

U.S. FEDERAL INCOME TAX INFORMATION FOR SPRINT CORPORATION SHAREHOLDERS

December 7, 1998

Dear Sprint Corporation Shareholders:

This document contains information on:

- the U.S. federal income tax implications of the recapitalization of each outstanding share of Sprint Corporation Common Stock ("Sprint Stock") into one share of FON Common Stock-Series 1 ("FON Stock") and ½ share of PCS Common Stock-Series 1 ("PCS Stock") (the "Recapitalization");
- calculating your U.S. federal income tax basis; and
- determining your holding period.

Also included is:

- a shareholder statement to be filed with your U.S. federal income tax return; and
- a worksheet for calculating your U.S. federal income tax basis.

Tax Implications

Sprint has received an opinion from King & Spalding, tax counsel to Sprint, that except with respect to cash paid in lieu of fractional shares, Sprint shareholders will incur no U.S. federal income tax liability as a result of the Recapitalization. However, the Internal Revenue Service requires that each taxpayer who received shares in the Recapitalization attach to their U.S. federal income tax return for the tax period including November 23, 1998 (the "Recapitalization Date") a statement containing the details of the transaction. To assist you in complying with this requirement, a shareholder statement is enclosed which you can complete and attach to your U.S. federal income tax return for the period including the Recapitalization Date.

The recapitalization of each share of Sprint Stock into one share of FON Stock and ½ share of PCS Stock may have entitled you to receive a fractional share of PCS Stock. However, fractional shares of PCS Stock will not be issued. Sprint will pay you cash in lieu of any fractional share of PCS Stock you were entitled to receive.

In the opinion of King & Spalding, cash received by a Sprint shareholder in lieu of a fractional share will result in the recognition of gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the shareholder's tax basis in the fractional share (see tax basis discussion below) and the amount of cash received. Therefore, you should keep a record of the amount of cash you receive in lieu of receiving a fractional share of PCS Stock for purposes of completing your U.S. federal income tax return for the period including the Recapitalization Date.

U.S. Federal Income Tax Basis

Except for gain resulting from the sale of a fractional share, you will not recognize any gain or loss for U.S. federal income tax purposes when you receive shares of FON Stock or PCS Stock in the Recapitalization. However, as in any sale of stock, you must recognize any gain or loss you realize if you subsequently sell shares of either FON Stock or PCS Stock. To determine your gain or loss from the sale of either stock, you will need to know your tax basis. Enclosed is a worksheet which illustrates how to allocate the tax basis in your Sprint Stock prior to the Recapitalization between your shares of FON Stock and PCS Stock after the Recapitalization.

To allocate the tax basis you will need:

- the number of shares of Sprint Stock you held at the time of the Recapitalization, and
- the total tax basis of those shares.

Generally, the total tax basis of your Sprint Stock prior to the Recapitalization is equal to the total price you paid for the stock plus any commissions or other fees you paid.

Exceptions:

If you owned your shares of Sprint Stock on February 27, 1996, the record date of Sprint's spin-off of 360° Communications Company, your tax basis in the Sprint Stock was previously allocated between those shares and the 360° Communications Company shares you received in the spin-off (including fractional shares). If you received any of your Sprint Stock by gift, bequest, a stock split or through a merger, reorganization or similar corporate transaction, special rules apply for purposes of determining the tax basis of your shares which are beyond the scope of this letter. Please consult your tax advisor for additional guidance with respect to the determination of the tax basis of your Sprint Stock.

U.S. federal income tax law requires that you allocate the tax basis of the Sprint Stock you owned immediately before the Recapitalization between (i) the shares of FON Stock, and (ii) the shares of PCS Stock owned immediately after the Recapitalization (including fractional shares). This allocation depends on the ratio of the fair market values of the FON Stock and PCS Stock at the time of the Recapitalization.

The enclosed tax basis worksheet includes a sample allocation of tax basis between the shares of FON Stock and PCS Stock. For purposes of the worksheet, fair market values for shares of FON Stock and PCS Stock are based on the average of the high and low sale prices per share of FON Stock and PCS Stock for November 24, 1998, the first day of trading after the Recapitalization Date, as published in the *Wall Street Journal*.

Holding Period

The opinion received from King & Spalding also addressed the appropriate manner to calculate the holding period of your shares of FON Stock and PCS Stock if you held your Sprint Stock as a capital asset. Your holding period for the shares of FON Stock and PCS Stock you received in the Recapitalization will include the previous holding period for your Sprint Stock. For example, after receiving the shares of FON Stock and PCS Stock, assume you hold such shares for three months after the Recapitalization Date before disposing of them. If you held the Sprint Stock which entitled you to receive the shares of FON Stock and PCS Stock for ten months prior to the Recapitalization Date, you will be treated as having held the shares of FON Stock and PCS Stock for a total of thirteen months before the disposition.

The information regarding the U.S. federal income tax consequences of the Recapitalization presented in this letter, including references to the opinion received from King & Spalding, is for general use only and does not purport to address all aspects of federal taxation that may be relevant to particular stockholders of Sprint, and it may not be applicable to stockholders who, for federal income tax purposes, are subject to special tax treatment. All shareholders should consult their own tax advisors regarding the particular federal, foreign, state and local tax consequences of the Recapitalization to them.

SPRINT CORPORATION

FON COMMON STOCK

PCS COMMON STOCK

U.S. FEDERAL INCOME TAX BASIS WORKSHEET

		Hypothetical Example
1.	Number of Sprint shares you held before Recapitalization	125
2.	Line 1 divided by 2. Number of PCS shares you were entitled to receive	62.5
3.	Tax basis of your Sprint shares before Recapitalization	\$ 4,968.75
4.	Percentage of the tax basis allocated to your post-recapitalization FON shares	89.28%
5.	Percentage of the tax basis allocated to your post-recapitalization PCS shares	10.72%
6.	Line 3 multiplied by line 4. This is the new tax basis of your post-recapitalization FON shares	\$ 4,436.10
7.	Line 6 divided by line 1. This is the new tax basis per share of your post-recapitalization FON shares	\$ 35.49
8.	Line 3 multiplied by line 5. This is the tax basis of the PCS shares you were entitled to receive	\$ 532.65
9.	Line 8 divided by line 2. This is the tax basis per share of your PCS shares	\$ 8.52
10.	Line 2 less number of PCS shares issued to you. This is the fractional PCS share you were entitled to receive	0.5
11.	Line 9 multiplied by line 10. This is the tax basis of the PCS fractional share for which you are receiving cash	\$ 4.26
12.	Line 8 less line 11. This is the tax basis of the PCS shares which were issued to you.	\$ 528.39

CALCULATION OF PERCENTAGE OF TAX BASIS ALLOCABLE BETWEEN FON AND PCS SHARES

	<u>FON</u>	<u>PCS</u>	<u>TOTAL</u>
1. High stock price on November 24, 1998	\$ 74.0000	\$ 18.5000	
2. Low stock price on November 24, 1998	\$ 72.0000	\$ 16.5625	
3. Average of line 1 and line 2. Fair market value per share . . .	\$ 73.0000	\$ 17.5313	
4. Recapitalization factor	1	1/2	
5. Line 3 multiplied by line 4	\$ 73.0000	\$ 8.7657	\$ 81.7657
6. Percentage of tax basis allocable between FON and PCS shares	89.28%	10.72%	100.00%

RETAIN FOR YOUR RECORDS

**SHAREHOLDER STATEMENT
PURSUANT TO TREASURY REGULATION § 1.368-3(b)**

Statement of taxpayer pursuant to Treasury Regulation § 1.368-3(b):

1. On November 23, 1998, _____ shares of Sprint Corporation Common Stock, par value \$2.50 per share owned by the undersigned taxpayer were recapitalized into the same number of shares of Sprint Corporation FON Common Stock—Series 1, par value \$2.00 per share and one half the number of shares of Sprint Corporation PCS Common Stock—Series 1, par value \$1.00 per share pursuant to a recapitalization of Sprint Corporation under Section 368(a)(1)(E).
2. The tax basis of the Sprint Corporation Common Stock was _____. The fair market value of the Sprint Corporation FON Common Stock—Series 1 stock was \$73.00 per share on the date of the recapitalization. The fair market value of the Sprint Corporation PCS Common Stock—Series 1 was \$17.53 per share on the date of the recapitalization.
3. The undersigned did not assume any liabilities in the recapitalization, and none of the property received was subject to any liability.

Shareholder's Signature

Spouse's Signature (if stock held jointly)

**ATTACH TO YOUR U.S. FEDERAL INCOME TAX RETURN
FOR THE TAX PERIOD INCLUDING NOVEMBER 23, 1998**