

# THE SPRINT AND SOFTBANK TRANSACTION



- *In October, Sprint and SoftBank announced that SoftBank, one of Japan's largest mobile and Internet providers, would invest \$20.1 billion for an approximately 70% ownership stake in Sprint on a fully diluted basis.*
- *The investment should enable Sprint to be a stronger and more robust competitor in the U.S. telecom market by significantly enhancing the company's financial position, accelerating its network capabilities, and offering a path to future growth, innovation and investment.*
- *The transaction is subject to, among other conditions, approval by the FCC, the Department of Justice and the Committee on Foreign Investment in the United States (CFIUS). State public utility commissions also will review the transaction, which is expected to close in mid-2013.*

## Good for Consumers:

- **This transaction is pro-competitive and pro-consumer in the United States because it creates a stronger Sprint to compete with the duopoly of AT&T and Verizon.**

- Both Sprint and SoftBank have a history of technical innovation and market disruption, so consumers can expect to have even more choices in a more competitive marketplace.
- SoftBank is a leader in providing state-of-the-art technology to its subscribers and will provide critical knowledge and funding to support Network Vision, Sprint's ongoing effort to bring 4G LTE service nationwide.
- Sprint's improved network is expected to offer customers enhanced coverage, higher data speeds, better signal strength and fewer dropped calls.
- This investment and access to SoftBank's expertise can help Sprint to develop a range of new content, programming, and services for US consumers.

## Good for Competition

- **SoftBank's investment will give Sprint significant financial flexibility, allowing it to grow and invest in ways simply not possible under current conditions.**
  - Sprint will retain its Kansas headquarters and Sprint's current CEO, Dan Hesse, will continue as the CEO of the new company.
  - Sprint's board will be comprised of a combination of SoftBank representatives, continuing Sprint directors and independent appointees.
  - SoftBank has a successful track record of improving the competitive position and driving growth and performance of its prior acquisitions.
  - An improved cash position and lower borrowing costs are expected to allow Sprint to invest further in its network and customer experience.

- Across its total footprint, the combined Sprint/SoftBank will be about as large as each of AT&T and Verizon Wireless. Scale is essential in the telecom marketplace to lower costs, drive efficient innovation and provide differentiated service, but it is difficult to achieve. This transaction should open up a wide range of options for internal and external investment.

## Who is Softbank?

**SoftBank is an innovative success story. It started as a software distributor, invested in the Internet and broadband markets, and then branched out into wireless communications, where it has transformed the wireless market in Japan and brought enormous benefits to consumers with an investment that is very similar to the one SoftBank is prepared to make now in the United States.**

- In 2006, SoftBank acquired Vodafone's Japanese operations, whose approximately 16% subscriber share at the time lagged behind the more than 80% combined market share of its two larger rivals, NTT DoCoMo and KDDI, both of which are affiliated with incumbent, formerly monopoly providers.
- Within months of that acquisition, SoftBank pursued aggressive growth strategies that spurred competition in the Japanese wireless market, including innovative approaches to pricing, major investments in Vodafone Japan's (renamed SoftBank Mobile) network infrastructure and operations, and innovative consumer offerings, in particular, focused on mobile Internet.
- SoftBank Mobile's growth in Japan has been the result of an intensely customer-focused strategy of lowering prices, deploying extensive network and infrastructure upgrades, providing devices that meet both general and very specific customer needs, and improving all other aspects of customer service. As a leader in competitive pricing, SoftBank helped spur rivals to reduce their prices too, benefitting all Japanese consumers, not just SoftBank's own customers.
- SoftBank's fundamental approach is to gain a firm understanding of customer needs and desires and then develop and deploy services and technologies to address those needs.
- With this approach, SoftBank has created a strong third competitor in what could then have been characterized as a duopolistic market, adding millions of new customers since 2006 – more than any other operator in Japan. SoftBank is now poised to pass KDDI as the second largest wireless provider in Japan.