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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Sprint Communications Company L.P. for Informal Adjudication of Indirect Transfer of Control.	Application of Sprint Communications Company L.P. for Informal Adjudication of Indirect Transfer of Control Docket No.
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Sprint Communications Company L.P. (“Sprint Communications”), through its undersigned counsel and pursuant to Utah Code Ann. §§ 54-4-28, 54-4-29, 63G-4-203 and Utah Admin. Code R746-349-7, requests Utah Public Service Commission (“Utah PSC”) approval through informal adjudication of a transaction that will result in the indirect transfer of control of Sprint Communications, a Utah competitive local exchange carrier to Starburst II, Inc. (“Starburst II”). Under the transaction, Starburst II will become the direct parent of Sprint Nextel Corporation (“Sprint”) and indirect parent of Sprint Communications and SOFTBANK CORP. (“SoftBank”) will, through its newly formed affiliate Starburst I, Inc. (“Starburst I”),

invest \$20.1 billion in Sprint and indirectly acquire approximately 70 percent of the shares of Sprint.

I. INTRODUCTION

A. Introduction of the Parties

Sprint Communications Company L.P. is a Delaware limited partnership with a principal office located at 6200 Sprint Parkway, Overland Park, Kansas 66251. Sprint Communications is authorized to provide competitive local exchange carrier services in Utah pursuant to a report and order issued by the Utah Commission on January 14, 1997 in Docket No. 96-094-01. Sprint Communications is an indirect, wholly-owned subsidiary of Sprint Nextel Corporation (“Sprint”). Sprint Communications holds a Certificate of Public Convenience and Necessity to provide local exchange services, interexchange services, and other public telecommunications services throughout the state of Utah with limited exceptions.

Sprint is a publicly traded Kansas corporation with a principal business office at 6200 Sprint Parkway, Overland Park, Kansas 66251. Sprint has no majority owner, although two institutional investors hold a greater than 10 percent ownership interest in Sprint.¹ Sprint is a global communications company that, through its subsidiaries,² offers a comprehensive range of wireless and wireline voice and data products and services designed to meet the needs of residential consumers, businesses, government subscribers, and resellers throughout the country and around the globe. Sprint offers wireless and wireline voice and data services in Utah and

¹ Recent Schedule 13-G filings with the Securities and Exchange Commission (“SEC”) demonstrate that: (1) Capital Research Global Investors, a U.S. investment advisor company, is the beneficial owner of approximately 10.7 percent of Sprint’s common stock; and (2) Dodge & Cox, a U.S. investment advisor company, is the beneficial owner on behalf of itself and its clients of 10.3 percent of Sprint’s common stock. *See* Capital Research Global Investors, Schedule 13-G (April 9, 2012); Dodge & Cox, Schedule 13-G (June 7, 2012).

² Sprint is primarily a holding company. Most of Sprint’s operations are conducted by its subsidiaries, including, but not limited to, Sprint Communications.

throughout the United States. In addition, Sprint also is one of the country's largest carriers of Internet traffic and provides Internet connectivity in Utah.

The Applicant does not contemplate changes in the services that are being provided pursuant to Sprint Communications' Utah authorizations and the transaction will be transparent to Sprint Communications' customers in Utah. The services subject to this application will continue to be provided in Utah by Sprint Communications. Sprint Communications will continue to have the technical and financial qualifications needed to provide excellent service to Utah customers. As a result of the transaction, Sprint Communications' parent will be a stronger, more effective competitor.

Starburst II is a newly-formed Delaware corporation that will hold all shares of Sprint at closing. Starburst II will be renamed Sprint Corporation. Starburst II's principal offices are located at 38 Glen Avenue, Newton, Massachusetts 02459. At this time, Starburst II does not provide telecommunications services or hold any telecommunications licenses. As discussed below, upon consummation of the proposed transaction, approximately 70 percent of Starburst II's common stock will be held, through a holding company, by SoftBank.

SoftBank is a publicly-traded holding company, organized and existing under the laws of Japan and headquartered in Tokyo, at 1-9-1 Higashi-Shimbashi, Minato-ku, Tokyo 105-7303 Japan.³ SoftBank's founder and Chief Executive Officer, Mr. Masayoshi Son, a citizen of Japan, holds 22.49 percent of SoftBank's issued and outstanding shares.⁴ No other individual or entity

³ SoftBank's annual reports can be found at http://www.softbank.co.jp/en/irinfo/library/annual_reports/. SoftBank's consolidated financial statements reflecting information through September 30, 2012 can be found at http://www.softbank.co.jp/en/irinfo/library/financial_report/.

⁴ Mr. Masayoshi Son's 22.49 percent interest includes both the 21.09 percent of SoftBank shares that he owns directly and an additional 1.40 percent that he owns indirectly.

holds 10 percent or more of SoftBank's equity. SoftBank has been listed on the Tokyo Stock Exchange since 1998.⁵

SoftBank's wholly-owned subsidiary, SOFTBANK MOBILE Corp. ("SoftBank Mobile") is currently the third largest wireless carrier in Japan, with approximately 30.5 million wireless subscribers, giving it approximately 22 percent of the Japanese wireless market as of September 30, 2012. SoftBank Mobile generated wireless revenues of nearly \$27.6 billion in fiscal year 2011, which ended on March 31, 2012.

SoftBank also provides wireline broadband and telecommunications services in Japan through two wholly-owned subsidiaries, SOFTBANK BB Corp. ("SoftBank BB") and SOFTBANK TELECOM Corp. ("SoftBank Telecom"). SoftBank BB provides residential wireline broadband service to approximately 4.2 million customers in Japan, and SoftBank Telecom provides a direct connection voice service to approximately 1.7 million primarily corporate subscribers in Japan.

SoftBank holds no authorizations from the Commission and has no customers in Utah. SoftBank's only telecommunications interest in the United States is JAPAN TELECOM AMERICA, INC. ("JTA"), which is a wholly-owned subsidiary of SoftBank Telecom. Although JTA holds an international Section 214 authorization from the FCC, JTA provides only limited private line services to its sole customer, SoftBank Telecom, and has no U.S. customers.

⁵ Based on SoftBank's most recent share register, no single person or entity other than Mr. Son currently owns more than 10 percent of SoftBank's shares. A recent public securities filing in Japan analogous to the Form 13D of the U.S. Securities and Exchange Commission, however, indicates that each of four entities affiliated with The Capital Group Companies, Inc. ("Capital Group") beneficially own interests in SoftBank that are below 10 percent but that aggregate to 10.04 percent of SoftBank's stock. Capital Group is an investment management company headquartered in Los Angeles, California. The above-described informational filing states that these Capital Group affiliates hold SoftBank stock as follows: Capital Research and Management Company (8.34 percent); Capital Guardian Trust Company (1.39 percent); Capital International Limited (0.16 percent); and Capital International Inc. (0.14 percent). (All information on the Capital Group has been taken from public sources reasonably considered to be reliable.)

Starburst II and SoftBank are managerially, technically, and financially well-qualified. As noted above, SoftBank and its subsidiaries have extensive experience in the telecommunications business and have made significant inroads into the Japanese wireless and wireline markets by offering superior services and value to consumers.

Sprint Communications will continue to operate as a subsidiary of Sprint under existing management. Sprint Communications will neither transfer any licenses, property, or customers to another carrier nor change any tariffs as a result of the transaction for which approval is sought herein. In all regards, the transaction will be transparent to customers. No immediate change in the organizational structure of Sprint Communications is anticipated as a result of the indirect transfer of control, and the company will continue without interruption to operate under and within the requirements of the CPCNs issued to it by the Utah Public Service Commission.

Attached are copies of the related filings with the Federal Communications Commission (“FCC”), which include a Public Interest Statement that clarifies the benefits to the public of the transaction resulting in this indirect transfer of control.

B. Contact Information

Questions related to this Application may be sent to:

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II. APPLICATION

As required by Utah Admin. Code R746-349-7, Sprint Communications provides the following information:

1. Identification that Applicant is Not an ILEC.

Sprint Communications certifies that it is not an incumbent local exchange carrier (“ILEC”) in Utah or any other location.

2. Identification that Applicant Seeks Approval of the Application Pursuant to Utah Admin. Code R746-349-7.

Sprint Communications declares that it is seeking approval for this Application pursuant to Utah Admin. Code R746-349-7.

3. A Reasonably Detailed Description of the Transaction for Which Approval is Sought.

The Applicant seeks Commission approval for the indirect transfer of control of Sprint Communications to Starburst II. On October 15, 2012, Sprint and SoftBank announced that they

had entered into a series of agreements, which will result in SoftBank investing over \$20 billion in Sprint and acquiring approximately a 70 percent indirect interest in Sprint, with the remaining interest held by existing Sprint shareholders. Under the terms of the agreements, SoftBank will form a U.S. holding company, Starburst I, which will be wholly-owned by SoftBank. Starburst I, in turn, will have approximately 70 percent ownership in another new subsidiary, Starburst II, which will directly own a third subsidiary, Starburst III (“Merger Sub”). As part of the transaction, Sprint will merge with Merger Sub with Sprint being the surviving entity.

As part of the transaction, Sprint shareholders will receive an aggregate of approximately \$12.1 billion from SoftBank via its subsidiaries in exchange for approximately 1.7 billion shares of Sprint stock.⁶ Sprint shareholders will have the right to exchange each of their existing shares of Sprint for (1) \$7.30 in cash; (2) one share of Starburst II stock; or (3) a combination of stock and a fraction of a share of Starburst II stock.⁷ In addition, SoftBank, via its shareholders, will contribute \$8 billion to Starburst II’s balance sheet in conjunction with this transaction. Sprint will have the flexibility to use this capital infusion to strengthen its balance sheet and invest in its networks to better serve its customers.⁸

⁶ SoftBank also will receive a five year warrant to purchase approximately 55 million shares of New Sprint (representing slightly less than 1 percent of Starburst II’s common control) with an exercise price of \$5.25 per share.

⁷ The elections by Sprint shareholders are subject to proration if shareholders in the aggregate elect more than the total amount of cash or stock consideration, which would result in the receipt of a mix of cash and stock. The proration is to ensure that approximately \$12.1 billion in cash is paid in the merger to Sprint shareholders and only approximately 30.1 percent of Starburst II’s common stock. Holders of Sprint stock options and other employee incentive awards will receive options and similar awards in Starburst II.

⁸ SoftBank, via Starburst I, will contribute \$4.9 billion to Starburst II in exchange for approximately 926 million shares of newly issued stock in addition to the approximately \$12.1 billion to be paid in the merger to Sprint shareholders. SoftBank already has invested \$3.1 billion in Sprint, in the form of a newly-issued convertible bond. See Press Release, Sprint Nextel Corp., Sprint Announces Closing of \$3.1 Billion Convertible Bond (Oct. 22, 2012) available at http://newsroom.sprint.com/article_display.cfm?article_id=2436&view_id=3856 (reporting that Sprint announced the closing of a convertible bond sale to Starburst II, pursuant to which Starburst II agreed to purchase from Sprint a bond in the principal amount of \$3.1 billion). Subject to all applicable regulatory approvals and subject to the provisions of the bond purchase agreement, the bond is convertible into an aggregate of 590,476,190 shares of Sprint common stock. If not

After the transaction is consummated, Sprint will be a wholly-owned subsidiary of Starburst II, with SoftBank, through Starburst I, owning approximately 70 percent of the shares of Starburst II and existing Sprint shareholders owning the remaining shares of Starburst II.⁹ Starburst II will own 100 percent of the stock of Sprint and its subsidiaries.¹⁰ Attached hereto as Exhibit 1 is a diagram illustrating the structure of the transaction and as Exhibit 2 a simplified diagram of the Sprint ownership interest in Sprint Communications. Sprint and its subsidiaries will continue to hold all of the authorizations that they hold prior to the transaction.

Applicants respectfully submit that the indirect transfer of control described herein will serve the public interest. Because neither Starburst II nor SoftBank have attributable interests in any U.S. wireless carriers or compete with Sprint wireline telecommunications services, the proposed transaction poses no risk of competitive harm. To the contrary, the transaction will greatly stimulate competition and innovation and offer the potential to transform the telecommunications marketplace in Utah and throughout the United States by creating a more vibrant national rival to compete with today's two predominant wireless providers, Verizon and AT&T.

The proposed SoftBank/Sprint transaction will make Sprint a more effective competitor to Verizon and AT&T by providing Sprint the financial resources needed to accelerate and expand its broadband deployment in Utah and other parts of the country. The transaction is designed to enable Sprint to take advantage of an \$8 billion capital infusion, scale efficiencies,

earlier converted, principal and any accrued but unpaid interest under the bond will be due and payable on October 15, 2019. *See id.*

⁹ Under terms of the merger agreement, Starburst I will hold 69.642 percent of Starburst II's common stock, and Sprint's current shareholders will hold the remaining 30.358 percent of Starburst II's common stock. Upon exercise of the warrant, *see supra* n., SoftBank would own approximately 70 percent of Starburst II.

¹⁰ As a result of the transaction, SoftBank, through Starburst I, will hold an indirect ownership interest in approximately 70 percent of the stock of Starburst II, giving SoftBank indirect control over Sprint.

and SoftBank's expertise and resources as a leading mobile Internet company to provide better, more innovative broadband services to consumers throughout the United States. Sprint's wireline operations should benefit from the improved balance sheet that will result from the capital infusion from SoftBank. This stronger financial foundation will allow Sprint to increase its network investment, accelerate its broadband deployment, and improve its coverage. The greater financial resources also can be used by Sprint to offer a wider range of devices and services to Utah.¹¹ Utah consumers should benefit from faster download speeds and technology and service innovation. The resulting greater competition and innovation can, in turn, stimulate economic growth and promote job creation.¹²

The transaction does not involve any assignment of Sprint's licenses or authorizations or any change to the licensees that hold such licenses and authorizations, and those companies will continue to provide service to the public. Accordingly, the transaction will be seamless to Sprint Communications' subscribers. Any future changes to the rates, terms, and conditions of service will be undertaken pursuant to the customers' contracts and applicable law. Sprint's headquarters will continue to be located in Overland Park, Kansas, and Sprint's current Chief Executive Officer ("CEO"), Daniel Hesse, will be the CEO of Starburst II, which will be renamed Sprint Corporation..¹³

¹¹ After the transaction, SoftBank's wireless holdings in Japan and the U.S. will serve nearly 92 million subscribers. This increased scale will enable the new Sprint to reduce equipment and handset costs through higher volume purchases. SoftBank will also provide Sprint with the scale to be a more attractive partner for handset manufacturers and application developers, stimulating innovation that will greatly benefit New York consumers. In addition, with SoftBank's expertise and resources, Sprint can develop a range of new on-demand content, programming, and services for U.S. consumers.

¹² A detailed description of the public interest benefits of the transaction can be found at <https://wireless2.fcc.gov/UlsEntry/attachments/attachmentViewRD.jsp?applType=search&fileKey=1729184689&attachmentKey=19019780&attachmentInd=applAttach>

¹³ Six of Starburst II's ten directors will be designated by Soft Bank at the time the merger becomes effective. The remaining four directors will consist of the CEO and three other current directors of Sprint.

The parties desire to consummate the transaction as promptly as possible after the necessary FCC and other federal and state regulatory approvals have been received, Sprint's shareholders have approved the transaction, and other preconditions have been met.

4. Copies of Any Filings Required by the Federal Communications Commission or Any Other State Utility Regulatory Agency in Connection with the Transaction.

The following is attached:

- Attachment A. The Federal Communications Commission Public Interest Statement.
- Attachment B. A list of the filings made with the FCC and a CD containing electronic copies of all state and federal filings.

5. Copies of Any Notices, Correspondence or Orders from any Federal Agency or Other State Regulatory Agency Reviewing the Transaction, Which is the Subject of the Application.

There are currently no notices, correspondence, or orders that would be responsive to this request. Should any such notices, correspondence or orders be issued prior to completion of the Utah PSC's review of this Application, copies will be immediately forwarded to the PSC.

III. CONCLUSION

For the reasons stated above, the indirect transfer of control of Sprint Communications and its associated CPCNs for service in the state of Utah would be in the public interest, and Applicants respectfully request approval of the Application by the Utah Public Service Commission.

HOLLAND & HART, LLP

James A. Holtkamp
Attorney for Sprint Communications Company L.P.

CERTIFICATE OF SERVICE

I hereby certify that on the 27th day of November, 2012, an original and five (5) true and correct copies of the **APPLICATION OF SPRINT COMMUNICATIONS COMPANY L.P. FOR INFORMAL ADJUDICATION OF INDIRECT TRANSFER OF CONTROL** were hand-delivered, and an electronic copy (in Word) of the foregoing was delivered, to:

Mr. Gary Widerburg
Commission Administrator
PUBLIC SERVICE COMMISSION OF UTAH
Heber M. Wells Building, Fourth Floor
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and a true and correct copy, hand-delivered to both:

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and a true and correct copy sent via first class mail, or emailed in PDF format, to the following:

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