsidiaries. As of March 31, 2001, we had \$16.9 billion of Senior Debt outstanding (including \$86 million of letters of credit and \$15.5 billion of guarantees of debt of our subsidiaries), and our subsidiaries had an aggregate of \$28.2 billion of indebtedness and other liabilities outstanding.

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Under the indenture, Senior Debt means:

(1) our indebtedness for money borrowed or evidenced by credit or loan agreements, bonds, debentures, notes or similar instruments,

(2) all our obligations evidenced by a note or similar instrument or written agreement given in connection with the acquisition of any businesses, properties or assets, including the acquisition of securities,

(3) our obligations as lessee under leases capitalized on the balance sheet of the lessee under generally accepted accounting principles,

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(4) our obligations under interest rate and currency swaps, caps, floors, collars, hedge agreements, forward contracts, or similar agreements or arrangements intended to protect us against fluctuations in interest or currency exchange rates or commodity prices,

(5) all our reimbursement obligations with respect to letters of credit, bankers' acceptances or similar facilities issued for our account,

(6) indebtedness of others of the kinds described in the preceding clauses (1), (2), (3), (4) and (5) that we have assumed, guaranteed or otherwise assured the payment of, directly or indirectly, and/or

(7) deferrals, renewals, extensions and refundings of, or bonds, debentures, notes or other evidences of indebtedness issued in exchange for, or amendments, modifications or supplements to, or covenants and our other obligations in connection with, the indebtedness described in the preceding clauses (1) through (6) whether or not there is notice to or consent of the holders of convertible subordinated debt securities; except:

- . indebtedness and advances among us and our direct and indirect subsidiaries; and
- . any particular indebtedness that expressly provides that it is not Senior Debt (Sections 101).

As a result of these subordination provisions, no payment on account of the principal of, premium, if any, or interest on the convertible subordinated debt securities may be made if:

- . a payment default with respect to any Senior Debt exists and any applicable grace period has expired or,
- . any other event of default has occurred with respect to any Senior Debt that permits the holders to accelerate the maturity of the Senior Debt and is continuing after written notice to us and the trustee, which we refer to as a payment blockage notice (Section 1603).

If payments on the convertible subordinated debt securities have been blocked by a payment default on Senior Debt, payments on the convertible subordinated debt securities may resume when the payment default has been cured or waived. If payments on the convertible subordinated debt securities have been blocked by a nonpayment default, payments on the convertible subordinated debt securities may resume on the earlier of:

- . the date the nonpayment default is cured or waived, or

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. 179 days after the payment blockage notice is received.

No nonpayment default that existed on the day a payment blockage notice was delivered to the trustee can be used as the basis for any subsequent payment blockage notice. In addition, once any holder of Senior Debt has blocked payment on the convertible subordinated debt securities by giving a payment blockage notice, no new period of payment blockage can be commenced by any holder of Senior Debt until 365 days have elapsed since the effectiveness of the immediately prior payment blockage notice.

Upon the acceleration of the principal due on the convertible subordinated debt securities or payment or distribution of our assets to creditors upon any dissolution, winding up, liquidation or reorganization, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all principal, premium, if any, and interest due on all Senior Debt must be paid in full in cash before the holders of the convertible subordinated debt securities may receive any payment. As a result of these subordination provisions, in the event of our insolvency, our creditors who hold Senior Debt may recover more, ratably, than the holders of the convertible subordinated debt securities, and the subordination may reduce or limit payments to the holders of the convertible subordinated debt securities (Section 1602).

### Events of Default

Definition. The indenture defines an Event of Default with respect to convertible subordinated debt securities of any series as any one of the following events:

(1) failure to pay any interest on any convertible subordinated debt security of that series when due and payable, continued for 30 days;

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(2) failure to pay principal of or any premium on any convertible subordinated debt security of that series when due;

(3) failure to deposit any sinking fund payment, when due, in respect of any convertible subordinated debt security of that series;

(4) failure to perform any other covenant or warranty in the indenture (other than a covenant included in the indenture solely for the benefit of a series of convertible subordinated debt securities other than that series), continued for 60 days after written notice as provided in the indenture;

(5) any indebtedness for money borrowed by us in an aggregate principal amount in excess of \$50 million is not paid at final maturity or the maturity of which is accelerated and the default in payment or acceleration is not cured or rescinded within 10 days after written notice;

(6) the entry of a decree or order for relief in respect of our company by a court having jurisdiction in the premises in an involuntary case under federal or state bankruptcy laws and the continuance of any decree or order unstayed and in effect for a period of 60 consecutive days;

(7) the commencement by us of a voluntary case under federal or state bankruptcy laws or the consent by us to the entry of a decree or order for relief in an involuntary case under any bankruptcy law; and

(8) any other Event of Default provided with respect to convertible subordinated debt securities of that series (Section 501).

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Remedies. If an Event of Default with respect to convertible subordinated debt securities of any series occurs and is continuing, then either the trustee or the holders of at least 25% in aggregate principal amount of the outstanding convertible subordinated debt securities of that series may declare by notice in writing to us the principal amount (or, if the convertible subordinated debt securities of that series are original issue discount securities, that portion of the principal amount as may be specified in the terms of that series) of all the convertible subordinated debt securities of that series to be due and payable immediately. Notwithstanding the foregoing, unless the applicable prospectus supplement states otherwise, if an Event of Default described in clauses (6) or (7) with respect to convertible subordinated debt securities of any series occurs and is continuing, then all of the convertible subordinated debt securities of that series shall become immediately due and payable without any further act by us, any holder or the trustee. At any time after a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of outstanding convertible subordinated debt securities of that series may, under certain circumstances, rescind and annul the acceleration (Section 502).

In the event of a payment or covenant default with respect to convertible subordinated debt securities, the trustee, subject to certain limitations and conditions, may institute judicial proceedings to enforce the payment of any amount due or the performance of that covenant or any other proper remedy (Section 503). Under certain circumstances, the trustee may withhold notice to the holders of the convertible subordinated debt securities of a default if the trustee in good faith determines that withholding notice is in the best interest of the holders (Section 602).

Obligations of Trustee. The indenture provides that, subject to the duty of the trustee during default to act with the required standard of care, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless the holders shall have offered to the trustee reasonable security or indemnity (Section 603). Subject to the provisions for the indemnification of the trustee and to certain other conditions, the holders of a majority in aggregate principal amount of the outstanding convertible subordinated debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee with respect to the convertible subordinated debt securities of that series. However, the trustee may decline to act if the holders' direction violates any law or the indenture, would unduly prejudice the right of other holders or subject the trustee to personal liability (Section 512).

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No holder of any convertible subordinated debt security of any series will have any right to institute any proceeding with respect to the indenture, or for the appointment of a receiver or trustee or for any remedy, unless:

- . the holder has given the trustee written notice of a continuing Event of Default with respect to the convertible subordinated debt securities of that series;
- . the holders of not less than 25% in aggregate principal amount of the outstanding convertible subordinated debt securities of that series have made written request, and offered reasonable indemnity, to the trustee to institute the proceeding as trustee;
- . the trustee has not received an inconsistent direction from the holders



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of a majority in principal amount of the outstanding convertible subordinated debt securities of that series; and

- . the trustee has failed to institute the requested proceeding within 60 days (Section 507).

However, the holder of any convertible subordinated debt security will have an absolute right to receive payment of the principal of, premium, if any, and interest on that convertible subordinated debt security on the due dates expressed in that convertible subordinated debt security and to institute suit for the enforcement of any payment (Section 508).

Under the indenture we must furnish to the trustee annually a statement regarding our performance of certain of our obligations under the indenture and as to any default in performance (Section 1005).

### Defeasance and Covenant Defeasance

Unless the applicable prospectus supplement states otherwise, the indenture provides that we may choose to deposit in trust with the trustee cash and/or government securities in an amount sufficient, without reinvestment, to pay all sums due on any series of convertible subordinated debt securities. If we make this deposit, then, at our option, we:

(1) will be deemed to have satisfied and paid all of our obligations in respect of the convertible subordinated debt securities of a particular series, which is referred to as full defeasance; or

(2) will not need to comply with certain restrictive covenants contained in the indenture, and the occurrence of a covenant default with respect to those restrictive covenants, as well as the cross-default to other indebtedness, will no longer be Events of Default with respect to that series of convertible subordinated debt securities, which is referred to as covenant defeasance.

We will, however, be required, among other things, to continue to effect conversions of convertible subordinated debt securities.

A trust of this kind may only be established if, among other things,

- . no Event of Default exists or occurs as a result of the deposit; and
- . we deliver an opinion of counsel to the effect that the holders will not recognize income, gain or loss for federal income tax purposes as a result of the deposit.

If we exercise either defeasance option with respect to any series of convertible subordinated debt securities and the maturity of that series is accelerated upon an Event of Default, the amount of cash and government securities on deposit with the trustee may not be sufficient to pay amounts due on these convertible subordinated debt securities at the time of the acceleration. If we have elected covenant defeasance, we will remain liable with respect to these payments. However, if we have elected full defeasance, we will not remain liable with respect to these payments (Article 13).

### Modification and Waiver

Modifications and Amendments. We and the trustee may modify and amend the

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indenture with the consent of the holders of a majority in aggregate principal amount of the outstanding convertible subordinated debt securities of each series affected by the modification or amendment. Unless the applicable prospectus supplement states otherwise, however, we may not, without the consent of the holder of each outstanding convertible subordinated debt security affected:

- . change the maturity date of the principal of, or interest on, any convertible subordinated debt security,
- . reduce the principal amount of, or any premium or rate of interest on, any convertible subordinated debt security,
- . reduce the amount of principal of an original issue discount security payable upon acceleration of the maturity thereof,
- . change the place or currency of payment of principal of, premium, if any, or interest on, any debt security,
- . impair the right to institute suit for the enforcement of any payment on or with respect to any convertible subordinated debt security,
- . modify the conversion privilege or the subordination provisions with respect to any convertible subordinated debt security in a manner adverse to the holder thereof, or
- . reduce the percentage in principal amount of outstanding convertible subordinated debt securities of any series required to modify or amend the indenture or to waive compliance with certain provisions of, or defaults under, the indenture (Section 902).

Notwithstanding the foregoing, without the consent of any holder of convertible subordinated debt securities, we and the trustee may modify and amend the indenture:

- . to evidence the succession of another person to us and the assumption by the successor of our obligations under the indenture;
- . to make any change that would provide any additional rights or benefits to the holders of the convertible subordinated debt securities of any series or that does not adversely affect the legal rights of any holder under the indenture;
- . to add any additional Events of Default;
- . to permit the issuance of convertible subordinated debt securities in bearer form;
- . to change the provisions of the indenture in respect of any series of convertible subordinated debt securities not yet issued;
- . to secure the convertible subordinated debt securities of any series;
- . to make provisions with respect to the conversion rights of holders of convertible subordinated debt securities of any series in the event of a consolidation, merger or sale of assets as required by the indenture;
- . to establish the form or terms of the convertible subordinated debt securities of any series as permitted by the indenture;
- . to evidence and provide for the acceptance of the appointment under the indenture of a successor trustee; or

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- . to cure any ambiguity, defect or inconsistency, provided that the interests of the holders of outstanding convertible subordinated debt securities of any series are not adversely affected in any material respect (Section 901).

Waivers. The holders of at least a majority in aggregate principal amount of the outstanding convertible subordinated debt securities of each series may, on behalf of all holders of convertible subordinated debt securities of that series, waive, insofar as that series is concerned, our compliance with certain restrictive provisions of the indenture (Section 1006).

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The holders of at least a majority in aggregate principal amount of the outstanding convertible subordinated debt securities of any series may, on behalf of all holders of convertible subordinated debt securities of that series, waive any past default under the indenture, except:

- . a default in the payment of principal of, premium, if any, or interest on, any convertible subordinated debt security of that series; or
- . a default in respect of a covenant or provision which under the indenture cannot be modified or amended without the consent of the holder of each convertible subordinated debt security of the series affected (Section 513).

### Consolidation, Merger and Conveyances

We may consolidate with or merge into any corporation, or transfer our assets substantially as an entirety to any person, organized under the laws of the U.S., any state in the U.S. or the District of Columbia, provided that:

- . the successor person assumes our obligations on the convertible subordinated debt securities and under the indenture;
- . after giving effect to the transaction no Event of Default, and no event which, after notice or lapse of time, would become an Event of Default, will have occurred and be continuing; and
- . certain other conditions under the indenture are met (Section 801).

### Trustee

The trustee may resign or be removed with respect to one or more series of convertible subordinated debt securities and a successor trustee may be appointed to act with respect to that series (Section 610). In the event that two or more persons are acting as trustee with respect to different series of convertible subordinated debt securities, each trustee shall be a trustee of a trust under the indenture separate and apart from the trust administered by any other trustee, and any action described herein to be taken by the "trustee" may then be taken by each trustee with respect to, and only with respect to, the one or more series of convertible subordinated debt securities for which it is trustee (Section 611).

### Book-Entry Securities

The convertible subordinated debt securities of a series may be issued in the form of one or more book-entry securities that will be deposited with a depositary or its nominee identified in the applicable prospectus supplement

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(Section 301). In this case, one or more book-entry securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of convertible subordinated debt securities of the series to be represented by the book-entry security or securities. Unless and until it is exchanged in whole or in part for convertible subordinated debt securities in definitive registered form, a book-entry security may not be transferred except as a whole by the depositary for that book-entry security to a nominee of the depositary or by a nominee of the depositary to the depositary or another nominee of the depositary or by the depositary or any nominee to a successor of the depositary or a nominee of the successor (Section 305).

The specific terms of the depositary arrangement with respect to any portion of a series of convertible subordinated debt securities to be represented by a book-entry security will be described in the applicable prospectus supplement. We anticipate that the following provisions will apply to all depositary arrangements.

Upon the issuance of a book-entry security, the depositary for that book-entry security or its nominee will credit, on its book-entry registration and transfer system, the respective principal amounts of the convertible subordinated debt securities represented by that book-entry security to the accounts of persons that have accounts with that depositary, or participants. Those accounts will be designated by the underwriters or agents with respect to the convertible subordinated debt securities or by us if the convertible subordinated debt securities are offered and sold directly by us. Participants include securities brokers and dealers, banks and trust companies, clearing

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corporations and certain other organizations. Access to the depositary's system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with participants either directly or indirectly, which we refer to as indirect participants. Persons who are not participants may beneficially own book-entry securities held by the depositary only through participants or indirect participants.

Ownership of beneficial interests in any book-entry security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the depositary or its nominee with respect to interests of participants in that book-entry security and on the records of participants with respect to interests of indirect participants. The laws of some states require that certain purchasers of securities take physical delivery of the securities in definitive form. These laws, as well as the limits on participation in the depositary's book-entry system, may impair the ability to transfer beneficial interests in a book-entry security.

So long as the depositary or its nominee is the registered owner of a book-entry security, the depositary or its nominee will be considered the sole owner or holder of the convertible subordinated debt securities represented by that book-entry security for all purposes under the indenture. Except as provided below, owners of beneficial interests in convertible subordinated debt securities represented by book-entry securities will not be entitled to have convertible subordinated debt securities of the series represented by that book-entry security registered in their names, will not receive or be entitled to receive physical delivery of the convertible subordinated debt securities in definitive form, and will not be considered the owners or holders of the convertible subordinated debt security under the indenture.

Payments of principal of, premium, if any, and interest on convertible

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subordinated debt securities registered in the name of the depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the book-entry security representing those convertible subordinated debt securities. We expect that the depositary for a series of convertible subordinated debt securities or its nominee, upon receipt of any payment of principal, premium or interest, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the book-entry security for those convertible subordinated debt securities, as shown on the records of the depositary or its nominee. We also expect that payments by participants and indirect participants to owners of beneficial interests in the book-entry security held through those persons will be governed by standing instructions and customary practices, as is now the case with securities registered in "street name", and will be the responsibility of the participants and indirect participants. None of us, the trustee, any authenticating agent, any paying agent, or the security registrar for the convertible subordinated debt securities will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the book-entry security for those convertible subordinated debt securities or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests (Section 311).

If the depositary for convertible subordinated debt securities of a series notifies us that it is unwilling or unable to continue as depositary or if at any time the depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934, we have agreed to appoint a successor depositary. If a successor is not appointed by us within 90 days, we will issue convertible subordinated debt securities of that series in definitive registered form in exchange for the book-entry security representing that series of convertible subordinated debt securities. In addition, we may at any time and in our sole discretion determine that the convertible subordinated debt securities of any series issued in the form of one or more book-entry securities will no longer be represented by that book-entry security or securities and, in that event, we will issue convertible subordinated debt securities of that series in definitive registered form in exchange for the book-entry security or securities. Further, if we so specify with respect to the convertible subordinated debt securities of a series, or if an Event of Default, or an event which with notice, lapse of time or both would be an Event of Default, with respect to the convertible subordinated debt securities of that series has occurred and is continuing, an owner of a beneficial interest in a book-entry security representing convertible subordinated debt securities of that series may receive convertible subordinated debt securities of that series in definitive registered form. In that case, an owner of a beneficial interest in a book-entry security will be entitled to physical delivery in definitive registered form of convertible subordinated debt securities of the series represented by that book-entry security equal in principal amount to that beneficial interest and to have those convertible subordinated debt securities registered in its name (Section 305).

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### AUTHORIZED CAPITAL STOCK

Pursuant to our articles of incorporation, we have 9,020,000,000 shares of authorized capital stock, which are divided into three classes of common stock and one class of preferred stock. The common stock consists of the FON common stock, the PCS common stock and the Class A common stock. Each class of common stock is divided into two or more series, as follows:

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Our FON common stock includes the following authorized shares:

- . 2,500,000,000 shares of FON common stock, series 1, par value \$2.00 per share,
- . 500,000,000 shares of FON common stock, series 2, par value \$2.00 per share, and
- . 1,200,000,000 shares of FON common stock, series 3, par value \$2.00 per share.

Our PCS common stock includes the following authorized shares:

- . 3,000,000,000 shares of PCS common stock, series 1, par value \$1.00 per share,
- . 1,000,000,000 shares of PCS common stock, series 2, par value \$1.00 per share, and
- . 600,000,000 shares of PCS common stock, series 3, par value \$1.00 per share.

Our Class A common stock includes the following authorized shares:

- . 100,000,000 shares of Class A common stock, having no series designation, par value \$0.50 per share, and
- . 100,000,000 shares of Class A common stock, series DT, par value \$0.50 per share.

In addition, we have 20,000,000 authorized shares of preferred stock, no par value. Of these shares, 3,050,095 have been designated and 246,861 have been issued. See "Description of Preferred Stock--Designated and Outstanding Preferred Stock." With respect to our undesignated shares of preferred stock, our board of directors may issue shares in one or more series, with the voting powers (full or limited or without voting power), designations, preferences and relative, participating, optional or other special rights, if any, and the qualifications, limitations or restrictions on those rights, as our board may fix and determine by resolution.

The FON common stock, series 3, the PCS common stock, series 3, and the two series of Class A common stock are all shares of stock that are referred to collectively as Class A stock. Shares of Class A stock have been issued, and will be issued, only to France Telecom or Deutsche Telekom, or to certain majority owned subsidiaries of France Telecom and/or Deutsche Telekom. Following the completion of the secondary offering of all of the FON common stock owned by France Telecom and Deutsche Telekom, including the FON common stock underlying their shares of Class A common stock, on June 4, 2001, each share of Class A common stock entitles the holder to have one-half of a share of PCS common stock, series 3 issued to the holder. The issuance of the underlying shares of FON common stock, series 3 in the secondary offering did not change the number of outstanding shares of Class A common stock. Similarly, the issuance of the underlying shares of PCS common stock, series 3 will not change the number of outstanding shares of Class A common stock. Instead, the issuance of the underlying stock reduces the number of underlying shares that the holder is entitled to have issued, which in turn affects the per share dividend rights, voting rights and liquidation rights of the Class A common stock. In addition, the par value of the shares of Class A common stock is reduced by the aggregate par value of the underlying shares issued. For example, the par value of the Class A common stock was reduced to \$0.50 per share from \$2.50 per share as a result of the issuance of the underlying FON common stock.

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The FON common stock, series 1 and the PCS common stock, series 1 are both listed and traded on the New York Stock Exchange.

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### DESCRIPTION OF CONVERTIBLE PREFERRED STOCK

The terms of any series of convertible preferred stock will be set forth in a certificate of designation adopted by our board of directors. The applicable prospectus supplement will describe the material terms of the series of convertible preferred stock offered by that prospectus supplement. If we issue any series of convertible preferred stock, we will file the applicable certificate of designation as an exhibit to the registration statement and you should read the certificate of designation for provisions that may be important to you. In addition, our articles of incorporation and bylaws govern the rights of all of our stockholders generally. Our articles of incorporation and bylaws have been filed as exhibits to the registration statement and you should read our articles of incorporation and bylaws for provisions that may be important to you. You can obtain copies of any certificate of designation and our articles of incorporation and bylaws by following the directions described under the caption "Where You Can Find More Information."

#### General

Under our articles of incorporation, our board of directors has the authority, without further stockholder action, to issue a maximum of 20,000,000 shares of preferred stock, or 16,949,905 shares of preferred stock in addition to the 3,050,095 shares of preferred stock already designated. See "--Designated and Outstanding Preferred Stock" below. Our board of directors has the authority to determine or fix the voting powers (full or limited or without voting powers), designations, preferences and relative, participating, optional or other special rights of, and any qualifications, limitations or restrictions on, any series of convertible preferred stock, which we will describe in the applicable prospectus supplement. These powers, designations, preferences and rights may include the following:

- . the number of shares and designation or title of the shares;
- . dividend rights;
- . any redemption dates, prices, rights, obligations and restrictions;
- . the terms of any purchase, retirement or sinking fund;
- . voting rights, if any;
- . the rights of the holders upon our dissolution or upon the distribution of our assets, including any liquidation preference; and
- . any other preferences, rights, limitations or restrictions of the series.

The applicable prospectus supplement will also describe the terms and conditions of the conversion rights of the series of convertible preferred stock being offered by that prospectus supplement.

#### Designated and Outstanding Preferred Stock

As of June 30, 2001, we had the following series of preferred stock

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designated and outstanding:

- . 95 shares of preferred stock-fifth series, no par value, designated and 95 shares outstanding;
- . 1,500,000 shares of preferred stock-sixth series, no par value, designated and no shares outstanding;
- . 300,000 shares of preferred stock-seventh series, convertible, no par value, designated and 246,766 shares outstanding; and
- . 1,250,000 shares of preferred stock-eighth series, no par value, designated and no shares outstanding.

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### DESCRIPTION OF PCS COMMON STOCK

We have summarized the material terms of our PCS common stock below. Our articles of incorporation and bylaws have been filed as an exhibit to the registration statement and you should read our articles of incorporation and bylaws for provisions that may be important to you. You can obtain copies of our articles of incorporation and bylaws by following the directions described under the caption "Where You Can Find More Information."

#### Dividend Rights and Restrictions

We will pay dividends on the PCS common stock when declared by our board of directors. We do not anticipate that our board will declare dividends on the PCS common stock in the foreseeable future.

Our board may declare dividends on the FON common stock and not the PCS common stock, or it may declare dividends on the PCS common stock and not the FON common stock. If the board declares a dividend on one series of the PCS common stock, it must declare the same dividend on all three series of PCS common stock. In addition, it must declare an equivalent dividend on the PCS common stock underlying the outstanding Class A common stock.

Dividends on the FON common stock, the PCS common stock and the Class A common stock may be declared only out of our net income or earned surplus. Net losses of either the PCS group or the FON group, and dividends and distributions on, or repurchases of, PCS common stock, FON common stock or Class A common stock, will reduce funds legally available for the payment of dividends on all three classes of common stock.

The tracking stock policies adopted by our board of directors require that dividends on the PCS common stock, including the PCS common stock underlying the Class A common stock, may be paid only out of the lesser of

- . the funds of our company that are legally available for the payment of dividends and
- . the PCS group available dividend amount, which is similar to the amount of assets that would be available for the payment of dividends on the PCS common stock, including the PCS common stock underlying the Class A common stock, under the Kansas General Corporation Code if the PCS group were a separate company.

Our board of directors may not declare a dividend or distribution consisting of shares of FON common stock on the PCS common stock. The board may only



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declare a dividend or distribution of shares of PCS common stock on the FON common stock if the shares to be issued represent an inter-group interest of the FON group in the PCS group.

Before any dividends on the PCS common stock or any other class of our common stock may be paid or declared and set apart for payment, we must pay or declare and set apart for payment full cumulative dividends on all outstanding series of preferred stock.

If we fail to purchase the preferred stock--fifth series upon tender by the holders, we are precluded from declaring or paying dividends on our PCS common stock or any other class of common stock until we have deposited the funds necessary for the purchase of the preferred stock--fifth series. If all of the shares of preferred stock--fifth series were tendered, the purchase price would be \$9.5 million plus accrued dividends.

Upon the issuance of a new series of preferred stock, our board may provide for dividend restrictions on the PCS common stock as to that series of preferred stock.

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### Voting Rights

Votes Per Share. The holders of PCS common stock vote together with the holders of the FON common stock, Class A common stock and preferred stock as a single class on most matters. When all classes are voting as a single class, the holders have the following number of votes:

- . The holders of the FON common stock, series 1, the FON common stock, series 3 and the preferred stock--fifth series have one vote per share.
- . The holders of the PCS common stock, series 1 and PCS common stock, series 3 have a number of votes per share equal to the number obtained by dividing the average trading price of one share of PCS common stock, series 1 by the average trading price of one share of FON common stock, series 1, computed as of the tenth trading day before the record date for determining the stockholders entitled to vote. For these purposes, the average trading price is defined as the average closing price of the stock determined over the 20 trading days immediately preceding the date of determination. If the "ex-dividend" date for a dividend or distribution on either the PCS common stock, series 1 or the FON common stock, series 1 occurs during this 20 trading day period, or the effective date of any subdivision or combination of the PCS common stock, series 1 or FON common stock, series 1 occurs during this 20 trading day period, an appropriate adjustment is made to the closing prices used in the calculation. The vote per share of the PCS common stock, series 1 and PCS common stock, series 3 is expressed as a decimal fraction rounded to the nearest three decimal places. By way of example, if the average trading price of one share of PCS common stock, series 1 is determined to be \$35 and the average trading price of one share of FON common stock, series 1 is determined to be \$30, each share of PCS common stock, series 1 and PCS common stock, series 3 would have 1.167 votes.
- . The holders of the PCS common stock, series 2 have 1/10 of the vote per share that the holders of the PCS common stock, series 1 and the PCS common stock, series 3 have.
- . The holders of the preferred stock--seventh series have the number of

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votes per share equal to the aggregate number of votes of the shares of PCS common stock, series 1 or PCS common stock, series 2 into which a share of the preferred stock--seventh series may be converted. At June 30, 2001, each share of preferred stock--seventh series was convertible into 65.04784 shares of PCS common stock, series 1 or PCS common stock, series 2, depending on who held the share of preferred stock--seventh series.

- . The holders of shares of Class A common stock have the number of votes per share equal to the votes represented by the PCS common stock underlying each share of Class A common stock.

On each matter to be voted on by the holders of the PCS common stock and Class A common stock voting together as a single class, the holders of shares of each series of PCS common stock are entitled to one vote per share. The holders of the Class A common stock are entitled to the vote per share represented by the shares or fraction of a share of PCS common stock, series 3 underlying each share of Class A common stock, assuming that the PCS common stock, series 3 has one vote per share.

If the PCS common stock is entitled to vote on a matter as a separate class, each share will be entitled to one vote. If a particular series of PCS common stock, such as the PCS common stock, series 1, is voting as a separate series, each share will be entitled to one vote.

Our articles of incorporation provide that the affirmative vote of the holders of a majority of the votes represented by the PCS common stock and Class A common stock voting together as a single class is required

(1) to adopt any amendment to our articles of incorporation that would:

- . increase or decrease the number of authorized shares of PCS common stock;
- . increase or decrease the par value of shares of PCS common stock;

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- . change the powers, preference or special rights of the shares of PCS common stock so as to affect them adversely; and

(2) to amend the provisions of our bylaws relating to the capital stock committee before November 23, 2002.

The tracking stock policies adopted by our board of directors provide that the consent of the holders of a majority of the outstanding shares of PCS common stock, voting as a separate class, and the consent of the holders of a majority of the outstanding shares of FON common stock, voting as a separate class, is required to approve any acquisition by the FON group of more than 33% of the assets of the PCS group.

Special Adjustment in Voting Power of the Class A Stock. If there is an increase in the per share vote of any of our voting securities due to the transfer of the voting securities and the increase occurs on or after the tenth trading day preceding a record date for purposes of determining the stockholders entitled to vote or to receive the payment of a dividend, then the per share vote of the Class A stock will be increased. The vote per share will be increased so that the percentage of the voting power represented by the shares of Class A stock held by each holder of Class A stock will not be diluted as a result of the increase in votes due to the transfer of voting

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securities until the day immediately following the date of the stockholders meeting or the date of the dividend payment. When PCS common stock, series 2 is transferred by a cable holder to a non-affiliate, it is automatically converted into PCS common stock, series 1, which has a higher per share vote.

Special Voting Rights of the Preferred Stock. The preferred stock is entitled to vote as a class with respect to certain matters affecting preferences of the preferred stock or an increase in the authorized shares of the class.

If we do not pay dividends or pay less than full cumulative dividends on the preferred stock--fifth series for each of four consecutive dividend periods, or if arrearages in the payment of dividends on the preferred stock--fifth series have cumulated in an amount equal to full cumulative dividends on the preferred stock--fifth series for six quarterly dividend periods, the holders of the preferred stock--fifth series, acting alone, will be entitled to elect the smallest number constituting a majority of our directors then to be elected until all arrears in those dividends are paid or set aside for payment.

The affirmative vote of two-thirds of the votes to which the holders of the outstanding shares of the preferred stock--seventh series are entitled is necessary for authorizing or effecting the amendment, alteration or repeal of any of the provisions of our articles of incorporation which would materially and adversely affect the voting powers, preferences, rights, powers or privileges, qualifications, limitations and restrictions of the preferred stock--seventh series.

Classified Board; No Cumulative Voting. Our board of directors is divided into three classes, with each class consisting, as nearly as possible, of one-third of the total number of the directors. Only one class is elected each year for a three-year term. The holders of all currently outstanding classes and series of stock are entitled to vote in the election of these directors. However, our board of directors could authorize a new series of preferred stock that does not have voting rights in the election of directors.

Our stockholders are not entitled to cumulative voting rights in the election of directors.

### Redemption of Common Stock

Our articles of incorporation permit the redemption of shares of FON common stock, series 1, PCS common stock, series 1, PCS common stock, series 2 and, in certain circumstances, Class A stock held by aliens if necessary to comply with the foreign ownership limitations set forth in Section 310 of the Communications Act of

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1934, as amended. The provisions permit FON common stock, series 1, PCS common stock, series 1 and PCS common stock, series 2 to be redeemed at a price equal to the fair market value of the shares, except that the redemption price in respect of shares purchased by any alien after November 21, 1995 and within one year of the redemption date would not, unless otherwise determined by our board, exceed the purchase price paid for those shares by the alien.

### Conversion of PCS Common Stock at our Option

At any time after November 23, 2001, our board of directors may convert each share of PCS common stock, series 1 into shares of FON common stock, series 1.

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If the conversion takes place before November 23, 2002, each share of PCS common stock, series 1 will convert into the number of shares of FON common stock, series 1 equal to 110% of the optional conversion ratio computed as of the fifth trading day before the date that notice of conversion is sent to holders of PCS common stock. The optional conversion ratio is the ratio of the average trading price of a share of PCS common stock, series 1 to the average trading price of a share of FON common stock, series 1. See the discussion of the vote per share of PCS common stock, series 1 under "--Voting Rights--Votes Per Share" above for a definition of the term "average trading price." We must compute the optional conversion ratio over a 60 trading day period if the 20-trading day period normally used to determine the average trading price is less than 90% of the ratio as determined over a 60-trading day period.

If the conversion takes place on or after November 23, 2002, our board of directors will determine the conversion ratio, subject to the requirement that it must make independent determinations as to the fairness of the conversion ratio to the holders of the PCS common stock, taken as a separate class, and to the holders of the FON common stock, taken as a separate class.

At the same time as the board converts the PCS common stock, series 1 into FON common stock, series 1, it must convert the PCS common stock, series 2 into FON common stock, series 2 and the PCS common stock, series 3 into FON common stock, series 3. In addition, the unissued shares of PCS common stock underlying the Class A common stock will convert into unissued shares of FON common stock on an equivalent basis.

### Other Conversion Rights

The PCS common stock, series 2 converts into PCS common stock, series 1 when it is transferred by a cable holder to a non-affiliate of the cable holders. The PCS common stock, series 2 also converts into PCS common stock, series 1 when the total number of votes represented by the outstanding shares of PCS common stock, series 2, calculated as though the PCS common stock, series 2 has the same vote as the PCS common stock, series 1, is below 1% of our outstanding voting power.

The holders of the FON common stock, series 3 may at any time convert their shares of FON common stock, series 3 into shares of FON common stock, series 1 and the holders of the PCS common stock, series 3 may at any time convert their shares of PCS common stock, series 3 into shares of PCS common stock, series 1. This also applies to the shares of PCS common stock, series 3 that are issuable with respect to the Class A common stock.

### Mandatory Dividend, Redemption or Conversion of PCS Common Stock

If we dispose of all of the assets of the PCS group, or if we dispose of at least 80% of the assets of the PCS group on a then-current market value basis, we must use all of the net proceeds to pay a dividend on the PCS common stock or redeem all or a portion of the PCS common stock or we must convert the PCS common stock into FON common stock. There are certain exceptions to this rule; for example, we do not have to pay a dividend on the PCS common stock, redeem the PCS common stock or convert the PCS common stock into FON common

stock when we receive in exchange for the assets primarily equity securities of an entity engaged, or proposing to engage, in a business similar or complementary to the business of the PCS group.

If our board determines to convert the PCS common stock into FON common

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stock in these circumstances, we will convert each share of PCS common stock into a number of shares of FON common stock at a ratio equal to 110% of the average market value of one share of PCS common stock, series 1 to the average market value of one share of FON common stock, series 1 computed over a 10-trading day period beginning on the 16th trading day after the consummation of the disposition. The market value is defined as the average of the high and low reported sales prices regular way. Appropriate adjustments are made if an ex-dividend date or an effective date for a subdivision or combination of the relevant shares occurs during the measurement period.

If our board determines to pay a dividend on the PCS common stock or redeem PCS common stock, we will distribute to holders of PCS common stock and to holders of Class A common stock, based on the PCS common stock underlying the Class A common stock, cash or securities, other than our common equity securities, or other property, or a combination of cash and securities and other property, equal to the fair value of the net proceeds after deducting amounts necessary to pay transaction costs, taxes on the disposition, liabilities of the PCS group, and any amount corresponding to any inter-group interest in the PCS group held by the FON group. If the payment of the dividend or redemption price occurs before November 23, 2001, the board may also convert each share of PCS common stock remaining outstanding into shares of FON common stock on the same basis as conversion of PCS common stock into FON common stock after November 23, 2001 and before November 23, 2002 described above under "--Conversion of PCS Common Stock at Our Option." The conversion of PCS common stock into FON common stock can occur under these circumstances only if the conversion date occurs before the first anniversary of the payment of the dividend or redemption price.

### Redemption of PCS Common Stock in Exchange for Stock of a Subsidiary

We may redeem all of the outstanding shares of PCS common stock in exchange for the outstanding shares of common stock of one or more wholly-owned subsidiaries that hold all of the assets and liabilities attributed to the PCS group if one of the following conditions is met:

- . the redemption is tax free to the holders of PCS common stock; or
- . after deducting related taxes, holders of PCS common stock are in a position that is substantially equivalent economically to the position they would be in if the redemption were tax free.

### Liquidation Rights

In the event of the liquidation of Sprint, the prior rights of creditors and the aggregate liquidation preference of any preferred stock then outstanding must first be satisfied. The holders of FON common stock, PCS common stock and Class A common stock will be entitled to share in the remaining assets of our company in accordance with the per share liquidation units attributable to each class or series of common stock. The holders of PCS common stock have no special claim to the assets attributed to the PCS group. The liquidation units attributable to each class of common stock are as follows:

- . each share of FON common stock is attributed one liquidation unit;
- . each share of PCS common stock is attributed 0.2046 liquidation units; and
- . each share of a series of Class A common stock is entitled to a number of liquidation units equal to the sum of the liquidation units associated with the unissued shares of PCS common stock underlying that series of Class A common stock at the time of the liquidation, divided by the aggregate number of outstanding shares of that series of Class A

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common stock.

The number of liquidation units for each share of FON common stock and each share of PCS common stock will be adjusted for stock splits, reverse stock splits and other corporate events affecting the FON common stock or the PCS common stock.

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### Preemptive Rights

No holder of PCS common stock or any other capital stock of our company is entitled to preemptive rights or subscription rights, other than pursuant to the rights issued pursuant to our rights agreement. At the time of the acquisition of their shares of PCS common stock, series 2, Tele-Communications, Inc., Comcast Corporation and Cox Communications, Inc. were given contractual rights to purchase additional shares of PCS common stock, series 2 under certain circumstances to enable them to maintain certain ownership levels.

### Fully Paid

The outstanding shares of PCS common stock are fully paid and nonassessable.

### Transfer Agent And Registrar

The transfer agent and registrar for PCS common stock and FON common stock is UMB Bank, n.a., Kansas City, Missouri.

### Anti-Takeover Provisions

The Kansas General Corporation Code and our articles of incorporation and bylaws contain provisions which could discourage or make more difficult a change in control of our company without the support of our board of directors. A summary of these provisions follows.

Vote Required for Certain Business Combinations. Our articles of incorporation require that certain business combinations initiated by a beneficial owner of 10% or more of our voting stock must be approved by the holders of 80% of the outstanding voting stock.

Restriction on Purchase of Equity Securities by Sprint. If the beneficial owner of 5% or more of a class of our equity securities has held any of the securities for less than two years, our articles of incorporation prohibit us from purchasing equity securities of the same class as the securities held for less than two years from the 5% security holder at a premium over market price unless we either:

- . obtain the approval of the holders of a majority of the voting power of our outstanding capital stock, excluding the shares held by the 5% security holder, or
- . make a tender or exchange offer to purchase securities of the same class on the same terms to all holders of those equity securities.

The approval of stockholders is not required in connection with purchases, redemptions or other acquisitions by us of our capital stock held by France Telecom, Deutsche Telekom, certain of their designated subsidiaries or certain other qualified holders of the Class A stock pursuant to the investment agreements entered into with France Telecom and Deutsche Telekom or our articles of incorporation. The approval of stockholders is also not required in

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connection with purchases, redemptions, conversions or other acquisitions of PCS common stock from a holder of that stock pursuant to our articles of incorporation.

**Classified Board; Removal of Directors.** In addition to providing for a classified board of directors, discussed above under "Voting Rights--Classified Board; No Cumulative Voting," our articles of incorporation provide that directors may be removed only for cause. Removal for cause requires the affirmative vote of the holders of a majority of the votes represented by the shares entitled to vote on the election of that director. The provisions for a classified board, together with the limitation on the removal of directors, makes it more difficult to remove directors.

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**Notice Provisions Relating to Stockholder Proposals and Nominees.** Our bylaws contain provisions requiring our stockholders to give advance written notice to us of a proposal or director nomination in order to have the proposal or the nominee considered at a meeting of stockholders. The notice must usually be given not less than 50 days and not more than 75 days before the meeting. Under our bylaws, our stockholders may require that a special meeting of stockholders be called only if the holders of a majority of the shares of stock issued and outstanding and entitled to vote request that the meeting be called.

**Rights Plan.** Our board of directors has adopted a rights agreement. Pursuant to the terms of the rights agreement, rights are attached to the FON common stock, the PCS common stock and the Class A common stock. For a description of the FON group rights attached to the FON common stock, see Amendment No. 3 to our Registration Statement on Form 8-A relating to the FON group rights, filed with the SEC on August 4, 1999 and incorporated by reference into this prospectus. For a description of the PCS group rights attached to the PCS common stock, see Amendment No. 2 to our Registration Statement on Form 8-A relating to the PCS group rights, filed with the SEC on July 26, 1999 and incorporated by reference into this prospectus. See "Where You Can Find More Information."

**Business Combination Statute.** Kansas has a Business Combination Statute that limits certain business combinations between Kansas corporations, like our company, and interested stockholders, who are certain persons beneficially owning a significant percentage of the voting stock of the corporation. However, business combinations with a stockholder who became an interested stockholder in a transaction approved by the corporation's board of directors are exempted from these provisions.

**Control Share Acquisition Statute.** Kansas also has a Control Share Acquisition Statute that provides that persons who acquire beneficial ownership of the voting stock of a corporation in excess of certain thresholds lose the right to vote the shares acquired in the transaction resulting in the person exceeding one of the thresholds, unless the acquisition is approved by:

- . a majority of the outstanding voting shares of the corporation, and
- . a majority of the outstanding voting shares of the corporation excluding the shares owned by the person making the acquisition, shares held by the officers of the corporation and shares held by directors of the corporation who are also employees of the corporation.

The thresholds are 20%, 33 1/3% and 50% of the voting power. Shares acquired directly from the issuing corporation are not subject to the statute.

DESCRIPTION OF STOCK PURCHASE CONTRACTS AND EQUITY UNITS

The applicable prospectus supplement will describe the terms of the stock purchase contracts or equity units offered by that prospectus supplement. If we issue any stock purchase contracts or equity units, we will file the form of stock purchase contract and equity unit as exhibits to the registration statement and you should read these documents for provisions that may be important to you. You can obtain copies of any form of stock purchase contract and equity unit by following the directions described under the caption "Where You Can Find More Information."

We may issue stock purchase contracts, including contracts obligating holders to purchase from us, and obligating us to sell to the holders, a specified number of shares of PCS common stock, series 1, or other securities at a future date or dates. We may fix the price and number of securities subject to the stock purchase contracts at the time we issue the stock purchase contracts or we may provide that the price and number of securities will be determined pursuant to a formula set forth in the stock purchase contracts. The stock purchase contracts may be issued separately or as part of units consisting of a stock purchase contract and debt securities or debt obligations of third parties, including U.S. treasury securities, securing the obligations of the holders of the units to purchase the securities under the stock purchase contracts. We refer to these units as equity units. The stock purchase contracts will require holders to secure their obligations under the stock purchase contracts. The stock purchase contracts also may require us to make periodic payments to the holders of the equity units or vice versa, and those payments may be unsecured or refunded on some basis.

SELLING STOCKHOLDER

One or more of our stockholders may from time to time offer up to 57,000,000 shares of PCS common stock, series 1.

The prospectus supplement for any offering of PCS common stock, series 1 by a selling stockholder will include, in addition to any other relevant material information, the following information about the selling stockholder:

- . the name of the selling stockholder;
- . the nature of any position, office or other material relationship between the selling stockholder and us, our affiliates or predecessors during the last three years;
- . the number of shares of PCS common stock, series 1 offered by the selling stockholder under the prospectus supplement; and
- . the number of shares of PCS common stock, series 1 owned by the selling stockholder before and after the offering and, if one percent or more, the percentage of PCS common stock, series 1 owned by the selling stockholder after the offering.



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### PLAN OF DISTRIBUTION

We and any selling stockholder may sell any securities:

- . through underwriters or dealers;
- . through agents; or
- . directly to one or more purchasers.

The distribution of the securities may be effected from time to time in one or more transactions:

- . at a fixed price or prices, which may be changed from time to time;
- . at market prices prevailing at the time of sale;
- . at prices related to prevailing market prices; or
- . at negotiated prices.

For each series of securities, the applicable prospectus supplement will set forth the terms of the offering including:

- . the initial public offering price;
- . the names of any underwriters, dealers or agents;
- . the purchase price of the securities;
- . our proceeds from the sale of the securities;
- . any underwriting discounts, agency fees, or other compensation payable to underwriters or agents;
- . any discounts or concessions allowed or reallowed or repaid to dealers; and
- . the securities exchanges on which the securities will be listed, if any.

If we or any selling stockholder use underwriters in the sale, they will buy the securities for their own account. The underwriters may then resell the securities in one or more transactions at a fixed public offering price or at varying prices determined at or after the time of sale. The obligations of the underwriters to purchase the securities will be subject to certain conditions. The underwriters will be obligated to purchase all the securities offered if they purchase any securities. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time. In connection with an offering, underwriters and selling group members and their affiliates may engage in transactions to stabilize, maintain or otherwise affect the market price of the securities in accordance with applicable law.

If we or any selling stockholder use dealers in the sale, we or any selling stockholder will sell securities to those dealers as principals. The dealers may then resell the securities to the public at varying prices to be determined by the dealers at the time of resale. If we or any selling stockholder use agents in the sale, they will use their reasonable best efforts to solicit purchases for the period of their appointment. If we or any selling stockholder sell directly, no underwriters or agents would be involved. We are not making

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an offer of securities in any state that does not permit an offer of these securities.

Underwriters, dealers and agents that participate in the securities distribution may be deemed to be underwriters as defined in the Securities Act of 1933. Any discounts, commissions, or profit they receive when they resell the securities may be treated as underwriting discounts and commissions under the Securities Act of 1933. We or any selling stockholder may have agreements with underwriters, dealers and agents to indemnify them against certain civil liabilities, including certain liabilities under the Securities Act of 1933, or to contribute with respect to payments that they may be required to make.

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We or any selling stockholder may authorize underwriters, dealers or agents to solicit offers from certain institutions where the institution contractually agrees to purchase the securities from us or the selling stockholder on a future date at a specific price. This type of contract may be made only with institutions that we or the selling stockholder specifically approve. These institutions could include banks, insurance companies, pension funds, investment companies and educational and charitable institutions. The underwriters, dealers or agents will not be responsible for the validity or performance of these contracts.

The securities, other than any PCS common stock, will be new issues of securities with no established trading market and unless otherwise specified in the applicable prospectus supplement, we will not list any series of the securities (other than the PCS common stock) on any exchange. It has not presently been established whether the underwriters, if any, of the securities will make a market in the securities. If the underwriters make a market in the securities, the market making may be discontinued at any time without notice. We cannot provide any assurance as to the liquidity of the trading market for the securities.

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### LEGAL MATTERS

The validity of the convertible preferred stock and the PCS common stock, series 1 will be passed upon for us by Thomas A. Gerke, Vice President, Corporate Secretary and Associate General Counsel of our company. The validity of the debt securities, guarantees, convertible subordinated debt securities, stock purchase contracts and equity units will be passed upon for us by King & Spalding. As of June 30, 2001, Thomas A. Gerke beneficially owned approximately 16,100 shares of PCS common stock and 16,400 shares of FON common stock and had options to purchase in excess of 75,000 shares of PCS common stock and in excess of 135,000 shares of FON common stock.

### EXPERTS

Ernst & Young LLP, our independent auditors, have audited Sprint Corporation's consolidated financial statements and schedule, as amended, and the combined financial statements, as amended, of the PCS group and the FON group included in Sprint Corporation's Annual Report on Form 10-K/A for the year ended December 31, 2000, as set forth in their reports, which are incorporated by reference in this prospectus and which, as to the year 1998 for our consolidated financial statements and for the combined financial statements

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of the PCS group, are based in part on the report of Deloitte & Touche LLP, independent auditors. These financial statements and schedule are incorporated by reference in reliance on the reports, given on the authority of such firms as experts in accounting and auditing.

The consolidated financial statements of Sprint Spectrum Holdings Company, L.P. and subsidiaries and the related financial statement schedule for the year ended December 31, 1998 incorporated in this prospectus by reference from Sprint Corporation's Annual Report on Form 10-K/A for the year ended December 31, 2000 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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40,000,000 SHARES

[LOGO] SPRINT

[LOGO] Sprint (R)  
Sprint PCS (R)

SPRINT CORPORATION

PCS COMMON STOCK, SERIES 1

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PROSPECTUS SUPPLEMENT  
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JPMORGAN  
MERRILL LYNCH & CO.  
UBS WARBURG

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ABN AMRO ROTHSCHILD LLC  
BANC OF AMERICA SECURITIES LLC  
CREDIT SUISSE FIRST BOSTON  
LEHMAN BROTHERS  
DAIN RAUSCHER WESSELS  
FIRST UNION SECURITIES, INC.  
ROBERTSON STEPHENS  
THE WILLIAMS CAPITAL GROUP, L.P.

, 2001

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