

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

SPRINT CORP

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SIC: **4813** Telephone communications (no radiotelephone)

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1994

OR

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

For the transition period from _____ to _____

Commission file number 1-4721

SPRINT CORPORATION

(Exact name of registrant as specified in its charter)

KANSAS	48-0457967
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

(Former name, former address and former fiscal year, if changed
since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing

requirements for the past 90 days.

Yes X No

SHARES OF COMMON STOCK OUTSTANDING AT March 31, 1994 --344,422,762

PART 1.

Item 1.

SPRINT CORPORATION
CONSOLIDATED BALANCE SHEETS
(In Millions)

	As of March 31, 1994 (Unaudited)	As of December 31, 1993
Assets		
Current assets		
Cash and equivalents	\$ 105.7	\$ 76.8
Accounts receivable, net of allowance for doubtful accounts of \$130.0 million (\$121.9 million in 1993)	1,299.1	1,230.6
Investment in common stock	--	130.2
Inventories	196.5	182.3
Deferred income taxes	75.4	81.1
Prepaid expenses	125.5	120.7
Other	157.9	156.2
Total current assets	1,960.1	1,977.9
Investment in common stock	139.0	173.1
Property, plant and equipment		
Long distance communications services	5,532.1	5,492.7
Local communications services	11,391.5	11,226.4
Cellular and wireless communications services	596.0	569.6
Other	440.7	433.7
	17,960.3	17,722.4
Less accumulated depreciation	7,664.6	7,407.6
	10,295.7	10,314.8
Cellular minority partnership investments	287.0	287.5
Excess of cost over net assets acquired	732.0	736.8
Other assets	653.1	658.8

\$ 14,066.9 \$ 14,148.9

See accompanying notes to consolidated financial statements.

PART 1.
Item 1.

SPRINT CORPORATION
CONSOLIDATED BALANCE SHEETS (continued)
(In Millions)

	As of March 31, 1994 (Unaudited)	As of December 31, 1993
Liabilities and Shareholders' Equity		
Current liabilities		
Current maturities of long-term debt	\$ 396.8	\$ 523.4
Accounts payable	829.1	925.4
Accrued interconnection costs	501.7	487.5
Accrued taxes	380.4	307.2
Other	793.0	825.1
Total current liabilities	2,901.0	3,068.6
Long-term debt	4,529.5	4,571.0
Deferred credits and other liabilities		
Deferred income taxes and investment tax credits	1,131.2	1,182.9
Postretirement and other benefit obligations	812.8	793.1
Other	613.2	576.4
	2,557.2	2,552.4
Redeemable preferred stock	37.4	38.6
Common stock and other shareholders' equity		
Common stock, par value \$2.50 per share, authorized 500.0 million shares, issued and outstanding 344.4 million (343.4 million in 1993)	861.1	858.5
Capital in excess of par or stated value	855.7	827.4
Retained earnings	2,326.9	2,184.2
Other	(1.9)	48.2
	4,041.8	3,918.3

See accompanying notes to consolidated financial statements.

PART I.
Item 1.

SPRINT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In Millions, Except Per Share Data)

	Three Months Ended March 31, 1994 1993 (Unaudited)	
Net operating revenues	\$ 3,033.2	\$ 2,718.0
Operating expenses		
Costs of services and products	1,528.4	1,381.9
Selling, general and administrative	724.2	641.8
Depreciation and amortization	352.3	337.2
Merger, integration and restructuring costs	--	248.0
Total operating expenses	2,604.9	2,608.9
Operating income	428.3	109.1
Interest expense	(101.1)	(117.9)
Other income (expense), net	29.2	(0.7)
Income (loss) from continuing operations before income taxes	356.4	(9.5)
Income tax provision	(129.0)	(1.8)
Income (loss) from continuing operations	227.4	(11.3)
Discontinued operations, net	--	(12.3)
Extraordinary losses on early extinguishments of debt, net	--	(5.2)
Cumulative effect of changes in accounting principles, net	--	(384.2)
Net income (loss)	227.4	(413.0)
Preferred stock dividends	(0.7)	(0.6)
Earnings (loss) applicable to common stock	\$ 226.7	\$ (413.6)
Earnings (loss) per common share		
Continuing operations	\$ 0.65	\$ (0.03)

Discontinued operations	--	(0.04)
Extraordinary item	--	(0.02)
Cumulative effect of changes in accounting principles	--	(1.12)
Total	\$ 0.65	\$ (1.21)
Weighted average number of common shares	346.7	341.6
Dividends per common share	\$ 0.25	\$ 0.25

See accompanying notes to consolidated financial statements.

PART I.
Item 1.

SPRINT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)

	Three Months Ended March 31, 1994 1993 (Unaudited)	
Operating activities		
Net income (loss)	\$ 227.4	\$ (413.0)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	352.3	337.2
Gain on sale of investment	(34.7)	--
Discontinued operations	--	(1.3)
Extraordinary losses on early extinguishments of debt	--	7.9
Cumulative effect of changes in accounting principles	--	384.2
Deferred income taxes and investment tax credits	(10.4)	(75.5)
Changes in operating assets and liabilities		
Accounts receivable, net	(68.5)	(38.3)
Inventories and other current assets	(20.9)	0.3
Accounts payable, accrued expenses and other current liabilities	(34.2)	159.6
Noncurrent assets and liabilities, net	51.9	134.1
Other, net	23.8	26.8
Net cash provided by operating activities	486.7	522.0
Investing activities		
Capital expenditures	(326.9)	(326.0)
Proceeds from sale of investment in common stock	117.7	--
Other, net	(9.2)	6.0
Net cash used by investing activities	(218.4)	(320.0)

Financing activities		
Proceeds from long-term debt	69.7	40.0
Retirements of long-term debt	(238.8)	(237.7)
Net increase (decrease) in notes payable and commercial paper	(0.1)	43.0
Proceeds from common stock issued	16.2	21.9
Proceeds from employees stock purchase installments	3.4	7.0
Dividends paid	(86.8)	(88.4)
Other, net	(3.0)	(7.4)
Net cash used by financing activities	(239.4)	(221.6)
Increase (decrease) in cash and equivalents	28.9	(19.6)
Cash and equivalents at beginning of period	76.8	128.8
Cash and equivalents at end of period	\$ 105.7	\$ 109.2

See accompanying notes to consolidated financial statements.

PART I.
Item 1.

SPRINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1994 and 1993
(Unaudited)

The information contained in this Form 10-Q for the three-month interim periods ended March 31, 1994 and 1993 reflects all adjustments, consisting only of normal recurring and certain nonrecurring accruals (see Note 2), which are, in the opinion of management, necessary to a fair statement of the operations for such interim periods.

1. Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Sprint Corporation and its wholly-owned and majority-owned subsidiaries (Sprint), including Centel Corporation (Centel) and Sprint Communications Company L.P. Investments in less than 50 percent-owned cellular communications partnerships are accounted for using the equity method.

In accordance with industry practice, revenues and related net income of non-regulated operations attributable to transactions

with Sprint's rate-regulated telephone companies have not been eliminated in the accompanying consolidated financial statements. Intercompany revenues of such entities amounted to \$65 million and \$52 million for the three months ended March 31, 1994 and 1993, respectively.

All other significant intercompany transactions have been eliminated.

Classification of Operations

The long distance communications services division provides domestic voice and data communications services across certain specified geographical boundaries, as well as international long distance communications services. Rates charged for such services sold to the public are subject to different levels of state and federal regulation, but are generally not subject to rate-base regulation.

The local communications services division consists principally of the operations of Sprint's rate-regulated telephone companies. These operations provide local exchange services, access by telephone customers and other carriers to local exchange facilities and long distance services within specified geographical areas.

The cellular and wireless communications services division consists of wholly-owned and majority-owned interests in partnerships and corporations operating cellular and wireless communications properties in various metropolitan and rural service area markets.

The product distribution and directory publishing businesses include the wholesale distribution of telecommunications products and the publishing and marketing of white and yellow page telephone directories.

Postretirement Benefits

Effective January 1, 1993, Sprint changed or modified its method of accounting for certain postretirement benefits by adopting Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." Sprint provides postretirement benefits (principally health care benefits) to certain retirees. SFAS No. 106 requires accrual of the expected cost of providing postretirement benefits to employees and their dependents or beneficiaries during the years employees earn the benefits.

Upon adoption of the new standard, Sprint elected to immediately recognize its previously unrecorded obligation for postretirement

benefits already earned by current retirees and employees (the transition obligation), a substantial portion of which related to its rate-regulated telephone companies. Pursuant to SFAS No. 71, regulatory assets associated with the recognition of the transition obligation were recorded in jurisdictions where the regulators have issued orders specific to Sprint permitting recognition of net postretirement benefits costs for ratemaking purposes, and providing for recovery of the transition obligation over a period of no longer than 20 years. Accordingly, in connection with the adoption of SFAS No. 106, Sprint recorded regulatory assets of \$87 million. In all other jurisdictions, regulatory assets associated with the recognition of the transition obligation were not recorded due to the uncertainties as to the timing and extent of recovery.

The resulting nonrecurring, noncash charge of \$341 million (\$1.00 per share), net of related income tax benefits, is reflected in the 1993 consolidated statement of income as a cumulative effect of change in accounting principle.

Postemployment Benefits

Effective January 1, 1993, Sprint adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits." Upon adoption, Sprint recognized certain previously unrecorded obligations for benefits to be provided to former or inactive employees and their dependents, after employment but before retirement. Such postemployment benefits offered by Sprint include severance, disability and workers compensation benefits, including the continuation of other benefits such as health care and life insurance coverage.

The resulting nonrecurring, noncash charge of \$11 million (\$0.03 per share), net of related income tax benefits, is reflected in the 1993 consolidated statement of income as a cumulative effect of change in accounting principle.

Accounting for Circuit Activity Costs

Effective January 1, 1993, Sprint's long distance communications services division changed its method of accounting for certain costs related to connecting new customers to its network. The change was made to conform Sprint's accounting to the predominant industry practice for such costs. Under the new method, such costs (which were previously capitalized) are being expensed when incurred. The resulting nonrecurring, noncash charge of \$32 million (\$0.09 per share), net of related income tax benefits, is reflected in the 1993 consolidated statement of income as a cumulative effect of change in accounting principle.

Reclassifications

Certain amounts in the accompanying consolidated financial statements for 1993 have been reclassified to conform to the presentation of amounts in the 1994 consolidated financial statements. Such reclassifications had no effect on the results of operations.

2. Sprint/Centel Merger

Effective March 9, 1993, Sprint consummated its merger with Centel, creating a diversified telecommunications enterprise with operations in long distance, local exchange and cellular/wireless communications services. The merger was accounted for as a pooling of interests. The transaction costs associated with the merger (consisting primarily of investment banking and legal fees) and the estimated expenses of integrating and restructuring the operations of the two companies (consisting primarily of employee severance and relocation expenses and costs of eliminating duplicative facilities) resulted in nonrecurring charges during 1993 aggregating \$259 million, of which \$248 million was recorded during the 1993 first quarter. Such nonrecurring charges reduced income from continuing operations for the 1993 first quarter by \$165 million (\$0.48 per share).

3. Investments in Common Stocks

Investments in common stocks are classified as available for sale and reported at fair value (estimated based on quoted market prices). As of March 31, 1994 and December 31, 1993, the cost of such investments is \$119 million and \$202 million, respectively, with gross unrealized holding gains of \$20 million and \$101 million, respectively, reflected as additions to other shareholders' equity, net of related income taxes.

During the three months ended March 31, 1994, Sprint sold an investment in common stock, realizing a gain of \$35 million, which increased income from continuing operations by \$22 million (\$0.06 per share).

4. Income Taxes

The differences which cause the effective income tax rate to vary from the statutory federal income tax rate of 35 percent and 34 percent for the three months ended March 31, 1994 and 1993, respectively, are as follows (in millions):

Three Months Ended	
March 31,	
1994	1993

Income tax provision (benefit) at the statutory rate	\$ 124.7	\$ (3.2)
Effect of:		
Investment tax credits included in income	(5.1)	(5.8)
State income taxes, net of federal income tax effect	12.8	(0.5)
Merger related costs	--	14.0
Other, net	(3.4)	(2.7)
Income tax provision, including investment tax credits	\$ 129.0	\$ 1.8
Effective income tax rate	36%	(19%)

On August 10, 1993, the Revenue Reconciliation Act of 1993 was enacted which, among other changes, raised the federal income tax rate for corporations to 35 percent from 34 percent, retroactive to January 1, 1993. Accordingly, upon enactment, Sprint adjusted its deferred income tax assets and liabilities to reflect the revised rate.

5. Contingencies

Litigation, Claims and Assessments

In September 1993, a settlement agreement was reached related to a class action complaint filed in January 1992 against Sprint and certain of its officers and directors, amending a complaint originally filed in 1990. The plaintiffs in the class action alleged violations of various federal securities laws and related state laws and, among other relief, sought unspecified compensatory damages. The settlement, which is subject to approval by the court, totaled \$29 million, of which approximately 60 percent will be recovered from Sprint's insurance carriers. The net settlement did not have a significant effect on Sprint's 1993 results of operations.

Following announcement of Sprint's merger with Centel, class action suits were filed against Centel and certain of its officers and directors in federal and state courts. The state suits have been dismissed, while the federal suits have been consolidated into a single action and seek damages for alleged violations of securities laws. These and various other suits arising in the ordinary course of business are pending against Sprint. Management cannot predict the ultimate outcome of these actions but believes they will not result in a material effect on Sprint's consolidated financial statements.

Accounts Receivable Sold with Recourse

Under an agreement available through April 1995, Sprint may sell on a continuous basis, with recourse, up to \$600 million of undivided interests in a designated pool of its accounts receivable. Subsequent collections of receivables sold to investors are typically reinvested in the pool. On a quarterly basis, subject to the approval of the investors, Sprint may extend the agreement for an additional ninety days. Receivables sold that remained uncollected as of March 31, 1994 aggregated \$600 million.

6. Supplemental Cash Flows Information

	Three Months Ended March 31,	
	1994	1993
Cash paid for (in millions)		
Interest	\$ 102.2	\$ 98.4
Income taxes	\$ 15.9	\$ 13.5

During the three months ended March 31, 1994 and 1993, Sprint contributed previously unissued shares of its common stock with market values of \$12 million and \$8 million, respectively, to the employee savings plans.

7. Subsequent Event

In April 1994, Sprint's Board of Directors declared a common stock dividend of \$0.25 per share payable on June 30, 1994.

PART I.
Item 2.

SPRINT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Sprint / Centel Merger

Effective March 9, 1993, Sprint Corporation (Sprint) consummated its merger with Centel Corporation (Centel), creating a diversified telecommunications enterprise with operations in long distance, local exchange and cellular/wireless communications services. The merger was accounted for as a pooling of

interests.

The operations of the merged companies continue to be integrated and restructured to achieve efficiencies which have begun to yield operational synergies and cost savings. The transaction costs associated with the merger (consisting primarily of investment banking and legal fees) and the estimated expenses of integrating and restructuring the operations of the two companies (consisting primarily of employee severance and relocation expenses and costs of eliminating duplicative facilities) resulted in nonrecurring charges during 1993 aggregating \$259 million, of which \$248 million was recorded during the 1993 first quarter. Such nonrecurring charges reduced income from continuing operations for the 1993 first quarter by \$165 million (\$0.48 per share).

Liquidity and Capital Resources

Cash flows from operating activities, which are Sprint's primary source of liquidity, were \$487 million during the first three months of 1994, compared to \$522 million during the first three months of 1993. The decrease in operating cash flows generally reflects increased working capital requirements associated with the growth in the long distance, local and cellular/wireless divisions.

Sprint's investing activities used cash of \$218 million and \$320 million during the first three months of 1994 and 1993, respectively. Capital expenditures, which represent Sprint's most significant investing activity, were \$327 million and \$326 million during the first three months of 1994 and 1993, respectively. Long distance capital expenditures were incurred primarily to enhance network capabilities for providing new products and services and to meet increased customer demand. Capital expenditures for the local division were made to accommodate access line growth, to continue the conversion to digital technologies, and to expand the division's capabilities for providing enhanced telecommunications services. Capital expenditures for the cellular and wireless division were made to support the increase in the number of customer lines served. Sprint expects capital expenditures for the year to be approximately \$1.8 billion. Investing activities in the first three months of 1994 also include \$118 million received in connection with the sale of an investment in common stock.

Financing activities used cash of \$239 million in the first three months of 1994 and \$222 million in the comparable 1993 period. Long-term debt retirements during the first three months of 1994 include the redemption of \$102 million of debt called, prior to scheduled maturity, in 1993.

During 1994, Sprint anticipates funding capital expenditures and dividends with cash flows from operating activities. Sprint continues to expect its external cash requirements for 1994 to be approximately \$800 million to \$900 million, which is generally required to repay scheduled long-term debt maturities and reduce notes payable and commercial paper outstanding. A portion of such external cash requirements will be generated through issuances of common stock through employee benefit plans and from the sale of the investment in common stock discussed previously. The method of financing the remaining external cash requirements will depend on prevailing market conditions during the year. Sprint may also undertake debt refinancing throughout the remainder of 1994 in order to take advantage of favorable interest rates.

As of March 31, 1994, Sprint had the ability to borrow \$811 million under a revolving credit agreement with a syndicate of domestic and international banks and other bank commitments. Other available financing sources include a Medium-Term Note program, under which Sprint may offer for sale up to \$175 million of unsecured senior debt securities. In addition, Sprint may offer for sale approximately \$1.2 billion of debt securities pursuant to shelf registration statements filed with the Securities and Exchange Commission.

The aggregate amount of additional borrowings which can be incurred is ultimately limited by certain covenants contained in existing debt agreements. As of March 31, 1994, Sprint had borrowing capacity of approximately \$3.2 billion under the most restrictive of its debt covenants.

The most restrictive covenant applicable to dividends results from Sprint's revolving credit agreement. Among other restrictions, the agreement requires Sprint to maintain specified levels of consolidated net worth, as defined. As a result of this requirement, \$1.53 billion of Sprint's \$2.33 billion consolidated retained earnings were effectively restricted from the payment of dividends as of March 31, 1994.

Results Of Operations

Long Distance Communications Services

Selected Operating Results (In Millions)

Three Months Ended

	March 31, 1994	1993	Variance Dollar	Percent
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Net operating revenues	\$ 1,660.4	\$ 1,491.3	\$ 169.1	11.3%
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Operating expenses				
Interconnection	748.5	675.0	73.5	10.9%
Operations	214.8	193.1	21.7	11.2%
Selling, general and administrative	420.3	368.4	51.9	14.1%
Depreciation and amortization	133.7	134.1	(0.4)	(0.3)%
Total operating expenses	1,517.3	1,370.6	146.7	10.7%
Operating income	\$ 143.1	\$ 120.7	\$ 22.4	18.6%

Net operating revenues for the first quarter of 1994 increased 11 percent over the comparable 1993 period. The increase was generally due to traffic volume growth of 11 percent. Average revenue per minute received from customers was relatively constant. The increases in net operating revenues and traffic volumes reflect continuing growth in the business, international, and residential markets. Growth in the business market was primarily attributable to "800" services, reflecting the enhanced growth opportunities generated by "800" portability, while growth in the international and residential markets reflect ongoing sales and marketing efforts.

Future rates of growth in both net operating revenues and traffic volumes may be influenced by both domestic and international economic conditions and the division's ability to maintain market share and current price levels in the intensely competitive long distance marketplace.

Interconnection costs increased during the first quarter of 1994 relative to the comparable 1993 period. As a percentage of net operating revenues, interconnection costs were consistent between the 1994 and 1993 first quarters, resulting from an increased percentage related to international interconnection costs, offset by a decreased percentage related to domestic interconnection costs. International interconnection costs increased due to increased traffic volumes and changes in the mix of traffic volumes to various countries, partially offset by reductions in rates paid to foreign telephone companies to complete international calls made by the division's domestic customers. Costs of connecting to networks domestically also increased primarily as a result of traffic volume growth, partially offset by reductions in interconnection rates paid to local exchange companies.

Operations expense consists of costs related to operating and maintaining the long distance network; costs of providing various

services such as operator services, public payphones, telecommunications services for the hearing impaired, and video teleconferencing; and costs of data system sales. Operations expense for the first quarter of 1994 increased \$22 million from the comparable 1993 period, primarily due to expanded service offerings and increased salaries and related benefits.

Selling, general and administrative expense for the first quarter of 1994 increased \$52 million, generally as a result of intensified sales and marketing efforts. During the first quarter of 1994, marketing efforts were primarily directed at The Most (sm) and The Most WORLDWIDE (sm) calling plans and the recently introduced voice-activated FONCARD (sm) product. These efforts resulted in increased advertising and promotions expense, as well as increased commission expense.

Local Communications Services

Selected Operating Results				
(In Millions)				
Three Months Ended				
	March 31,		Variance	
	1994	1993	Dollar	Percent
Net operating revenues				
Local service	\$ 425.6	\$ 388.1	\$ 37.5	9.7%
Network access	391.0	373.6	17.4	4.7%
Toll service	134.2	124.4	9.8	7.9%
Other	117.7	105.4	12.3	11.7%
Total net operating revenues	1,068.5	991.5	77.0	7.8%
Operating expenses				
Plant operations	317.7	303.0	14.7	4.9%
Depreciation and amortization	187.3	180.1	7.2	4.0%
Other	307.1	289.3	17.8	6.2%
Total operating expenses	812.1	772.4	39.7	5.1%
Operating income	\$ 256.4	\$ 219.1	\$ 37.3	17.0%

The division's net operating revenues for the first quarter of 1994 increased 8 percent over the comparable 1993 period. Growth in local service revenues reflects continued increases in the number of access lines served and growth in add-on services, such

	1994	1993	Dollar	Percent
Net operating revenues	\$ 250.8	\$ 215.5	\$ 35.3	16.4%
Operating expenses	234.4	200.0	34.4	17.2%
Operating income	\$ 16.4	\$ 15.5	\$ 0.9	5.8%

North Supply, Sprint's product distribution subsidiary, had net operating revenues of \$183 million for the first quarter 1994, reflecting a 21 percent increase from the comparable 1993 period. The increase primarily reflects increased sales due to additional non-affiliated contracts and increased sales to the local communications services division. Sprint Publishing & Advertising, Sprint's directory publishing subsidiary, had net operating revenues of \$68 million and \$65 million for the three months ended March 31, 1994 and 1993, respectively. Operating expenses as a percentage of net operating revenues increased slightly in the 1994 first quarter relative to the comparable 1993 period.

Non-Operating Items

Interest expense for the first quarter of 1994 decreased \$17 million from the comparable 1993 period, generally related to a decrease in average levels of debt outstanding and lower interest rates.

The components of other income (expense), net are as follows (in millions):

	Three Months Ended March 31,	
	1994	1993
Gain on sale of investment in common stock	\$ 34.7	\$ --
Equity in earnings of cellular minority partnership investments	2.6	4.2
Minority interests	(3.5)	(0.6)
Other	(4.6)	(4.3)
Total other income (expense), net	\$ 29.2	\$ (0.7)

Income Tax Provision

See Note 4 of "Notes to Consolidated Financial Statements" for information regarding the differences which cause the effective income tax rate to vary from the statutory federal income tax

rate.

PART II.
Other Information

Item 1. Legal Proceedings

There were no reportable events during the quarter ended March 31, 1994.

Item 2. Changes in Securities

There were no reportable events during the quarter ended March 31, 1994.

Item 3. Defaults Upon Senior Securities

There were no reportable events during the quarter ended March 31, 1994.

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

On April 19, 1994, Sprint held its Annual Meeting of Shareholders. In addition to the election of six Class II Directors to serve for a term of three years, the shareholders approved the appointment of Ernst & Young as independent auditors for Sprint, approved amendments to the 1988 Employees Stock Purchase Plan, approved performance goals under certain compensation plans in accordance with the Revenue Reconciliation Act of 1993, and did not approve four shareholder proposals.

The following votes were cast for each of the following nominees for Director or were withheld with respect to such nominees:

	For	Withheld
Ruth M. Davis	277,841,172	3,642,232
Harold S.Hook	277,938,331	3,545,073
Ronald T.LeMay	277,515,431	3,967,973
Frank E. Reed	277,924,595	3,558,809
Charles E.Rice	277,936,681	3,546,723
Stewart Turley	277,951,141	3,532,263

The following votes were cast with respect to the proposal to approve the appointment of Ernst & Young as independent auditors for Sprint for 1994:

For	274,879,059
Against	4,745,603

Abstain 1,858,742

The following votes were cast with respect to the proposal to approve amendments to the 1988 Employees Stock Purchase Plan increasing the number of shares authorized for issuance and making certain administrative changes to the Plan:

For	269,989,087
Against	9,352,734
Abstain	2,141,583

The following votes were cast with respect to the proposal to approve performance goals under the Executive Management Incentive Plan:

For	244,338,053
Against	33,807,833
Abstain	3,337,518

The following votes were cast with respect to the proposal to approve performance goals under the Executive Long-Term Incentive Plan:

For	264,019,116
Against	14,058,416
Abstain	3,405,872

The following votes were cast with respect to the proposal to approve an amendment to the Long-Term Stock Incentive Program limiting the grant of stock options or stock appreciation rights to an individual employee during any calendar year to 500,000 shares:

For	263,761,307
Against	14,452,401
Abstain	3,269,696

The following votes were cast with respect to a shareholder proposal requesting that the Board of Directors of Sprint implement certain procedures concerning the selection of independent auditors:

For	19,816,696
Against	225,928,443
Abstain	6,610,733
Broker non-votes	29,127,532

The following votes were cast with respect to a shareholder

proposal to limit increases in executive cash compensation to the average percentage pay increase granted to Sprint employees:

For	23,127,053
Against	221,671,033
Abstain	7,557,786
Broker non-votes	29,127,532

The following votes were cast with respect to a shareholder proposal requesting that the Board of Directors of Sprint create a Facilities Closure and Relocation of Work Committee:

For	19,449,898
Against	221,649,608
Abstain	11,256,366
Broker non-votes	29,127,532

The following votes were cast with respect to a shareholder proposal recommending that the Board of Directors of Sprint adopt and implement a policy of confidential voting at all meetings of its shareholders:

For	118,328,597
Against	127,262,692
Abstain	6,764,583
Broker non-votes	29,127,532

Item 5. Other Information

Sprint's ratios of earnings to fixed charges were 3.73 and 0.92 for the three months ended March 31, 1994 and 1993, respectively. These ratios have been computed by dividing fixed charges into the sum of (a) income (loss) from continuing operations less capitalized interest included in income, (b) income taxes, and (c) fixed charges. Fixed charges consist of interest on all indebtedness (including amortization of debt issuance expenses), the interest factor of operating rents and the pre-tax cost of preferred stock dividends of subsidiaries. In the absence of the nonrecurring merger, integration and restructuring costs of \$248 million recorded during the three months ended March 31, 1993, the ratio of earnings to fixed charges would have been 2.57.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report:

(10) Material Agreements - Executive Compensation Plans and Arrangements:

(a) Long-Term Stock Incentive Program, as amended.

(b) Retirement Plan for Directors, as amended.

(11) Computation of earnings per common share.

(12) Computation of ratio of earnings to fixed charges.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the quarter ended March 31, 1994.

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 thereunto duly authorized.

SPRINT CORPORATION
(Registrant)

By /s/ John P. Meyer
John P. Meyer
Senior Vice President --
Controller
Principal Accounting
Officer

Dated: May 13, 1994

EXHIBIT INDEX

EXHIBIT
NUMBER

- (10) Material Agreements - Executive Compensation Plans and Arrangements:
 - (a) Long-Term Incentive Program, as amended.
 - (b) Retirement Plan for Directors, as amended.
- (11) Computation of Earnings Per Share
- (12) Computation of Ratio of Earnings to Fixed Charges

THE SPRINT LONG-TERM STOCK INCENTIVE PROGRAM

Section 1. Purpose. The purposes of the Sprint Long-Term Stock Incentive Program (the "Plan") are to encourage directors of Sprint Corporation (the "Company") and officers and selected key employees of the Company and its Affiliates to acquire a proprietary and vested interest in the growth and performance of the Company, to generate an increased incentive to contribute to the Company's future success and prosperity, thus enhancing the value of the Company for the benefit of stockholders, and to enhance the ability of the Company and its Affiliates to attract and retain individuals of exceptional talent upon whom, in large measure, the sustained progress, growth and profitability of the Company depends.

Section 2. Definitions. As used in the Plan, the following terms shall have the meanings set forth below:

(a) "Affiliate" shall mean (i) any Person that directly, or through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company or (ii) any entity in which the Company has a significant equity interest, as determined by the Committee.

(b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock Award, Performance Share, Performance Unit, Dividend Equivalent, Other Stock Unit Award, or any other right, interest, or option relating to Shares granted pursuant to the provisions of the Plan.

(c) "Award Agreement" shall mean any written agreement, contract, or other instrument or document evidencing any Award granted hereunder and signed by both the Company and the Participant or by both the Company and an Outside Director.

(d) "Board" shall mean the Board of Directors of the Company.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(f) "Committee" shall mean the Organization and Compensation Committee of the Board, composed of not less than three directors each of whom is a Disinterested Person.

(g) "Company" shall mean Sprint Corporation.

(h) "Disinterested Person" shall have the meaning set forth in Rule 16b-3(d)(3) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor definition adopted by the Commission.

(i) "Dividend Equivalent" shall mean any right granted pursuant to Section 14(h) hereof.

(j) "Employee" shall mean any salaried employee of the Company or of any Affiliate.

(k) "Fair Market Value" shall mean, with respect to any property, the market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.

(l) "Incentive Stock Option" shall mean an Option granted under Section 6 hereof that is intended to meet the requirements of Section 422A of the Code or any successor provision thereto.

(m) "Nonstatutory Stock Option" shall mean an Option granted to a Participant under Section 6 hereof, and an Option granted to an Outside Director pursuant to Section 11 hereof, that is not intended to be an Incentive Stock Option.

(n) "Option" shall mean any right granted to a Participant under the Plan allowing such Participant to purchase Shares at such price or prices and during such period or periods as the Committee shall determine. "Option" shall also mean the right granted to an Outside Director under Section 11 hereof allowing such Outside Director to purchase shares of the common stock of the Company on the terms set forth in Section 11.

(o) "Other Stock Unit Award" shall mean any right granted to a Participant by the Committee pursuant to Section 10 hereof.

(p) "Outside Director" shall mean a member of the Board who is not an Employee of the Company or of any Affiliate.

(q) "Participant" shall mean an Employee who is selected by the Committee to receive an Award under the Plan.

(r) "Performance Award" shall mean any Award of Performance Shares or Performance Units pursuant to Section 9 hereof.

(s) "Performance Period" shall mean that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.

(t) "Performance Share" shall mean any grant pursuant to Section 9 hereof of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including, without limitation, cash, Shares, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(u) "Performance Unit" shall mean any grant pursuant to Section 9 hereof of a unit valued by reference to a designated amount of property other than Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including, without limitation, cash, Shares, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(v) "Person" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, or government or political subdivision thereof.

(w) "Restricted Stock" shall mean any Share issued with the restriction that the holder may not sell, transfer, pledge, or assign such Share and with such other restrictions as the Committee, in its sole discretion, may impose (including, without limitation, any restriction on the right to vote such Share, and the right to receive any cash dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as

the Committee may deem appropriate.

(x) "Restricted Stock Award" shall mean an award of Restricted Stock under Section 8 hereof.

(y) "Senior Officer" shall mean any employee of the Company holding the office of Vice President or higher.

(z) "Shares" shall mean shares of the common stock of the Company, \$2.50 par value, and such other securities of the Company as the Committee may from time to time determine.

(aa) "Stock Appreciation Right" shall mean any right granted to a Participant pursuant to Section 7 hereof to receive, upon exercise by the Participant, the excess of (i) the Fair Market Value of one Share on the date of exercise or, if the Committee shall so determine in the case of any such right other than one related to any Incentive Stock Option, at any time during a specified period before the date of exercise over (ii) the grant price of the right as specified by the Committee, in its sole discretion, on the date of grant, which shall not be less than the Fair Market Value of one Share on such date. Any payment by the Company in respect of such right may be made in cash, Shares, other property, or any combination thereof, as the Committee, in its sole discretion, shall determine.

(bb) "Stockholder Meeting" shall mean the annual meeting of stockholders of the Company in each year.

Section 3. Administration. The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees of the Company and its Affiliates to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Award to be granted to each Participant hereunder; (iii) determine the number of Shares to be covered by each Award granted hereunder; provided, however, that Shares subject to Options and Stock Appreciation Rights granted to any individual employee during any calendar year shall not exceed a total of 500,000 Shares; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder; (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property or canceled or suspended; (vi)

determine whether, to what extent and under what circumstances cash, Shares and other property and other amounts payable with respect to an Award under this Plan shall be deferred either automatically or at the election of the Participant; (vii) interpret and administer the Plan and any instrument or agreement entered into under the Plan; (viii) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (ix) make any other determination and take any other action that the Committee deems necessary or desirable for administration of the Plan. Decisions of the Committee shall be final, conclusive and binding upon all persons, including the Company, any Participant, any stockholder, and any employee of the Company or of any Affiliate. Notwithstanding the above, the Committee shall not have any discretion with respect to the Options granted to Outside Directors pursuant to Section 11 hereof. A majority of the members of the Committee may determine its actions and fix the time and place of its meetings.

Section 4. Shares Subject to the Plan.

(a) Subject to adjustment as provided in Section 4(b), the total number of Shares available for grant under the Plan in each calendar year shall be three-fifths of one percent (0.6%) of the total outstanding Shares as of the first day of such year for which the Plan is in effect; provided that such number shall be increased in any year by the number of Shares available for grant hereunder in previous years but not covered by Awards granted hereunder in such years; and provided further, that no more than four million (4,000,000) Shares shall be cumulatively available for the grant of Incentive Stock Options under the Plan. In addition, any Shares issued by the Company through the assumption or substitution of outstanding grants from an acquired company shall not reduce the shares available for grants under the Plan. Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares or treasury shares. If any Shares subject to any Award granted hereunder are forfeited or such Award otherwise terminates without the issuance of such Shares or of other consideration in lieu of such Shares, the Shares subject to such Award, to the extent of any such forfeiture or termination, shall again be available for grant under the Plan.

(b) In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or other change in corporate structure affecting the

Shares, such adjustment shall be made in the aggregate number and class of Shares which may be delivered under the Plan, in the number, class and option price of Shares subject to outstanding Options granted under the Plan, and in the value of, or number or class of Shares subject to, Awards granted under the Plan as may be determined to be appropriate by the Committee, in its sole discretion, provided that the number of Shares subject to any Award shall always be a whole number, and provided further, that the number and price of shares subject to outstanding Options granted to Outside Directors pursuant to Section 11 hereof and the number of shares subject to future Options to be granted pursuant to Section 11 shall be subject to adjustment only as set forth in Section 11.

Section 5. Eligibility. Any Employee (excluding any member of the Committee) shall be eligible to be selected as a Participant.

Section 6. Stock Options. Options may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Any Option granted to a Participant under the Plan shall be evidenced by an Award Agreement in such form as the Committee may from time to time approve. Any such Option shall be subject to the following terms and conditions and to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall deem desirable:

(a) Option Price. The purchase price per Share purchasable under an Option shall be determined by the Committee in its sole discretion; provided that such purchase price shall not be less than the Fair Market Value of the Share on the date of the grant of the Option.

(b) Option Period. The term of each Option shall be fixed by the Committee in its sole discretion; provided that no Incentive Stock Option shall be exercisable after the expiration of ten years from the date the Option is granted.

(c) Exercisability. Options shall be exercisable at such time or times as determined by the Committee at or subsequent to grant. Unless otherwise determined by the Committee at or subsequent to grant, no Incentive Stock Option shall be exercisable during the year ending on the day before the first anniversary date of the granting of the Incentive Stock Option.

(d) Method of Exercise. Subject to the other provisions of the Plan and any applicable Award Agreement, any Option may be exercised by the Participant in whole or in part at such time or times, and the Participant may make payment of the option price in such form or forms, including, without limitation, payment by delivery of cash, Shares or other consideration (including, where permitted by law and the Committee, Awards) having a Fair Market Value on the exercise date equal to the total option price, or by any combination of cash, Shares and other consideration as the Committee may specify in the applicable Award Agreement.

(e) Incentive Stock Options. In accordance with rules and procedures established by the Committee, the aggregate Fair Market Value (determined as of the time of grant) of the Shares with respect to which Incentive Stock Options held by any Participant which are exercisable for the first time by such Participant during any calendar year under the Plan (and under any other benefit plans of the Company or of any parent or subsidiary corporation of the Company) shall not exceed \$100,000 or, if different, the maximum limitation in effect at the time of grant under Section 422A of the Code, or any successor provision, and any regulations promulgated thereunder. The terms of any Incentive Stock Option granted hereunder shall comply in all respects with the provisions of Section 422A of the Code, or any successor provision, and any regulations promulgated thereunder.

(f) Form of Settlement. In its sole discretion, the Committee may provide, at the time of grant, that the shares to be issued upon an Option's exercise shall be in the form of Restricted Stock or other similar securities, or may reserve the right so to provide after the time of grant.

Section 7. Stock Appreciation Rights. Stock Appreciation Rights may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan and may, but need not, relate to a specific Option granted under Section 6. The provisions of Stock Appreciation Rights need not be the same with respect to each recipient. Any Stock Appreciation Right related to a Nonstatutory Stock Option may be granted at the same time such Option is granted or at any time thereafter before exercise or expiration of such Option. Any Stock Appreciation Right related to an Incentive Stock Option must be granted at the same time such Option is granted. In the

case of any Stock Appreciation Right related to any Option, the Stock Appreciation Right or applicable portion thereof shall terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a Stock Appreciation Right granted with respect to less than the full number of Shares covered by a related Option shall not be reduced until the exercise or termination of the related Option exceeds the number of shares not covered by the Stock Appreciation Right. Any Option related to any Stock Appreciation Right shall no longer be exercisable to the extent the related Stock Appreciation Right has been exercised. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it shall deem appropriate.

Section 8. Restricted Stock.

(a) Issuance. Restricted Stock Awards may be issued hereunder to Participants, for no cash consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The provisions of Restricted Stock Awards need not be the same with respect to each recipient.

(b) Registration. Any Restricted Stock issued hereunder may be evidenced in such manner as the Committee in its sole discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of shares of Restricted Stock awarded under the Plan, such certificate shall be registered in the name of the Participant, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award.

(c) Forfeiture. Except as otherwise determined by the Committee at the time of grant, upon termination of employment for any reason during the restriction period, all shares of Restricted Stock still subject to restriction shall be forfeited by the Participant and reacquired by the Company; provided that in the event of a Participant's retirement, permanent disability, other termination of employment or death, or in cases of special circumstances, the Committee may, in its sole discretion, when it finds that a waiver would be in the best interests of the Company, waive in whole or in part any or all remaining restrictions with respect to such Participant's shares of Restricted Stock. Unrestricted Shares, evidenced in such manner as the

Committee shall deem appropriate, shall be issued to the grantee promptly after the period of forfeiture, as determined or modified by the Committee.

Section 9. Performance Awards. Performance Awards may be issued hereunder to Participants, for no cash consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. Except as provided in Section 12, Performance Awards will be paid only after the end of the relevant Performance Period. Performance Awards may be paid in cash, Shares, other property or any combination thereof, in the sole discretion of the Committee at the time of payment. The performance levels to be achieved for each Performance Period and the amount of the Award to be distributed shall be conclusively determined by the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis.

Section 10. Other Stock Unit Awards.

(a) Stock and Administration. Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property ("Other Stock Unit Awards") may be granted hereunder to Participants, either alone or in addition to other Awards granted under the Plan. Other Stock Unit Awards may be paid in Shares, cash or any other form of property as the Committee shall determine. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Employees of the Company and its Affiliates to whom and the time or times at which such Awards shall be made, the number of Shares to be granted pursuant to such Awards, and all other conditions of the Awards. The provisions of Other Stock Unit Awards need not be the same with respect to each recipient.

(b) Terms and Conditions. Subject to the provisions of this Plan and any applicable Award Agreement, Shares subject to Awards made under this Section 10 may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the Shares are issued, or, if later, the date on which any applicable restriction, performance or

deferral period lapses. Shares granted under this Section 10 may be issued for no cash consideration or for such minimum consideration as may be required by applicable law; Shares purchased pursuant to a purchase right awarded under this Section 10 shall be purchased for such consideration as the Committee shall in its sole discretion determine, which shall not be less than the Fair Market Value of such Shares as of the date such purchase right is awarded.

Section 11. Outside Directors' Options.

(a) Grant of Options. On the date of the 1989 Stockholders Meeting, each Outside Director shall automatically be granted an Option to purchase 5,000<F2> shares of the common stock of the Company, \$2.50 par value; on the date of the 1990 Stockholders Meeting, each Outside Director who became an Outside Director after the 1989 Stockholders Meeting shall automatically be granted an Option to purchase 8,000<F3> shares of the common stock of the Company; on the date of the 1991 Stockholders Meeting, each Outside Director who became an Outside Director after the 1990 Stockholders Meeting shall automatically be granted an Option to purchase 6,000<F4> shares of the common stock of the Company; on the date of the 1992 Stockholders Meeting, each Outside Director who became an Outside Director after the 1991 Stockholders Meeting shall automatically be granted an Option to purchase 4,000<F5> shares of the common stock of the Company; on the date of the 1993 Stockholders Meeting, each Outside Director who became an Outside Director after the 1992 Stockholders Meeting shall automatically be granted an Option to purchase 2,000<F6> shares of the common stock of the Company; and on the date of each Stockholders Meeting after the 1993 Stockholders Meeting, each Outside Director shall automatically be granted an Option to purchase 2,000<F7> shares of the common stock of the Company. All such options shall be Nonstatutory Stock Options. The price at which each share of common stock covered by such Options may be purchased shall be one hundred percent (100%) of the fair market value of the stock on the date the Option is granted. Fair market value for purposes of this Section 11 shall be deemed to be the average of the high and low prices of the common stock for composite transactions as published by major newspapers for the date the Option is granted or, if no sale of the common stock shall have been made on that day, the next preceding day on which there was a sale of the common stock.

(b) Exercise of Options. Except as set forth in this Section 11, 25% of the total number of the shares subject to an Option granted to an Outside Director shall become exercisable on December 31 of the year in which the option is granted and 25% on December 31 of each of the three succeeding years. The right to purchase shares with respect to shares which have become exercisable shall be cumulative during the term of the Option. Any Option that has been outstanding for more than one (1) year shall immediately become exercisable in the event of a Change in Control, as hereinafter defined. The Option may be exercised by the Outside Director during the period that the Outside Director remains a member of the Board and for a period of five (5) years following retirement, provided that only those Options exercisable at the date of the Outside Director's retirement may be exercised during the period following retirement and, provided further, that in no event shall the Option be exercisable more than ten (10) years after the date of grant.

In the event of the death of an Outside Director, the Option shall be exercisable only within the twelve (12) months next succeeding the date of death, and then only (i) by the executor or administrator of the Outside Director's estate or by the person or persons to whom the Outside Director's rights under the Option shall pass by the Outside Director's will or the laws of descent and distribution, and (ii) if and to the extent that the Outside Director was entitled to exercise the Option at the date of the Outside Director's death, provided that in no event shall the Option be exercisable more than ten (10) years after the date of grant.

(c) Payment. An Option granted to an Outside Director shall be exercisable only upon payment to the Company of the full purchase price of the shares with respect to which the Option is being exercised. Payment for the shares shall be in United States dollars, payable in cash or by check.

(d) Adjustment of Options. In case there shall be a merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure such that the shares of common stock of the Company are changed into or become exchangeable for a larger or smaller number of shares, thereafter the number of shares subject to outstanding Options and the number of shares subject to Options to be granted to Outside Directors pursuant to the

provisions of this Section 11 shall be increased or decreased, as the case may be, in direct proportion to the increase or decrease in the number of shares of common stock of the Company by reason of such change in corporate structure, provided that the number of shares shall always be a whole number, and the purchase price per share of any outstanding Options shall, in the case of an increase in the number of shares, be proportionately reduced, and in the case of a decrease in the number of shares, shall be proportionately increased.

Section 12. Change in Control.

(a) In order to maintain the Participants' rights in the event of any Change in Control of the Company, as hereinafter defined, the Committee, as constituted before such Change in Control, may, in its sole discretion, as to any Award (except Options granted pursuant to Section 11), either at the time an Award is made hereunder or any time thereafter, take any one or more of the following actions: (i) provide for the acceleration of any time periods relating to the exercise or realization of any such Award so that such Award may be exercised or realized in full on or before a date fixed by the Committee; (ii) provide for the purchase of any such Award, upon the Participant's request, for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable; (iii) make such adjustment to any such Award then outstanding as the Committee deems appropriate to reflect such Change in Control; or (iv) cause any such Award then outstanding to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation after such Change in Control. The Committee may, in its discretion, include such further provisions and limitations in any agreement documenting such Awards as it may deem equitable and in the best interests of the Company.

(b) A "Change in Control" shall be deemed to have occurred if (i) any Person other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company, and other than the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934),

directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new Director (other than a Director designated by a person who has entered into an agreement with the Company to effect a transaction described in (i) above) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof.

Section 13. Amendments and Termination. The Board may amend, alter or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made that would impair the rights of an optionee or Participant under an Award theretofore granted, without the optionee's or Participant's consent, or that without the approval of the Stockholders would:

(a) except as is provided in Section 4(b) of the Plan, increase the total number of shares reserved for the purposes of the Plan;

(b) change the employees or class of employees eligible to participate in the Plan; or

(c) change in any way the Options provided for in Section 11 of the Plan.

The Committee may amend the terms of any Award theretofore granted (except Options granted pursuant to Section 11 hereof), prospectively or retroactively, but no such amendment shall impair the rights of any Participant without his consent. The Committee may also substitute new Awards for Awards previously granted to Participants, including without limitation previously granted Options having higher option prices.

Section 14. General Provisions.

(a) No Award shall be assignable or transferable by a Participant or an Outside Director otherwise than by will or by the laws of descent and distribution; provided that, if so determined by the Committee, a Participant may, in the manner established by the

Committee, designate a beneficiary to exercise the rights of the Participant with respect to any Award upon the death of the Participant. Each Award shall be exercisable, during the lifetime of the Participant or the Outside Director, only by the Participant or the Outside Director or, if permissible under applicable law, by the guardian or legal representative of the Participant or Outside Director.

(b) The term of each Award shall be for such period of months or years from the date of its grant as may be determined by the Committee; provided that in no event shall the term of any Incentive Stock Option or any Stock Appreciation Right related to any Incentive Stock Option exceed a period of ten (10) years from the date of its grant.

(c) No Employee or Participant shall have any claim to be granted any Award under the Plan and there is no obligation for uniformity of treatment of Employees or Participants under the Plan.

(d) The prospective recipient of any Award under the Plan shall not, with respect to such Award, be deemed to have become a Participant, or to have any rights with respect to such Award, until and unless such recipient shall have executed an agreement or other instrument evidencing the Award and delivered a fully executed copy thereof to the Company, and otherwise complied with the then applicable terms and conditions.

(e) The Committee shall be authorized to make adjustments in performance award criteria or in the terms and conditions of other Awards in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in applicable laws, regulations or accounting principles. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry it into effect. In the event the Company shall assume outstanding employee benefit awards or the right or obligation to make future such awards in connection with the acquisition of another corporation or business entity, the Committee may, in its discretion, make such adjustments in the terms of Awards under the Plan as it shall deem appropriate. Notwithstanding the above, the Committee shall not have the right to make any adjustments in the terms or conditions of Options granted pursuant to Section 11.

(f) The Committee shall have full power and authority to determine whether, to what extent and under what circumstances any Award (other than an Option granted pursuant to Section 11) shall be canceled or suspended. In particular, but without limitation, all outstanding Awards to any Participant shall be canceled if the Participant, without the consent of the Committee, while employed by the Company or after termination of such employment, becomes associated with, employed by, renders services to, or owns any interest in (other than any nonsubstantial interest, as determined by the Committee), any business that is in competition with the Company or with any business in which the Company has a substantial interest as determined by the Committee or any one or more Senior Officers or committee of Senior Officers to whom the authority to make such determination is delegated by the Committee.

(g) All certificates for Shares delivered under the Plan pursuant to any Award shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Shares are then listed, and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(h) Subject to the provisions of this Plan and any Award Agreement, the recipient of an Award (including, without limitation, any deferred Award, but excluding Options granted pursuant to Section 11) may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, interest or dividends, or interest or dividend equivalents, with respect to the number of shares covered by the Award, as determined by the Committee, in its sole discretion, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested.

(i) Except as otherwise required in any applicable Award Agreement or by the terms of the Plan, recipients of Awards under the Plan shall not be required to make any payment or provide consideration other than the rendering of services.

(j) The Committee may delegate to one or more

Senior Officers or a committee of Senior Officers the right to grant Awards to Employees who are not officers or directors of the Company and to cancel or suspend Awards to Employees who are not officers or directors of the Company.

(k) The Company shall be authorized to withhold from any Award granted or payment due under the Plan the amount of withholding taxes due with respect to an Award or payment hereunder and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Company shall also be authorized to accept the delivery of shares by a Participant in payment for the withholding of federal, state and local taxes (but not for social security and medicare taxes) up to the Participant's marginal tax rates.

(l) Nothing contained in this Plan shall prevent the Board of Directors from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

(m) The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Kansas and applicable Federal law.

(n) If any provision of this Plan is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the Plan shall remain in full force and effect.

Section 15. Effective Date of Plan. The Plan shall be effective as of April 18, 1989.

Section 16. Term of Plan. No Award shall be granted pursuant to the Plan after 10 years from the date of stockholder approval, but any Award theretofore granted may extend beyond that date.

[FN]

<F1>The initial number of shares authorized was doubled due to

the December, 1989 two-for-one stock split.

<F2>The number of shares under the options was increased to 10,000 due to the December, 1989 two-for-one stock split.

<F3>The initial number of shares authorized was doubled due to the December, 1989 two-for-one stock split.

<F4>The initial number of shares authorized was doubled due to the December, 1989 two-for-one stock split.

<F5>The initial number of shares authorized was doubled due to the December, 1989 two-for-one stock split.

<F6>The initial number of shares authorized was doubled due to the December, 1989 two-for-one stock split.

<F7>The initial number of shares authorized was doubled due to the December, 1989 two-for-one stock split.

SPRINT CORPORATION
RETIREMENT PLAN FOR DIRECTORS

1. Name and Purpose

The name of the Plan is the Sprint Corporation Retirement Plan for Directors ("Plan"). The purpose of the Plan is to provide any Director of Sprint who is not concurrently an employee of Sprint or any subsidiary of Sprint with continuing compensation for services rendered as a retired Director and thereby assist Sprint in the realization of its long-term strategies and objectives.

It is intended that a person retired under this Plan will be available to provide advice and counsel from time to time on such matters as the Chairman of the Board shall request.

2. Definitions

"Sprint" means Sprint Corporation, a Kansas Corporation, or any successor to a substantial portion of its business.

"Credited Service" means all whole years of service as an Eligible Director of Sprint, including service as an Eligible Director prior to the Effective Date of the Plan and service as a Director of Centel Corporation prior to March 9, 1994. Service while a Director but not an Eligible Director will not be deemed to be service for any purpose under this Plan. Service as a Director of a subsidiary of Sprint will not be deemed to be service for any purpose under this Plan, except for service as a Director of Centel Corporation prior to the merger between Sprint and Centel Corporation effective March 9, 1993.

"Director" means any member of the Board of Directors of Sprint.

"Eligible Director" means any Director who is not concurrently employed by Sprint or any subsidiary of Sprint.

"Effective Date" means March 1, 1982.

"Participant" means any Eligible Director whose service has terminated and who has otherwise qualified to commence to receive a benefit under the terms of this Plan.

"Plan" means the Sprint Corporation Retirement Plan for Directors.

"Plan Administrator" means the General Counsel of Sprint or any other officer designated by the Chairman of the Board.

"Retainer" means the annual fee established by the Board of Directors of Sprint and paid monthly for service as a Director, but excludes any meeting fee, expense reimbursement, or any other compensation received by a Director unless such compensation is specifically included as a part of the Retainer by action of the Board.

"Termination of Service" means cessation of service as a Director.

3. Eligibility for Benefits

Each Director who has accumulated 5 or more years of Credited Service shall be entitled to a benefit under the Plan upon his or her termination of service as a Director.

4. Plan Benefits

The monthly benefit payable under the Plan to any Participant whose Termination of Service occurs prior to April 1, 1989, shall be equal to one-twelfth of one-half of the Retainer in effect for Eligible Directors. Any increase in the Retainer subsequent to Termination of Service of any such Participant shall apply in the determination of prospective monthly payments for such Participant. The monthly benefit payable under the Plan to any Participant whose Termination of Service occurs on or after April 1, 1989, shall be equal to one-twelfth of the Retainer in effect for Eligible Directors at the time Termination of Service of such Participant occurs. There shall be no adjustment in the benefit payable to any Participant whose Termination of Service occurs on or after April 1, 1989 if the Retainer is changed after his or her Termination of Service. The benefit shall be paid to the Participant on or before the last day of each month commencing with the month following his or her Termination of Service. No benefit shall be paid hereunder to any Director terminated for cause.

5. Duration of Benefits

The monthly payments provided by this Plan shall continue until the first to occur of: (a) the number of monthly payments made equals the number of months of service by the Participant as an Eligible Director; or (b) 120 monthly payments have been made; or (c) the last day of the month following the death of the Participant. No benefit shall be paid under this Plan in any month in which a Participant is employed by or serving as a Director of any company if such service

constitutes or would in the opinion of the General Counsel of Sprint be deemed to constitute a conflict of interest or other legal impediment of such a nature as would preclude such Participant from concurrently serving as a Director of Sprint.

6. Suspension of Benefits

If a Participant returns to service as a Director or becomes an employee of Sprint or is or becomes a Director or employee of any subsidiary of Sprint, payment of benefits under this Plan shall be immediately suspended and shall commence again on the last day of the month following the month in which such service terminates. Following such termination, the amount of each monthly payment for a Participant whose Termination of Service occurred prior to April 1, 1989, shall be equal to one-twelfth of one-half of the Retainer in effect for Eligible Directors at the time payments under this Plan are resumed, and the amount of each monthly payment for a Participant whose Termination of Service occurred on or after April 1, 1989, shall be equal to one-twelfth of the Retainer at the time such Participant's most recent Termination of Service occurred.

Monthly payments shall continue until the first to occur of (a) the number of monthly payments made, including payments prior to the Participant's return to service, equals the number of months of service by the individual as an Eligible Director; or (b) 120 such monthly payments, including payments prior to the Participant's return to service have been made; or (c) the last day of the month following the death of the Participant.

7. Funding

No promise under this Plan shall be secured by any specific asset of Sprint, nor shall any asset of Sprint be designated as attributable to or be allocated to the satisfaction of any such promise. Each benefit payment shall be made from Sprint's general revenues.

8. Administration

The Plan Administrator shall have full power and authority to administer the Plan, including the power to promulgate rules of Plan administration, the power to settle any disputes as to rights or benefits arising from the Plan, the power to appoint agents and delegate his duties, and the power to make such decisions or take such action as the Plan Administrator, in his sole discretion, deems necessary or advisable to aid in the proper administration of the Plan.

9. Alienation of Benefits

No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt thereat shall be void. No such benefit payment shall, prior to receipt thereof by any Participant, be in any manner liable for or subject to such Participant's debt, alimony, child support, contract, liability, engagement, or tort.

10. Withholding Taxes

The Company shall deduct from the amount of any payment hereunder any tax required to be withheld by applicable law.

11. Governing Law

This Plan shall be governed and construed by the laws of the State of Kansas.

12. Amendment, Modification, Or Termination Of The Plan

The Board of Directors may, at any time, terminate or, in any respect, amend or modify the Plan, but such action shall not affect the rights of any Participant then receiving benefits under the Plan.

SPRINT CORPORATION
 COMPUTATION OF EARNINGS PER COMMON SHARE
 (In Millions, Except Per Share Data)

	Three Months Ended March 31, 1994 1993 (Unaudited)	
PRIMARY EARNINGS PER SHARE		
Income (loss) from continuing operations	\$ 227.4	\$(11.3)
Preferred stock dividends	(0.7)	(0.6)
	226.7	(11.9)
Discontinued operations, net	--	(12.3)
Extraordinary losses on early extinguishments of debt, net	--	(5.2)
Cumulative effect of changes in accounting principles, net	--	(384.2)
Earnings (loss) applicable to common stock	\$ 226.7	\$(413.6)
Weighted average number of common shares (1)	346.7	341.6
Primary earnings (loss) per share		
Continuing operations	\$ 0.65	\$ (0.03)
Discontinued operations	--	(0.04)
Extraordinary item	--	(0.02)
Cumulative effect of changes in accounting principles	--	(1.12)
Total	\$ 0.65	\$ (1.21)
FULLY DILUTED EARNINGS PER SHARE		
Income (loss) from continuing operations, net of preferred stock dividends	\$ 226.7	\$(11.9)
Convertible preferred stock dividends	0.1	0.2
	226.8	(11.7)
Discontinued operations, net	--	(12.3)
Extraordinary losses on early extinguishments of debt, net	--	(5.2)
Cumulative effect of changes in accounting principles, net	--	(384.2)
Earnings (loss) as adjusted for purposes of computing fully diluted earnings per share	\$ 226.8	\$(413.4)
Weighted average number of common shares	346.7	341.6

Additional dilution for common stock equivalents and dilutive securities (2)	1.2	--
Total	347.9	341.6
Fully diluted earnings (loss) per share		
Continuing operations	\$ 0.65	\$(0.03)
Discontinued operations	--	(0.04)
Extraordinary item	--	(0.02)
Cumulative effect of changes in accounting principles	--	(1.12)
Total	\$ 0.65	\$(1.21)

- (1) Weighted average number of common shares have been adjusted for dilutive common stock equivalents using the treasury stock method.
- (2) During 1993, the additional dilution for common stock equivalents and dilutive securities is not included for the computation of fully diluted earnings per share as impact is anti-dilutive.

SPRINT CORPORATION
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 (Unaudited)

	Three Months Ended	
	March 31,	
	1994	1993
	(In Millions)	
Earnings		
Income (loss) from continuing operations	\$ 227.4	\$ (11.3)
Capitalized interest	(1.0)	(2.6)
Income tax provision	129.0	1.8
Subtotal	355.4	(12.1)
Fixed charges		
Interest charges	102.1	120.5
Interest factor of operating rents	28.1	29.0
Pre-tax cost of preferred stock dividends of subsidiaries	0.2	0.5
Total fixed charges	130.4	150.0
Earnings, as adjusted	\$ 485.8	\$ 137.9
Ratio of earnings to fixed charges	3.73	0.92 (1)

(1) Earnings as computed for the ratio of earnings to fixed charges were inadequate to cover fixed charges for the three months ended March 31, 1993. The amount of the coverage deficiency was \$12.1 million. Earnings as computed for the ratio of earnings to fixed charges includes the nonrecurring merger, integration and restructuring costs of \$248.0 million recorded during the first quarter of 1993. In the absence of the nonrecurring costs, the ratio of earnings to fixed charges would have been 2.57.

Note: The above ratios have been computed by dividing fixed

charges into the sum of (a) income (loss) from continuing operations less capitalized interest included in income, (b) income taxes, and (c) fixed charges. Fixed charges consist of interest on all indebtedness (including amortization of debt issuance expenses), the interest component of operating rents and the pre-tax cost of preferred stock dividends of subsidiaries.