

Edgar Filing: SPRINT CORP - Form 8-K

SPRINT CORP
Form 8-K
April 18, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 15, 2002

SPRINT CORPORATION
(Exact name of Registrant as specified in its charter)

Kansas	1-04721	48-0457967
(State of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

6200 Sprint Parkway, Overland Park, Kansas	66251
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (913) 624-3000

2330 Shawnee Mission Parkway, Westwood, Kansas 66205
(Former name or former address, if changed since last report)

P. O. Box 11315, Kansas City, Missouri 64112
(Mailing address of principal executive offices)

Item 5. Other Events.

1. Press Release. On April 15, 2002, the registrant ("Sprint") announced 2002 first quarter results. The press release was as follows:

Sprint Announces First Quarter Results

The Sprint FON Group (NYSE: FON) is comprised of Sprint's Global Markets Division, Local Telecommunications Division, and product distribution and directory publishing businesses.

The Sprint PCS Group (NYSE: PCS) consists of Sprint's mobile wireless operations.

Overland Park, Kan. - April 15, 2002 - Sprint today announced first quarter consolidated revenues of \$6.76 billion, an increase of 8 percent from \$6.25 billion a year ago.

The PCS Group reported a first quarter loss per share of 15

Edgar Filing: SPRINT CORP - Form 8-K

cents, compared to the mean analyst estimate of a 20-cent loss for the quarter and a reported loss of 40 cents a year ago. First quarter diluted earnings per share for the FON Group was 32 cents compared to 36 cents a year ago and the mean analyst estimate of 30 cents per share. Excluding losses associated with ION, which was terminated in the fourth quarter of 2001, FON Group diluted earnings per share was 33 cents compared to 46 cents reported a year ago.

"Despite a challenging economy, we are seeing improvements in our traditional wireline business and continue to deliver outstanding results in our wireless business. Nevertheless, we remain focused on improving the efficiency of our operations enterprise-wide," said William T. Esrey, chairman and chief executive officer.

SPRINT PCS GROUP HIGHLIGHTS

The PCS Group, with its affiliate partners, reported strong growth in subscribers, including approximately 725,000 net direct subscriber additions and 228,000 net new affiliate subscribers.

- o Net operating revenues increased 41 percent in the quarter to \$2.85 billion compared to \$2.03 billion a year ago.
- o EBITDA (measured as operating income or loss plus depreciation and amortization) was \$640 million, up strongly from \$253 million a year ago.
- o The cost to acquire a new customer was down to \$305 in the first quarter from \$325 a year ago, and the cash cost per user for the quarter decreased to just under \$32 from just over \$35 a year ago.
- o Average monthly revenue per user (ARPU) for the quarter was \$60 compared to \$59 a year ago.

2

- o Customer churn for the quarter was approximately 3 percent, which was flat sequentially, but better than expectations for the quarter. Churn in the first quarter a year ago was 2.5 percent.
- o Capital expenditures of \$603 million for the quarter reflected continued focus on capacity expansion, increased coverage for the company's nationwide wireless network and development of 3G capabilities.

"Our areas of focus at PCS this year continue to be increasing profitability, growth in our customer base by building upon Sprint's unsurpassed clarity in voice services and initiating nationwide third-generation (3G) data services," Esrey said. "This quarter, we have made progress on all fronts."

Sprint and its affiliates operate the nation's largest all-digital, single-frequency PCS wireless network with coverage now extending to a population of nearly 249 million, or approximately 87 percent of the country.

This summer, Sprint plans to be the first U.S. wireless carrier to deliver third-generation (3G) wireless services nationwide. Sprint's wireless data speeds are expected to average 50 to 70 kbps, with peak speeds bursting up to 144 kbps.

Edgar Filing: SPRINT CORP - Form 8-K

"The coming of 3G service to wireless is a true technology breakthrough. It compares to television's move from black and white to color broadcasting," Esrey said. "3G offers greater speeds and the applications that businesses and consumers need on a wide array of devices. With new data services such as e-mail and photo attachments, 3G will allow Sprint customers to stay connected with a broad range of applications."

In the quarter, Sprint continued to build on its aggressive plans to deliver 3G services to Sprint customers nationwide. First-quarter announcements included a pact between Handspring and Sprint to work together on a new Handspring Treo communicator featuring a color screen that will operate on Sprint's 3G network; Sprint introducing toolkits designed specifically for Java programmers who desire to place their applications on the Sprint 3G network; Sprint unveiling two sleek and stylish 3G phones from Samsung Telecommunications America; and Sprint announcing plans to enable its wireless customers to send and receive messages via the new Intercarrier Messaging feature of Sprint PCS Short Mail.

SPRINT FON GROUP HIGHLIGHTS

- o Net operating revenues declined 8 percent to \$4.03 billion compared to \$4.36 billion in the same period a year ago. On a sequential basis, revenues were slightly higher.
- o Operating income in the quarter decreased 14 percent to \$460 million from \$532 million a year ago. Excluding losses from ION, operating income for the quarter would have been \$466 million compared to \$677 million a year ago.
- o EBITDA was \$1.11 billion, down 1 percent from \$1.12 billion in the first quarter a year ago. Excluding losses from ION, EBITDA for the quarter would have been \$1.11 billion compared to \$1.23 billion a year ago.

3

- o Income from continuing operations was \$286 million in the first quarter, a decline of 9 percent from \$316 million a year ago.
- o Capital expenditures were \$543 million for the quarter.

"This quarter, the FON Group demonstrated its resilience in the face of a challenging marketplace," Esrey said. "In our local operations, we continue to aggressively manage costs, improve operating profits, and sell our services in value-adding bundles. In our Global Markets Division, we are experiencing sales success in the enterprise data and Internet market despite aggressive pricing in the marketplace."

Local Telecommunications Division

- o Net operating revenues for the quarter were \$1.55 billion, the same as the first quarter of 2001.
- o Operating income rose 10 percent in the quarter to \$481 million from \$438 million a year ago.
- o Voice grade equivalent lines grew nearly 12 percent from the first quarter a year ago. The number of access lines decreased 1.4 percent during the same period.
- o EBITDA in the quarter increased 7 percent to \$767 million from \$719 million in the previous first quarter.

Edgar Filing: SPRINT CORP - Form 8-K

The Local Telecommunications Division during the quarter continued to reduce operating costs, which contributed to strong operating income and operating cash flow growth, as well as expanded margins. Cost-containment measures reduced sales, general and administrative costs by 6 percent compared to a year ago. Total cost of services and products for the quarter also declined 6 percent from a year ago.

The division maintained strong sales of bundled services during the quarter, resulting in increased penetration of Sprint's long distance and wireless services in the local territories. The division sold over 400,000 consumer and business bundles during the quarter. Approximately 46 percent of Sprint's local residential lines and 38 percent of its business lines now use Sprint long distance services.

The local division's data-related service revenues continued to improve during the quarter, increasing 16 percent from the year ago period. The chief driver of the increase is a continued strong demand for special access services and increases in DSL.

Global Markets Division (the following discussion assumes that the Sprint ION termination event occurred prior to the periods addressed below)

- o Net operating revenues in the Global Markets Division for the quarter were down 9 percent from a year ago due primarily to lower long distance voice revenues. These declines were partially offset by growth in data and dedicated IP services. First quarter revenues were \$2.34 billion compared to \$2.56 billion a year ago. On a sequential basis, revenues improved three percent.

4

- o Operating loss was \$69 million for the quarter compared to operating income of \$170 million a year ago. Sequentially, losses decreased \$70 million, excluding one-time items.
- o EBITDA in the first quarter decreased to \$288 million from \$443 million a year ago. Excluding one-time items, EBITDA increased by \$100 million, sequentially.
- o Long distance calling volumes rose 13 percent for the quarter from a year ago.

In Global Markets, year-over-year comparisons illustrate the competitiveness of the long distance market, although there were encouraging sequential improvements. Total voice revenues, which declined 11 percent in the quarter compared to a year ago, rose sequentially. Despite aggressive pricing in the data market, asynchronous transfer mode (ATM) revenues rose nearly 40 percent from the same period last year.

During the quarter, dedicated IP service revenues grew 33 percent compared to the same period last year, but were offset by contractual step-downs in dial IP pricing as Sprint migrates to a significantly lower-cost dial IP infrastructure. Overall, Internet revenues for the quarter grew 5 percent compared to the same period last year. During the first quarter, Sprint closed on 28 new managed hosting contracts and more than 200 new IP consulting contracts.

Edgar Filing: SPRINT CORP - Form 8-K

On the international front, Sprint is building on the successful completion last year of its IP network in Europe and Asia. During the quarter, Sprint won new international agreements with companies based in Europe, Asia and the Americas.

In the first quarter, Global Markets decreased sales, general and administrative expenses 10 percent sequentially and 8 percent year-over-year. Operating expense levels benefited from the fourth-quarter restructuring and continued cost control measures.

Product Distribution and Directory Publishing

- o Net operating revenues were \$330 million in the quarter down from \$494 million a year ago due to continuing declines in telecommunications equipment spending.
- o Operating income was \$57 million down 27 percent from \$78 million a year ago.
- o Within PDDP, Directory Publishing revenues were up modestly year-over-year with 5 percent growth in operating income.

Financing actions during the quarter

During the quarter, Sprint took the following steps to increase the company's financial flexibility and address the market's concern about the company's liquidity:

- 0 Sprint signed a commitment letter for a \$1 billion term-loan facility. Due to an upsizing of Sprint's recent debt offering, the amount of the facility was reduced to \$700 million. The facility is secured by certain assets relating to Sprint's directory publishing business. To date, Sprint has not drawn against this facility. Sprint has retained investment banking advisors to explore the value the company could obtain if it were to sell the directory publishing business.

5

- 0 Sprint announced plans to expand its existing accounts receivables financing program to include PCS Group receivables. Sprint expects that the program expansion will be in excess of \$500 million and available by end of second quarter

- 0 Sprint completed a \$5 billion debt offering of 3-, 10- and 30-year senior notes. The \$5 billion offering is the result of upsizing a planned \$2 billion offering.

As a result of these steps, Sprint's 2002 expected cash requirements are fully funded.

BUSINESS OUTLOOK

The following statements are based on current expectations. These statements are forward looking, and actual results may differ materially.

Although encouraged by its first quarter performance, Sprint is not materially changing guidance for either the FON or PCS Groups.

Sprint continues to expect FON Group earnings per share, excluding ION losses, to approach \$1.40 for 2002. Sprint continues to believe full-year FON Group revenues could decline

Edgar Filing: SPRINT CORP - Form 8-K

at a low single-digit rate in 2002. Full-year EBITDA is still expected to reach approximately \$4.6 billion. FON Group capital expenditures for the year are now expected to be approximately \$2.7 billion. As a result, Sprint now expects the FON Group to generate approximately \$500 million in free cash flow this year.

Sprint continues to believe the PCS Group will achieve its previously forecast 3 million net additions for the full-year, assuming a consistent share of customer acquisitions and a modest improvement in churn. ARPU is expected to remain stable at around \$60, assuming a continuation of strong voice minutes-of-use. Sprint continues to target full year EBITDA for the PCS Group at \$3 billion and full-year capital expenditures to be approximately \$3.4 billion. In light of the recently passed economic stimulus bill, Sprint anticipates a \$400 million tax refund that will be credited to the PCS Group due to the utilization of PCS-generated losses. As a result, Sprint now expects the PCS Group to require about \$1.1 billion of funding in 2002.

On a consolidated basis, Sprint's funding requirements have been reduced to approximately \$600 million in 2002 given the actions described above. While our expected funding requirements have been met for 2002, other financing alternatives such as the PCS accounts receivables program and possible sale of the directories business will further augment Sprint's financial flexibility.

CONFERENCE CALL INFORMATION

Conference calls elaborating on the company's first quarter results and the business outlook are scheduled for the afternoon of April 15. Management will discuss FON Group earnings at 4:30 p.m. EDT in a conference call with a live Q&A session. The call-in numbers are (toll free) 866-215-1938 or 800-473-8796. For international callers, the numbers are 816-650-0742 or 816-650-

6

0765. A continuous replay will be available immediately following the conference call and can be accessed by dialing (toll free) 888-775-8696 or, internationally, 402-220-1326. This replay will be available through April 29, 2002.

The PCS Group earnings report will be discussed in a conference call with a live Q&A session at 5:45 p.m. EDT. The call-in numbers are (toll free) 1-866-215-1938 or 800-473-8796. For international callers, the numbers are 816-650-0742 or 816-650-0765. A continuous replay will be available immediately following the conference call and can be accessed by dialing 888-775-8673 (toll free) or 402-220-1325 internationally. This replay will be available through April 29, 2002.

Live audiocasts of the conference calls will also be available simultaneously at www.sprint.com. Please note that questions can not be submitted by those listening to the webcasts. Replays of both calls can be accessed on our web site through April 29, 2002.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This news release includes "forward-looking statements" within the meaning of securities laws. The statements in this news

Edgar Filing: SPRINT CORP - Form 8-K

release regarding the business outlook as well as other statements that are not historical facts are forward-looking statements. The words "estimate," "project," "intend," "expect," "believe," and similar expressions identify forward-looking statements. Forward-looking statements are estimates and projections reflecting management's 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. With respect to these forward-looking statements, Sprint has made assumptions regarding, among other things, customer and network usage, customer growth, pricing, costs to acquire customers and to provide services, and the economic environment. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include:

- o the effects of vigorous competition in the markets in which Sprint operates;
- o the costs and business risks associated with providing new services and entering new markets necessary to provide nationwide or global services;
- o the ability of the PCS Group to continue to grow a significant market presence;
- o the effects of mergers and consolidations within the telecommunications industry;
- o the uncertainties related to Sprint's strategic investments;
- o the impact of any unusual items resulting from ongoing evaluations of Sprint's business strategies;
- o the impact of new technologies on Sprint's business;
- o unexpected results of litigation filed against Sprint;
- o the possibility of one or more of the markets in which Sprint competes 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 Sprint has no control; and
- o other risks referenced from time to time in Sprint's filings with the Securities and Exchange Commission ("SEC").

7

Sprint believes these forward-looking statements are reasonable; however, you should not place undue reliance on forward-looking statements, which are based on current expectations and speak only as of the date of this release.

Sprint is not obligated to publicly release any revisions to forward-looking statements to reflect events after the date of this release. Sprint provides a detailed discussion of risk factors in periodic SEC filings, including its 2001 Form 10-K/A, and you are encouraged to review these filings.

About Sprint

Sprint is a global communications company serving more than 26 million business and residential customers in over 70 countries. With approximately 80,000 employees worldwide and more than \$26 billion in annual revenues, Sprint is widely recognized for developing, engineering and deploying state of the art network technologies, including the United States' first nationwide all-digital, fiber-optic network. Sprint's award-winning Tier 1 Internet backbone is being extended to key global markets to

Edgar Filing: SPRINT CORP - Form 8-K

provide customers with a broad portfolio of scalable IP products. Sprint's high-capacity, high-speed network gives customers fast, dependable, nonstop access to the vast majority of the world's Internet content. Sprint also operates the largest 100-percent digital, nationwide PCS wireless network in the United States, already serving the majority of the nation's metropolitan areas, including more than 4,000 cities and communities.

8

Sprint Corporation
CONSOLIDATED STATEMENTS OF OPERATIONS
(millions, except per share data)

	Sprint Corporation		Eliminations/ Reclassifications		Sprint F
	Consolidated		2002	2001	
Quarters Ended March 31,	2002	2001	2002	2001	2002
Net operating revenues	\$ 6,762	\$ 6,254	\$ (115)	\$ (129)	\$ 4,029
Operating expenses					
Costs of services and products	3,214	3,110	(115)	(129)	1,926
Selling, general and administrative	1,771	1,771	(8)	(2)	997
Depreciation	1,172	981	-	-	646
Amortization (1)	1	140	-	-	-
Restructuring costs (2)	23	-	-	-	-
Total operating expenses	6,181	6,002	(123)	(131)	3,569
Operating income (loss)	581	252	8	2	460
Interest expense	(314)	(307)	-	5	(80)
Intergroup interest charge	-	-	-	-	81
Other income (expense), net (3)	(30)	(22)	(8)	(7)	3
Income (loss) before income taxes	237	(77)	-	-	464
Income tax (expense) benefit	(97)	-	-	-	(178)
Income (loss) from continuing operations	140	(77)	-	-	286
Extraordinary items, net	-	(1)	-	-	-
Cumulative effect of change in accounting principle, net	-	2	-	-	-
Net income (loss)	140	(76)	-	-	286
Preferred stock dividends (paid) received	(2)	(2)	-	-	2

Edgar Filing: SPRINT CORP - Form 8-K

Earnings (Loss) applicable to common stock	\$ 138	\$ (78)	\$ -	\$ -	\$ 288
Diluted earnings (loss) per common share					
Net income (loss) - recurring					\$ 0.32
One-time items (2,3)					-
Total					\$ 0.32
Diluted weighted average common shares outstanding					891.5
Basic earnings (loss) per common share					\$ 0.32

The FON Group and the PCS Group are integrated businesses of Sprint Corporation and do not consti

9

Sprint Corporation
CONSOLIDATED BALANCE SHEETS
(millions)

	Sprint Corporation		Elimina Reclassif
	Consolidated		
	March 31, 2002	December 31, 2001	March 31, 2002
Assets			
Current Assets			
Cash and equivalents	\$ 2,166	\$ 313	\$
Accounts receivable, net	3,690	3,806	
Inventories	646	690	
Inter-group receivable	-	-	(1
Income tax receivable	402	-	
Prepaid expenses and other	834	753	(4
Total current assets	7,738	5,562	(5
Net property, plant and equipment	28,965	28,977	(

Edgar Filing: SPRINT CORP - Form 8-K

Net intangible assets	9,048	9,062	
Other	1,868	2,192	(2)
<hr/>			
Total	\$ 47,619	\$ 45,793	\$ (8)
<hr/>			
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings including current maturities of long-term debt	\$ 2,086	\$ 4,401	\$
Accounts payable and accrued interconnection costs	2,128	2,682	
Construction obligations	365	577	
Accrued restructuring costs	299	390	
Inter-group payable	-	-	(1)
Other	3,400	3,386	(4)
<hr/>			
Total current liabilities	8,278	11,436	(6)
Noncurrent liabilities			
Long-term debt and capital lease obligations	21,301	16,501	
Equity unit notes	1,725	1,725	
Deferred income taxes and investment tax credits	1,641	1,553	
Other	1,703	1,706	
<hr/>			
Total noncurrent liabilities	26,370	21,485	
Redeemable preferred stock	256	256	(2)
Common stock and other shareholders' equity			
Common stock			
Class A FT	22	22	
FON	1,781	1,778	1,7
PCS	990	987	9
Other shareholders' equity	9,922	9,829	9,9
Combined attributed net assets	-	-	(12,7
<hr/>			
Total shareholders' equity	12,715	12,616	
<hr/>			
Total	\$ 47,619	\$ 45,793	\$ (8)

The FON Group and the PCS Group are integrated businesses of Sprint Corporation and do not consti

Edgar Filing: SPRINT CORP - Form 8-K

	2002	2001	2002
Assets			
Current Assets			
Cash and equivalents	\$ 434	\$ 134	\$ 1,73
Accounts receivable, net	2,293	2,415	1,39
Inventories	240	248	40
Inter-group receivable	120	234	
Income tax receivable	402	-	
Prepaid expenses and other	434	454	84
Total current assets	3,923	3,485	4,38
Net property, plant and equipment	17,404	17,508	11,60
Net intangible assets	1,567	1,567	7,48
Other	1,638	1,604	51
Total	\$ 24,532	\$ 24,164	\$ 23,98
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings including current maturities of long-term debt	\$ 777	\$ 2,056	\$ 1,30
Accounts payable and accrued interconnection costs	1,461	2,001	66
Construction obligations	-	-	36
Accrued restructuring costs	277	390	2
Inter-group payable	-	-	12
Other	2,115	1,851	1,77
Total current liabilities	4,630	6,298	4,26
Noncurrent liabilities			
Long-term debt and capital lease obligations	5,023	3,258	16,27
Equity unit notes	-	-	1,72
Deferred income taxes and investment tax credits	1,641	1,552	
Other	1,322	1,342	38
Total noncurrent liabilities	7,986	6,152	18,38
Redeemable preferred stock	10	10	52
Common stock and other shareholders' equity			
Common stock			
Class A FT	-	-	
FON	-	-	
PCS	-	-	
Other shareholders' equity	-	-	
Combined attributed net assets	11,906	11,704	80
Total shareholders' equity	-	-	
Total	\$ 24,532	\$ 24,164	\$ 23,98

Edgar Filing: SPRINT CORP - Form 8-K

The FON Group and the PCS Group are integrated businesses of Sprint Corporation and do not consti

11

Sprint Corporation
CONDENSED CONSOLIDATED CASH FLOW INFORMATION
(millions)

	Sprint Corporation		Sp
	Consolidated		
Year-to-Date March 31,	2002	2001	200
Operating Activities			
Net income (loss)	\$ 140	\$ (76)	\$
Depreciation and amortization	1,173	1,121	
Deferred income taxes	495	(10)	
Changes in assets and liabilities	(1,210)	(655)	
Other, net	37	66	
Net cash provided (used) by operating activities	635	446	
Investing Activities			
Capital expenditures	(1,146)	(1,774)	
Investments in and loans to affiliates, net	(8)	(46)	
Other, net	3	40	
Net cash used by investing activities	(1,151)	(1,780)	
Financing Activities			
Increase in debt, net	2,485	1,365	
Dividends paid	(114)	(109)	
Other, net	(2)	19	
Net cash provided by financing activities	2,369	1,275	
Increase (decrease) in cash and equivalents	1,853	(59)	
Cash and equivalents at beginning of period	313	239	
Cash and equivalents at end of period	\$ 2,166	\$ 180	\$

Edgar Filing: SPRINT CORP - Form 8-K

The FON Group and the PCS Group are integrated businesses of Sprint Corporation and do not consti

12

Sprint Corporation
CONDENSED CONSOLIDATED CASH FLOW INFORMATION
(millions)

Year-to-Date March 31,	Sprint PCS Group	
	2002	2001
Operating Activities		
Net income (loss)	\$ (146)	\$ (391)
Depreciation and amortization	527	535
Deferred income taxes	367	(79)
Changes in assets and liabilities	(612)	(281)
Other, net	28	41
Net cash provided (used) by operating activities	164	(175)
Investing Activities		
Capital expenditures	(603)	(655)
Investments in and loans to affiliates, net	-	-
Other, net	-	23
Net cash used by investing activities	(603)	(632)
Financing Activities		
Increase in debt, net	2,000	759
Dividends paid	(4)	(4)
Other, net	(4)	55
Net cash provided by financing activities	1,992	810
Increase (decrease) in cash and equivalents	1,553	3
Cash and equivalents at beginning of period	179	117
Cash and equivalents at end of period	\$ 1,732	\$ 120

The FON Group and the PCS Group are integrated businesses of Sprint Corporation and do not consti

13

Edgar Filing: SPRINT CORP - Form 8-K

Sprint Corporation
 SELECTED OPERATING RESULTS
 (millions)

	Quarters Ended March 31,	
	2002	2001
Global Markets Division		
Net operating revenues (1)		
Voice	\$ 1,536	\$ 1,7
Data	484	4
Internet	245	2
Other	77	1
Net operating revenues	2,342	2,5
Operating expenses		
Costs of services and products	1,421	1,4
Selling, general and administrative	639	7
Depreciation and amortization (2)	357	3
Total operating expenses	2,417	2,5
Operating income (loss)	\$ (75)	\$
Local Division		
Net operating revenues		
Local service	\$ 761	\$ 7
Network access	505	5
Long distance	168	1
Other	119	1
Net operating revenues	1,553	1,5
Operating expenses		
Costs of services and products	468	4
Selling, general and administrative	318	3
Depreciation	286	2
Total operating expenses	1,072	1,1
Operating income	\$ 481	\$ 4
Product Distribution and Directory Publishing		
Net operating revenues	\$ 330	\$ 4
Operating income	\$ 57	\$

See description of footnotes on the following page.

14

Sprint Corporation
 SELECTED OPERATING RESULTS
 (millions)

	Quarters Ended March 31,	
	2002	2001
PCS Group		
Net operating revenues	\$ 2,848	\$ 2,0
Operating expenses		
Costs of services and products	1,403	1,1
Selling, general and administrative	782	6
Depreciation	526	4
Amortization (2)	1	1
Restructuring costs (3)	23	
Total operating expenses	2,735	2,3
Operating income (loss)	\$ 113	\$ (2)
Unallocated Corporate Operations and Intercompany Eliminations		
Net operating revenues	\$ (311)	\$ (3
Operating income	\$ 5	\$

Sprint's FON Group reporting segments are intended to reflect the operating results of its global product distribution and directory publishing businesses. The Global Markets segment includes do services (except for consumer services provided to customers within Sprint's local franchise terr services such as frame relay access and transport, web hosting, collocation, and security service Local Services segment includes local phone services, access to its local network, consumer long customers within our local franchise territories, and sales of telecommunications equipment. The

Edgar Filing: SPRINT CORP - Form 8-K

Directory Publishing segment provides wholesale distribution services of telecommunications products, white and yellow page phone directories. The FON Group is an integrated business of Sprint Corporation and does not constitute a stand-alone entity.

Sprint's PCS Group includes Sprint's wireless personal communications services operations. The PCS Group is an integrated business of Sprint Corporation and does not constitute a stand-alone entity.

15

Sprint Corporation
GLOBAL MARKETS GROUP SELECTED OPERATING REVENUES
(millions)

Quarters Ended,	December 31,	
	As Adjusted	Previously Reported
	2001	2001
Global Markets Division		
Net operating revenues		
Voice	\$ 1,500	\$ 1,500
Data	425	425
Internet	238	238
Other	118	118
Net operating revenues	\$ 2,281	\$ 2,281

(1) Equipment revenue is now being fully reported as a part of Other. This reclass has no impact on operating revenues.

16

Sprint Corporation
GLOBAL MARKETS GROUP SELECTED OPERATING REVENUES

Edgar Filing: SPRINT CORP - Form 8-K

(millions)

Quarters Ended,	June 30,	
	As Adjusted	Previously Reported
	2001	2001
Global Markets Division		
Net operating revenues		
Voice	\$ 1,701	\$ 1,708
Data	487	513
Internet	251	262
Other	124	80
Net operating revenues	\$ 2,563	\$ 2,563

17

Sprint Corporation
PRO FORMA SELECTED OPERATING RES
(millions)

Quarters Ended,	March 31,		Dec
	2002	2001	
			2001
Global Markets Division (2)			
Net operating revenues	\$ 2,337	\$ 2,564	\$ 2,276
Operating income (loss)	\$ (69)	\$ 170	\$ (1,851)
EBITDA (4)	\$ 288	\$ 443	\$ 187

Edgar Filing: SPRINT CORP - Form 8-K

Sprint FON Group (3)

Net operating revenues	\$ 4,024	\$ 4,355	\$ 4,007
Operating income (loss)	\$ 466	\$ 677	\$ (1,400)
EBITDA (4)	\$ 1,112	\$ 1,234	\$ 1,032

18

Sprint Corporation
PRO FORMA SELECTED OPERATING RES
(millions)

Quarters Ended,	September 30,		June
	2001	2000	2001

Global Markets Division (2)

Net operating revenues	\$ 2,497	\$ 2,645	\$ 2,559
Operating income (loss)	\$ 41	\$ 354	\$ 129
EBITDA (4)	\$ 349	\$ 620	\$ 417

Sprint FON Group (3)

Net operating revenues	\$ 4,236	\$ 4,442	\$ 4,306
Operating income (loss)	\$ 582	\$ 853	\$ 664
EBITDA (4)	\$ 1,178	\$ 1,405	\$ 1,233

Sprint FON Group
 SUMMARY FINANCIAL INFORMATION (1)
 (all amounts per share data)

	Quarters ended March 31,	
	2002	2001
Diluted earnings per common share		
Income from continuing operations - pro forma	\$ 0.33	\$ 0.45
Sprint ION losses	(0.01)	(0.10)

Income from continuing operations - recurring	0.32	0.35
One-time items		
Gain on sale of investment	-	0.01

Total	-	0.01

Income from continuing operations	\$ 0.32	\$ 0.36

Edgar Filing: SPRINT CORP - Form 8-K

(thousands)

	Quarter ended March 31,		
	Direct	Resale	Affil
Reported net additions	725	(47)	
Ending customers - March 31, 2001	10,355	359	
Ending customers - December 31, 2001	13,555	219	
Ending customers - March 31, 2002	14,280	172	

20

Sprint Corporation
PCS GROUP METRICS RESTATEMENT
(dollars)

Quarters Ended,	December 31, 2001		September 30, 2001	
	As Adjusted	Previously Reported	As Adjusted	Previous Reported
Cash Cost Per User (1)	\$ 35	\$ 33	\$ 35	\$
Cost Per Gross Addition (1)	\$ 315	\$ 350	\$ 285	\$
Average Revenue Per User (2)	\$ 61	\$ 61	\$ 62	\$

Quarters Ended,	December 31, 2000		September 30, 2000	
	As Adjusted	Previously Reported	As Adjusted	Previous Reported

Edgar Filing: SPRINT CORP - Form 8-K

Cash Cost Per User (1)	\$	36	\$	34	\$	37	\$
Cost Per Gross Addition (1)	\$	355	\$	380	\$	315	\$

21

Sprint Corporation
PCS GROUP METRICS RESTATEMENT
(dollars)

Quarters Ended,	June 30, 2001		March 31, 2001				
	As Adjusted	Previously Reported	As Adjusted	Previously Reported			
Cash Cost Per User (1)	\$	35	\$	32	\$	35	\$
Cost Per Gross Addition (1)	\$	300	\$	340	\$	325	\$
Average Revenue Per User (2)	\$	62	\$	61	\$	59	\$

Quarters Ended,	June 30, 2000		March 31, 2000				
	As Adjusted	Previously Reported	As Adjusted	Previously Reported			
Cash Cost Per User (1)	\$	37	\$	35	\$	38	\$
Cost Per Gross Addition (1)	\$	325	\$	350	\$	370	\$

22

Edgar Filing: SPRINT CORP - Form 8-K

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

SPRINT CORPORATION

Date: April 18, 2002

By: /s/ Michael T. Hyde
Michael T. Hyde
Assistant Secretary