

SoftBank wants Sprint for US\$21.6bn

TOKYO, JAPAN: SoftBank said Tuesday (11 June) it is increasing its bid for Sprint Nextel to US\$21.6bn, the latest twist in a high-stakes bid to trump a rival offer and grab a chunk of the lucrative US mobile market.



SoftBank said in Tokyo it would raise its original bid by US\$1.5bn, just two weeks before Sprint shareholders vote on the proposed takeover of the US-based wireless carrier.

A joint SoftBank-Sprint statement on Tuesday (11 June) encouraged Sprint investors to vote for the deal at the 25 June meeting, saying a rival US\$25.5bn bid from US satellite communications firm Dish Network was "not reasonably likely to lead to a superior offer".

In April, SoftBank chief Masayoshi Son painted the deal as superior to the Dish bid, saying his firm had more experience in debt-financed takeovers and that SoftBank's bid could be consummated one year earlier than its rival.

The proposed takeover would see already heavily indebted SoftBank taking on even more loans.

Toshihiko Matsuno, a strategist at SMBC Friend Securities, said SoftBank had little choice but to sweeten its offer in the face of the Dish bid.

Determination

"It underlines SoftBank's determination to buy Sprint," Matsuno said.

The SoftBank bid would now see it control 78% of Sprint, the third largest US mobile carrier, up from 70% it originally bid to buy.

"We have decided to change part of the contents of the deal through negotiations with Sprint in the wake of a counter proposal from Dish Network Corporation," SoftBank said.

Under the revised deal, SoftBank would offer Sprint shareholders US\$16.6bn in cash compared with US\$12.1bn previously, but the complicated deal would reduce the amount of capital that the US firm would receive.

Last month US national security officials approved SoftBank's planned takeover, in what would be the biggest overseas

acquisition by a Japanese firm.

Under the agreement, any merger must see the appointment of an independent member to the Sprint board of directors to serve as security director.

The security director, who must be approved by US authorities, will oversee national security matters and serve as a point of contact for US agencies on securities matters.

The agreement also requires that US agencies will have a one-time authority to demand Sprint remove and decommission equipment as part of Sprint's proposed takeover of the broadband firm Clearwire, a transaction separate from the SoftBank-Sprint deal.

The US Department of Justice in January urged regulators to delay the proposed SoftBank-Sprint takeover until the national security ramifications had been evaluated.

Since then, the rival bid for Sprint emerged from Dish, which has said the tie-up with SoftBank would pose national security risks.

Source: AFP via I-Net Bridge

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