

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.**

In the Matter of:)
)
SPRINT NEXTEL CORPORATION)
 Petitioner/Transferor) IB Docket No. _____
)
SOFTBANK CORP.,)
STARBURST I, INC., and) File No. ISP-PDR-2012-_____
STARBURST II, INC.)
 Petitioners/Transferees)
)
Petition for Declaratory Ruling Under)
Section 310(b)(4) of the Communications)
Act of 1934, as Amended)

To: International Bureau
Federal Communications Commission

PETITION FOR DECLARATORY RULING

SPRINT NEXTEL CORPORATION

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SUMMARY

Sprint Nextel Corporation (“Sprint”), SOFTBANK CORP. (“SoftBank”), a Japanese stock company, Starburst I, Inc. (“Starburst I”), and Starburst II, Inc. (“Starburst II”) (collectively the “Petitioners”) hereby petition the FCC for a declaratory ruling that it is in the public interest for SoftBank indirectly to hold foreign ownership and voting rights in Sprint and its post-transaction direct and indirect licensee subsidiaries in excess of the 25-percent foreign ownership benchmark in Section 310(b)(4). Specifically, the Petitioners request a declaratory ruling allowing up to 100 percent aggregate foreign ownership in Sprint upon consummation of the proposed transaction. Sprint’s foreign ownership after the transaction would consist of (1) an indirect foreign ownership interest of approximately 70 percent held by Softbank via its subsidiaries, and (2) an indirect foreign ownership interest of approximately 5.78 percent from the group of existing Sprint public shareholders that indirectly will own approximately 30 percent of Sprint following the transaction. Petitioners also request authority to accept an additional 25 percent aggregate equity and/or voting interest from foreign investors without seeking prior FCC approval under Section 310(b)(4), subject to standard conditions.

In its *Foreign Participation Order*, the FCC determined that allowing indirect foreign ownership beyond the 25-percent benchmark established by Section 310(b)(4) would promote competition in the United States and serve the public interest. The FCC has adopted an open entry policy by which investment by foreign entities from World Trade Organization (“WTO”) member countries is presumed to be in the public interest. As set forth herein, SoftBank’s home country is Japan, a WTO country. More than 92 percent of SoftBank’s investors are from WTO countries. Investors from non-WTO countries or of indeterminate

nationality hold no more than 7.54 percent of SoftBank. Coupled with non-WTO ownership of only approximately 2.7 percent in Sprint today, the non-WTO ownership resulting from this transaction will be well below the FCC's threshold. No governmental entities hold any interests in SoftBank.

Given the level of direct and indirect ownership of the post-transaction Sprint held by entities from WTO countries, the FCC's public interest presumption readily applies. There are no other countervailing concerns that could warrant any departure from the FCC's well-established policy of encouraging entry by entities from WTO member countries. To the contrary, SoftBank's investment in Sprint affirmatively serves the public interest by strengthening Sprint's ability to compete in U.S. wireless markets.

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Pursuant to 47 U.S.C. § 310(b)(4) (“Section 310(b)(4)”) of the Communications Act of 1934, as amended (the “Communications Act”), and the implementing rules and policies of the Federal Communications Commission (“FCC”) thereunder, Sprint Nextel Corporation (“Sprint”), SOFTBANK CORP. (“SoftBank”), Starburst I, Inc. (“Starburst I”), and Starburst II, Inc. (“Starburst II”) (collectively the “Petitioners”), hereby petition the FCC for a declaratory ruling that it would not serve the public interest to prohibit SoftBank from indirectly holding, through Starburst I and Starburst II, foreign ownership and voting rights in Sprint and its post-transaction direct and indirect licensee subsidiaries in excess of the

25-percent foreign ownership benchmark in Section 310(b)(4).¹ Upon consummation of the transaction described herein (the “Proposed Transaction”), SoftBank, through its newly formed U.S. subsidiary Starburst I, will indirectly own and vote approximately 70 percent of the equity of Starburst II, which, in turn, will directly own and vote all of the equity of Sprint.

As set forth below, SoftBank’s indirect foreign investment is entitled to the public interest presumption established in the FCC’s *Foreign Participation Order* because SoftBank’s non-World Trade Organization (“WTO”) ownership coupled with the existing non-WTO ownership of Sprint is well below 25 percent.² Pursuant to the FCC’s well-established presumption, the FCC will grant a request under Section 310(b)(4) except in the “exceptional” case where the foreign investment is shown to pose a “very high risk” to competition.³ This is not an exceptional case where such a showing could be made. To the contrary, SoftBank’s investment in Sprint serves the public interest by enhancing competition and is expected to bring substantial benefits to U.S. consumers.

I. THE PROPOSED TRANSACTION AND FOREIGN OWNERSHIP.

A. Description of Proposed Transaction.

Concurrently with the filing of this Petition, applications are being submitted pursuant to Sections 214 and 310(d) of the Communications Act seeking the FCC’s approval for the

¹ 47 U.S.C. § 310(b)(4). The Sprint licensee subsidiaries subject to the instant Petition are identified on Attachment A hereto.

² See Rules and Policies on Foreign Participation in the U.S. Telecommunications Market, *Report and Order and Order on Reconsideration*, 12 FCC Rcd 23891, 23896, ¶ 9, 23913, ¶ 50, 23940, ¶¶ 111-12, (1997) (“*Foreign Participation Order*”); *Order on Reconsideration*, 15 FCC Rcd 18158 (2000). The Proposed Transaction raises no issues under Section 310(a) of the Communications Act relating to the holding of radio licenses by foreign governments or their representatives. Furthermore, because the foreign ownership and voting interests in post-transaction Sprint and its subsidiaries will be indirect, through U.S. parent corporations, the Proposed Transaction presents no issues under Section 310(b)(1)-(3).

³ *Foreign Participation Order*, 12 FCC Rcd at 23913-4, ¶ 51.

transfer of control of Sprint to SoftBank.⁴ Following the transaction, Sprint will remain as a separate company wholly owned by Starburst II, with SoftBank holding approximately a 70 percent indirect interest therein.

On October 15, 2012, Sprint and SoftBank announced that they had entered into 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 formed a U.S. holding company, Starburst I, which is wholly owned by SoftBank. Starburst formed another new subsidiary, Starburst II, which directly owns a third subsidiary, Starburst III, Inc. (“Starburst III”). As part of the transaction, Sprint will merge with Starburst III, with Sprint being the surviving entity, and Starburst I will have approximately a 70 percent interest in Starburst II.

After the transaction is consummated, Sprint will be a wholly-owned subsidiary of Starburst II, with SoftBank, through Starburst I, owning slightly less than 70 percent of the shares of Starburst II and existing Sprint shareholders owning the remaining shares of Starburst II.⁵ Starburst II will own 100 percent of the stock of Sprint and its subsidiaries, and Sprint and its subsidiaries will continue to hold all of the FCC authorizations that they

⁴ Although SoftBank’s acquisition of control of Sprint will include the transfer to SoftBank of Sprint’s interests in Clearwire Corporation, Clearwire Corporation is not implicated in this petition for declaratory ruling, because it does not hold common carrier, broadcast, aeronautical *en route*, or aeronautical fixed radio station licenses and thus is not subject to the foreign ownership restrictions of Section 310(b). *See* 47 U.S.C § 310(b).

⁵ *See* Attachment B for a diagram illustrating the structure of the transaction. 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. Those percentages may change by an immaterial amount based on adjustment provisions in the Merger Agreement. Upon exercise of the warrant discussed *infra* at note 6, SoftBank would own approximately 70 percent of Starburst II.

currently hold. Upon consummation of the merger, Starburst II will be renamed “Sprint Corporation.” The merger agreement includes protections to ensure that Sprint will not have non-WTO share ownership in excess of the limits set by the FCC’s policies.

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 elect to exchange each of their existing shares of Sprint for (1) \$7.30 in cash or (2) one share of Starburst II stock.⁷ In addition, SoftBank, via its subsidiaries, will contribute an aggregate of \$8 billion to Starburst II’s balance sheet in conjunction with this transaction.⁸ The transaction does not involve any assignment of Sprint’s licenses, spectrum leases, or authorizations, or any change in 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’s

⁶ SoftBank also will receive a five year warrant to purchase 55 million shares of Starburst II (representing slightly less than one percent of Starburst II’s common stock) 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 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 earlier converted, principal and any accrued but unpaid interest under the bond will be due and payable on October 15, 2019. *See id.*

subscribers. 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.⁹

The parties intend 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.

B. Foreign Ownership of the Parties to the Proposed Transaction.

1. Sprint Nextel Corporation.

Sprint is a publicly traded Kansas corporation with its principal executive and administrative offices in Overland Park, Kansas.¹⁰ Sprint is a global communications company that, through its subsidiaries, 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/or wireline voice and data services in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

⁹ Six of Starburst II's ten directors will be designated by SoftBank at the time the merger becomes effective. The remaining four directors will consist of the CEO and three other current directors of Sprint.

¹⁰ At present, two institutional investors – Capital Research Global Investors and Dodge & Cox – hold a greater than 10 percent ownership interest in Sprint. Capital Research Global Investors is a member company of Capital Group Companies, Inc., a private United States investment advisor company founded in Los Angeles, California in 1931 as Capital Research and Management Company. In a Schedule 13-G filed with the SEC, Capital Research Global Investors stated that it is deemed to be the beneficial owner of 10.7 percent of Sprint's common stock. *See* Capital Research Global Investors, Schedule 13-G (April 9, 2012). Dodge & Cox is an investment advisor headquartered in San Francisco, California. In a Schedule 13-G filed with the SEC, Dodge & Cox stated that it is the beneficial owner on behalf of itself and its clients of 10.3 percent of Sprint's common stock. *See* Dodge & Cox, Schedule 13-G (June 7, 2012). Both Capital Research Global Investors and Dodge & Cox are U.S. citizens.

In accordance with FCC requirements, Sprint studies the geographic origins of the beneficial ownership of its shares to ensure its ongoing compliance with foreign ownership restrictions. The most recent such study, current as of February 15, 2011, indicates that approximately 19.04 percent of Sprint's issued and outstanding stock is held by non-U.S. individuals and entities.¹¹ Of this 19.04 percent, the vast majority is held by individuals and entities from WTO member countries. The study identified only an aggregate 2.7 percent of Sprint's stock that is held by individuals and entities with home markets in non-WTO member countries.

At this time, Sprint is controlled by a ten-member board of directors, nine of whom are U.S. citizens and one of whom is a citizen of Sweden, a WTO member country. At closing, Sprint will be directly owned and controlled by Starburst II, which, through Starburst I, will be approximately 70 percent owned and controlled by SoftBank. Sprint and its subsidiaries will continue to hold all of the FCC authorizations that they held prior to the transaction.

2. Starburst Entities.

Starburst I and Starburst II, each a Delaware corporation, and Starburst III, a Kansas corporation, are U.S. corporations newly formed for this transaction. Starburst I is a wholly-owned subsidiary of SoftBank that, prior to consummation of the proposed transaction, owns all of the stock of Starburst II, which, in turn, owns all of the stock of

¹¹ The Sprint study, which was conducted by Thomson Reuters, used a combination of methods, including sampling and obtaining detailed information from various custodians, to produce a statistically valid profile of the geographic breakdown of Sprint's beneficial owners. See, e.g., FCC International Bureau, *Foreign Ownership Guidelines for FCC Common Carrier and Aeronautical Radio Licenses*, 19 FCC Rcd 22612, 22641, at 30 (IB 2004) ("*Foreign Ownership Guidelines*") ("For firms with large numbers of shareholders, the Commission has allowed corporations to use properly conducted sampling procedures in order to collect additional citizenship information. . . . Corporations that choose to use a sampling procedure may use any statistically valid method.").

Starburst III. Upon consummation of the Proposed Transaction, Starburst III will merge with Sprint and Sprint will be the surviving corporation. Starburst III will cease to exist as a separate entity. Starburst II, which has a single class of stock, will then be approximately 70 percent owned and voted by Starburst I and approximately 30 percent owned and voted by former shareholders of Sprint. Starburst II ultimately will be renamed “Sprint Corporation.” Post-consummation, Starburst II will be controlled by a ten-member board of directors, six of whom will be designated by SoftBank, three of whom will be non-management directors of Sprint, and one of whom will be Daniel Hesse, who will remain Sprint’s CEO. As outlined in Attachment C, the home market of Starburst I and Starburst II may be regarded as either the United States or Japan, each of which is a WTO member country.

3. SOFTBANK CORP.

SOFTBANK CORP. is a publicly traded holding company organized and existing under the laws of Japan and headquartered in Tokyo.¹² SoftBank has no affiliation with the Japanese government, and the Japanese government holds no interests in SoftBank.¹³ SoftBank has been listed on the Tokyo stock exchange since 1998.

a. SoftBank’s Businesses.

SoftBank’s various subsidiaries and affiliates engage in a number of information technology and Internet-related businesses in Japan, including mobile communications, broadband infrastructure, fixed-line telecommunications, e-commerce, and web portals. SoftBank also invests in dynamic, innovative Internet-based companies throughout the world.

¹² SoftBank was founded in 1981 by its current Chairman and CEO, Masayoshi Son, as a wholesale provider of packaged software for personal computers.

¹³ No governmental entities hold any interest in SoftBank.

SoftBank's wholly owned subsidiary, SOFTBANK MOBILE Corp. ("SoftBank Mobile"), currently the third largest wireless carrier in Japan, has approximately 30.5 million wireless subscribers and approximately 22 percent of the Japanese wireless market as of September 30, 2012.¹⁴ The company generated wireless revenues of nearly \$27.6 billion in fiscal year 2011, which ended on March 31, 2012. On October 1, 2012, SoftBank announced its intent to acquire eAccess Ltd., Japan's fourth largest wireless company, which provides service to 4.3 million subscribers under the EMOBILE brand.

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, the "OTOKU line," to approximately 1.7 million primarily corporate subscribers in Japan.

SoftBank has no attributable interests in any United States spectrum licenses. 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, JTA provides only limited private line services to its sole customer, SoftBank Telecom, and has no U.S. customers.

SoftBank holds various minority interests in undersea cables. These interests include both direct ownership and an investment in a cable operating company. SoftBank holds direct

¹⁴ SoftBank Mobile's Japanese market share numbers do not include the approximately 4.8 million customers of WILLCOM Inc. ("WILLCOM"). WILLCOM provides wireless service using the Personal Handy-phone System ("PHS") — a wireless communications offering in Japan similar to PCS in the United States. PHS uses small, low-power cells that enable cell site hand-offs.

minority interests in the Korea-Japan Cable Network (“KJCN”), the China-US Cable Network, the Japan-US Cable Network, Asia-Pacific Cable Network 2, the Japan segment of FLAG Europe-Asia (“FEA”), TAT14, South-East Asia-Middle East-Western Europe 3, and the Pan-American cable network. SoftBank also owns a minority interest in Australia-Japan Cable Holdings Limited, which owns Australia-Japan Cable Limited, which in turn operates the Australia-Japan Cable (“AJC”) cable between Australia and Japan. SoftBank Telecom also owns or controls landing points in Japan at Kita-Kyushu (for the KJCN cable), Maruyama (for the Japan-US and AJC cables), and Miura (for the FEA cable).

SoftBank, including through its U.S. subsidiary, SOFTBANK Holdings Inc., also has made investments in Internet-related businesses in the United States. For example, SoftBank holds minority interests in Zynga, Inc., Gilt Groupe, Inc., and Ustream, Inc., none of which provide any telecommunications services.

b. SoftBank’s Home Market Is Japan, a WTO Member Country.

To determine whether a foreign investor is based in a WTO member country, the FCC assesses the nationality or “home market” of the entity.¹⁵ That analysis considers five factors: (1) the country of the investor’s incorporation, organization, or charter; (2) the nationality of all investment principals, officers, and directors; (3) the country in which the investor’s world headquarters is located; (4) the country in which the majority of its tangible property is located; and (5) the country from which it derives the greatest sales and revenues from its operations.¹⁶ Application of these factors demonstrates that SoftBank is a Japanese company.

¹⁵ See *Foreign Ownership Guidelines*, 19 FCC Rcd at 22621, 11-12 (2004).

¹⁶ *Id.*

SoftBank is organized under the laws of Japan as a *kabushiki kaisha*, or stock company, which is analogous to a general business corporation in the United States. SoftBank is a public company traded on the Tokyo Stock Exchange (First Section) with a single class of common stock that is widely dispersed. SoftBank's founder and CEO Mr. Masayoshi Son is a citizen of Japan. Mr. Son holds 22.49 percent of SoftBank's issued and outstanding shares and is by far SoftBank's largest shareholder.¹⁷ Japanese citizens comprise half of SoftBank's eight-member board of directors. The remaining members of the board are comprised entirely of individuals from WTO member countries—two from the United States, one from India, and one from China.¹⁸ SoftBank's world headquarters are located in Tokyo, Japan, and the majority of its tangible property is located in Japan. The vast majority of SoftBank's sales and revenues are derived from Japan.¹⁹

c. SoftBank's Ownership Is WTO-Compliant.

As of March 31, 2012, SoftBank had 1,098,514,819 shares outstanding (excluding treasury stock) and a total of 269,120 shareholders. Only one registered shareholder, SoftBank's CEO Masayoshi Son, holds more than 10 percent of Softbank.²⁰ Mr. Son is a citizen of Japan.

¹⁷ 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.

¹⁸ See SOFTBANK CORP., Annual Report, 54-55 (2012) ("2012 Annual Report").

¹⁹ See *id.*

²⁰ See SoftBank, General Stock Information, available at <http://www.softbank.co.jp/en/irinfo/stock/info/> (last visited November 8, 2012) ("SoftBank Stock Information") (depicting shareholders based on shareholder register of March 31, 2012). SoftBank has a single class of stock, so the percentage of shares held represents both a shareholder's voting interest and ownership interest in SoftBank's issued and outstanding stock.

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

SoftBank recently commissioned a study (the “JSS Study”) of its beneficial stock ownership by Japan Shareholder Services, Ltd. (“JSS”). JSS acts as a contractor for SoftBank for purposes of analyzing Softbank’s shareholder composition and identifying the beneficial owners of the shares and their respective associated voting rights based on SoftBank’s shareholder register list.²¹

The JSS Study found that investors from WTO member countries hold 92.46 percent of SoftBank’s equity and voting rights. According to the JSS Study, investors from non-WTO countries and investors of indeterminate nationality hold no more than 7.54 percent of SoftBank’s equity and voting rights. That 7.54 percent figure includes, in addition to other shares of indeterminate nationality, (1) approximately 5.26 percent of total SoftBank shares held by foreign corporations that were not held through American Depository Receipts (“ADRs”) or were otherwise held through nominees for which citizenship information for the ultimate beneficial owners was not available, and (2) 1.56 percent of SoftBank shares held by

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 reportedly 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). Each of these entities reported its address as in Los Angeles, California except for Capital International Limited, which reported an address in London, U.K., which also is a WTO member country. The Capital Group Companies, Inc., is a private United States investment management company originally founded in Los Angeles, California, in 1931 as Capital Research and Management Company. Each of the above-described Capital Group affiliates is an investment manager. Capital Research and Management Company is known particularly for its management of American Funds, a family of 33 mutual funds. (All information on the Capital Group has been taken from public sources reasonably considered to be reliable.)

²¹ See Declaration of Masato Suzaki, Corporate Officer, Legal, of SOFTBANK CORP., attached hereto as Attachment D, describing the methodology and the conclusions of the JSS Study, which was conducted at the direction and under the supervision of SoftBank.

ADR holders, foreigners with Japanese residences, and foreign individuals that were not otherwise identifiable.²²

The JSS Study did not presume citizenship from nominee addresses. Instead, shares of indeterminate citizenship were treated as held by investors from non-WTO countries. When citizenship information was not otherwise available for individual shareholders, JSS used the underlying shareholder addresses provided by beneficial owners. The use of shareholder addresses to assist in determining citizenship of a publicly traded company's shareholders has been approved by the FCC in response to a petition filed by Mobile Satellite Ventures Subsidiary LLC and in subsequent decisions.²³ The FCC repeatedly has upheld and

²² The JSS Study concluded that (1) 47.25 percent of SoftBank shares were held by residents of Japan (excluding foreign corporations with Japanese residence), (2) 15.83 percent were held by Japanese trust banks, and (3) 36.92 percent were held by non-Japanese corporations and individuals (including foreign corporations with Japanese residence), of which 35.35 percent were held by non-Japanese corporations that did not hold such shares through ADRs. Of the 15.83 percent of the shares held by Japanese trust banks, 95.5 percent (or 15.12 percent of total SoftBank shares) were identified as being held by citizens of countries that are treated as members of the WTO by the FCC. Of the 35.35 percent of the shares held by non-Japanese corporations that did not hold such shares through ADRs, at least 85.12 percent (or 30.09 percent of total SoftBank shares), were identified as being held by citizens of countries that are treated as members of the WTO by the FCC.

Furthermore, based on the March 31, 2012 shareholder registry, six of the ten largest registered shareholders of SoftBank, representing in the aggregated a 14.04 percent voting and equity interest, are the following U.S.-controlled entities or their affiliates in WTO member nations: J.P. Morgan Chase Bank, State Street Bank and Trust Company, and The Chase Manhattan Bank, N.A. The other four of SoftBank's ten largest registered shareholders are identifiably Japanese companies and financial institutions. Only the eight largest Softbank shareholders identified in the March 31, 2012, shareholder registry have interests in excess of one percent. *See* SoftBank Stock Information.

²³ *See* Mobile Satellite Ventures Subsidiary LLC, *Petition for Declaratory Ruling Under Section 310 of the Communications Act, as Amended*, File No. ISP-PDR- 20070314-00004, at 14, n.44 (filed March 14, 2007); *see also* Mobile Satellite Ventures Subsidiary LLC and SkyTerra Communications, Inc., *Order and Declaratory Ruling*, 23 FCC Rcd 4436 (2008).

approved this approach as fully sufficient to establish ownership and control qualifications requisite to obtaining a public interest determination under Section 310(b)(4).²⁴

II. GRANT OF THIS PETITION IS IN THE PUBLIC INTEREST.

A. The Parties Are Entitled to a Presumption That SoftBank's Indirect Foreign Ownership in Sprint Serves the Public Interest.

Section 310(b)(4) of the Communications Act grants the FCC discretion to allow levels of foreign ownership in excess of 25 percent if it determines that such ownership is in the public interest.²⁵ In the *Foreign Participation Order*, the FCC concluded that the public interest presumptively is served by permitting greater investment by individuals or entities from WTO member countries.²⁶ This presumption, which is supported by commitments to the United States received in the context of the WTO Basic Telecom Agreement, benefits

²⁴ See, e.g., Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC, *Memorandum Opinion and Order and Declaratory Ruling*, 23 FCC Rcd 17444, 17543-45, ¶¶ 226-29 (2008); TerreStar Networks Inc., Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as Amended, *Order and Declaratory Ruling*, 24 FCC Rcd 14664, 14675, ¶ 22 (2009); see also Applications of Cellco Partnership d/b/a Verizon Wireless and Rural Cellular Corporation, *Memorandum Opinion and Order and Declaratory Ruling*, 23 FCC Rcd 12463, 12524-26, ¶¶ 147-49 (2008), *recon. denied*, *Order on Reconsideration*, 26 FCC Rcd 11763 (2011).

²⁵ Section 310(b)(4) of the Act states as follows:

(b) No broadcast or common carrier or aeronautical en route or aeronautical fixed radio station license shall be granted to or held by . . . (4) any corporation directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country, if the Commission finds that the public interest will be served by the refusal or revocation of such license.

47 U.S.C. § 310(b)(4).

²⁶ See *Foreign Participation Order*, 12 FCC Rcd at 23896, ¶ 9, 23913, ¶ 50, 23940, ¶¶ 111-12.

U.S. consumers by encouraging additional competition in the U.S. market.²⁷ Given these benefits, the FCC routinely has approved up to 100 percent indirect foreign investment by entities from WTO member countries.²⁸ As described above, the presumption enjoyed by entities from WTO member countries applies to SoftBank, a Japanese company with non-WTO ownership well below the requisite 25 percent threshold. There is no basis to overturn the public interest presumption in this case.

²⁷ *Foreign Participation Order*, 12 FCC Rcd at 23896-97, ¶¶ 8-12. The FCC has determined that permitting foreign ownership benefits consumers, in part, because:

[R]emoving barriers to entry and focusing on competitive safeguards will promote effective competition in the U.S. telecommunications services market by removing unnecessary regulation and barriers to entry that can stifle competition and deprive U.S. consumers of the benefits of lower prices, improved service quality, and service innovations.

Id. at 23897, ¶ 11; *see also id.* at 23894, ¶ 4 (“We expect that entry by foreign telecommunications carriers and other investors will increase competition in the U.S. telecommunications service market, providing lower prices and increased quality of service.”).

²⁸ For example, the FCC approved up to 100 percent indirect foreign ownership of: (1) Telenor satellite by Telenor ASA, a Norwegian company that largely is owned by the Kingdom of Norway; (2) GE Americom by SES Global, a Luxembourg company; (3) Andesat Teleport, Inc. by investor shareholders from Bolivia, Colombia, Ecuador, Peru, and Venezuela; (4) GTE Pacifica directly by a holding company incorporated in the Cayman Islands and indirectly by two citizens of the Philippines; (5) Puerto Rico Telephone Company, Inc. by Sercotel, S.A. de C.V., a corporation organized under the laws of Mexico, and by America Movil, S.A. de C.V., a Mexican holding company, and its Mexican shareholders; and (6) AST Telecom, LLC d/b/a Blue Sky Communications and American Samoa License, Inc. by Amper, S.A., a Spanish corporation, and its shareholders. Lockheed Martin Global Telecommunications, Comsat Corp., and Comsat General, Corp., Assignor, and Telenor Satellite Mobile Services, Inc., and Telenor Satellite, Inc., Assignee, *Order and Authorization*, 16 FCC Rcd 22897 (2001); Application of General Electric Capital Corp. and SES Global, S. A., *Supplemental Order*, 16 FCC Rcd 18878 (2001); Application of General Electric Capital Corp. and SES Global, S.A. *Order and Authorizations*, 16 FCC Rcd 17575 (2001); International Authorizations Granted; Section 310(b)(4) Requests, *Public Notice*, 18 FCC Rcd 1857, *3 (2003); Bell Atlantic New Zealand Holdings, Inc., Transferor, and Pacific Telecom Inc., Transferee, *Order and Authorization*, 18 FCC Rcd 23140 (2003); Verizon Communications, Inc., Transferor, and America Movil, S.A. de C.V., Transferee, 22 FCC Rcd 6195 (2007); International Authorizations Granted; Section 310(b)(4) Requests, *Public Notice*, 26 FCC Rcd 2073, **2-3 (2011).

Notably, the FCC has permitted the indirect foreign ownership of a major wireless provider, authorizing up to 100 percent indirect foreign investment in T-Mobile USA and its licensee subsidiaries by Deutsche Telekom AG and its German shareholders.²⁹ The FCC also has approved 100 percent indirect foreign ownership by Japanese companies, approving the ownership of, *inter alia*: (1) Guam Cellular and Paging, Inc. by NTT DoCoMo, Inc., a Japanese company that is approximately 62 percent owned by Nippon Telegraph and Telephone, a Japanese company that, in turn, is partially owned by the Japan Ministry of Finance and which, pursuant to Japanese law, must be at least two-thirds owned by Japanese citizens or entities;³⁰ and (2) Icom America License Holdings LLC by Icom Inc., a company organized under the laws of Japan in which all equity and voting interests are held by shareholders that are citizens of, and reside in, Japan.³¹ Even where an entity that controls common carrier licensees, among other authorizations, is owned in part by entities from non-WTO member states, the FCC has permitted up to 100 percent foreign ownership, unless the interest attributable to entities from non-WTO member states exceeds 25 percent.³²

²⁹ Applications of VoiceStream Wireless Corp., Powertel, Inc. and Deutsche Telekom AG, *Memorandum Opinion and Order*, 16 FCC Rcd 9779 (2001).

³⁰ Applications of Guam Cellular and Paging, Inc. and DoCoMo Guam Holdings, Inc., *Memorandum Opinion and Order and Declaratory Ruling*, 21 FCC Rcd 13580 (2006).

³¹ International Authorizations Granted; Section 310(b)(4) Requests, *Public Notice*, 19 FCC Rcd 12398, *2-3 (2004); *see also* Applications Granted for the Transfer of Control of the Licensees of TeleGuam Holdings, LLC to AP TeleGuam Holdings, Inc., *Public Notice*, 26 FCC Rcd 7928 (WCB 2011) (approving up to 100 percent foreign ownership of Pulse Mobile by AP TeleGuam Holdings, Inc., a Delaware corporation directly owned by Japanese, Cayman Islands, and Irish investment funds).

³² *See, e.g.*, Global Crossing Ltd. and Frontier Corp., *Memorandum Opinion and Order*, 14 FCC Rcd 15911, 15917, ¶ 14 (WTB/IB/CCB 1999) (permitting indirect ownership by a Bermuda company because “section 310(b)(4) is not otherwise implicated under the public interest analysis adopted in the Foreign Participation Order where, as here, non-WTO investment[s] in the ultimate parent company [do] not exceed 25 percent”).

Consistent with the “open entry” standard, the FCC has concluded that the presumption may be overturned only in “exceptional circumstances,” such as when foreign control of a U.S. carrier would pose a risk to competition due to the foreign entity’s ability to exercise market power to discriminate in favor of its U.S. affiliate.³³ The FCC found it “highly unlikely that a carrier from a WTO Member country” with open markets and a pro-competitive regime in place could pose such a high risk to competition.³⁴ That presumption enjoyed by entities from WTO member countries applies to SoftBank, a Japanese company with non-WTO ownership well below the requisite 25 percent threshold. There is no basis to overturn the public interest presumption in this case.

B. Petitioners Affirmatively Have Demonstrated the Public Interest Benefits of the Proposed Transaction.

In addition to being entitled to the FCC’s public interest presumption, the Petitioners have affirmatively demonstrated that SoftBank’s investment in Sprint is expected to enhance competition by strengthening Sprint’s ability to compete against the two dominant U.S. wireless carriers, AT&T and Verizon. As thoroughly explained in the public interest statement accompanying the transfer of control applications filed concurrently with this petition, the expected heightened competition generated by SoftBank’s investment will benefit U.S. consumers.³⁵

³³ *Foreign Participation Order*, 12 FCC Rcd at 23893-94, ¶ 2, 23913-14, ¶ 51. SoftBank is not listed as a foreign carrier with market power on the FCC’s most recent list of foreign telecommunications carriers that are presumed to possess market power in foreign telecommunications markets. See International Bureau Revises and Reissues the Commission’s List of Foreign Telecommunications Carriers That Are Presumed to Possess Market Power in Foreign Telecommunications Markets, *Public Notice*, 22 FCC Rcd 945 (IB 2007).

³⁴ *Foreign Participation Order* at 23914, ¶ 52.

³⁵ See Public Interest Statement, Section III.

III. REQUEST FOR PUBLIC INTEREST DETERMINATION.

For the reasons stated above, Sprint, SoftBank, Starburst I and Starburst II petition the FCC for a determination that SoftBank's ownership of approximately 70 percent of the equity (at closing) of Starburst II and its post-transaction subsidiaries Sprint and the Sprint licensee subsidiaries would serve the public interest. Specifically, the Petitioners request a declaratory ruling allowing 100 percent aggregate foreign ownership in Sprint and its licensee subsidiaries upon consummation of the proposed transaction, consisting of (1) an approximately 70 percent indirect foreign ownership interest derived from the approximately 70 percent indirect interest that SoftBank will acquire in Sprint; (2) an approximately 5.78 percent foreign interest derived from the approximately 30 percent interest in Sprint to be held by various former Sprint shareholders; and (3) an additional 25 percent aggregate equity and/or voting interest from foreign investors that could be accepted without seeking prior FCC approval under Section 310(b)(4) subject to the standard conditions that no more than 25 percent of Sprint's total ownership is attributable to entities from non-WTO countries, and/or that no more than 25 percent is attributable to a single previously unidentified entity from a WTO member country.³⁶

³⁶ This margin would accommodate potential fluctuations in ownership in publicly traded shares of Starburst II's stock.

IV. CONCLUSION

For the foregoing reasons, the Petitioners request that the FCC issue a declaratory ruling that SoftBank's indirect foreign investment in Starburst II, Starburst I, Sprint, and the Sprint licensee subsidiaries as proposed herein is consistent with the public interest under Section 310(b)(4) of the Communications Act and the FCC's *Foreign Participation Order*.

Respectfully submitted,

SPRINT NEXTEL CORPORATION

**SOFTBANK CORP.
STARBURST I, INC.
STARBURST II, INC.**

By: /s/ Regina M. Keeney

Regina M. Keeney
A. Richard Metzger, Jr.
Charles W. Logan
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of

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Its Counsel

November 15, 2012

ATTACHMENT A

Sprint Licensee Subsidiaries

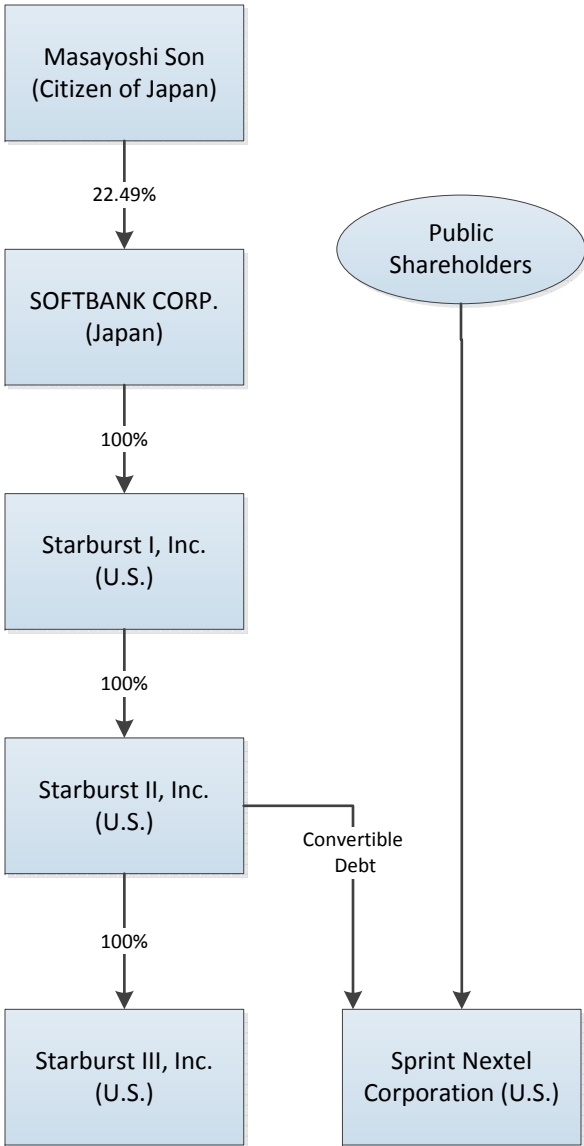
Entity Holding Licenses and/or Authorizations	FRN
ACI 900, Inc.	0005523642
APC PCS, LLC	0002147304
APC Realty and Equipment Co. LLC	0004678009
ASC Telecom, Inc.	0004372835
FCI 900, Inc.	0003294972
Helio, LLC	0013213178
Horizon Personal Communications, Inc.	0003018025
Louisiana Unwired, LLC	0004547493
Machine License Holdings, LLC.	0011337425
Nextel Communications, Inc.	0012468146
Nextel Communications of the Mid-Atlantic, Inc.	0002154086
Nextel License Holdings 1, Inc.	0002050078
Nextel License Holdings 2, Inc.	0002050052
Nextel License Holdings 3, Inc.	0001878271
Nextel License Holdings 4, Inc.	0002049880
Nextel License Holdings 5, Inc.	0004555728
Nextel of California, Inc.	0003293511
Nextel of New York, Inc.	0003293537
Nextel of Texas, Inc.	0001680552
Nextel Partners, Inc.	0005016514
Nextel West Corp.	0001608363
Nextel WIP Expansion Corp.	0002206142
Nextel WIP Expansion Two Corp.	0003843406
Nextel WIP License Corp.	0002207066
Northern PCS Services, Inc.	0012168811
People's Choice TV Corp.	0004924197
PhillieCo, L.P.	0002317246
SOUTHWEST PCS LP	0001696053
Sprint Administrative Services	0002320653
Sprint Communications Co., LP	0002529659
Sprint Nextel Corporation	0003774593
Sprint PCS	0005434337
Sprint PCS License, L.L.C.	0002963684
Sprint Spectrum, L.P.	0005072970
Sprint Telephony PCS, L.P.	0002963965
Sprint United Management Company	0018442772
SprintCom, Inc.	0002315950
Texas Telecommunications, LP	0003802956
Ubiquitel Leasing Company	0007488323

Entity Holding Licenses and/or Authorizations	FRN
Unrestricted Subsidiary Funding Company	0017764242
US Telecom, Inc.	0004372843
Virgin Mobile USA, L.P.	0006901011
Washington Oregon Wireless	0003800729
WirelessCo, L.P.	0002316545

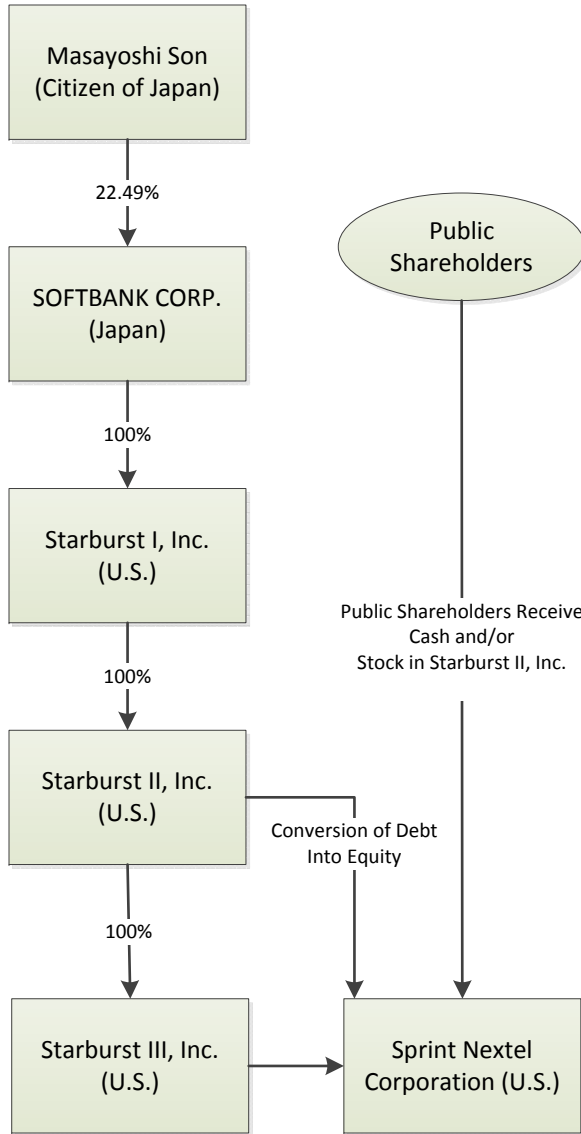
ATTACHMENT B

Chart Depicting Merger and Pre-Merger and Post-Merger Ownership

Pre-Merger

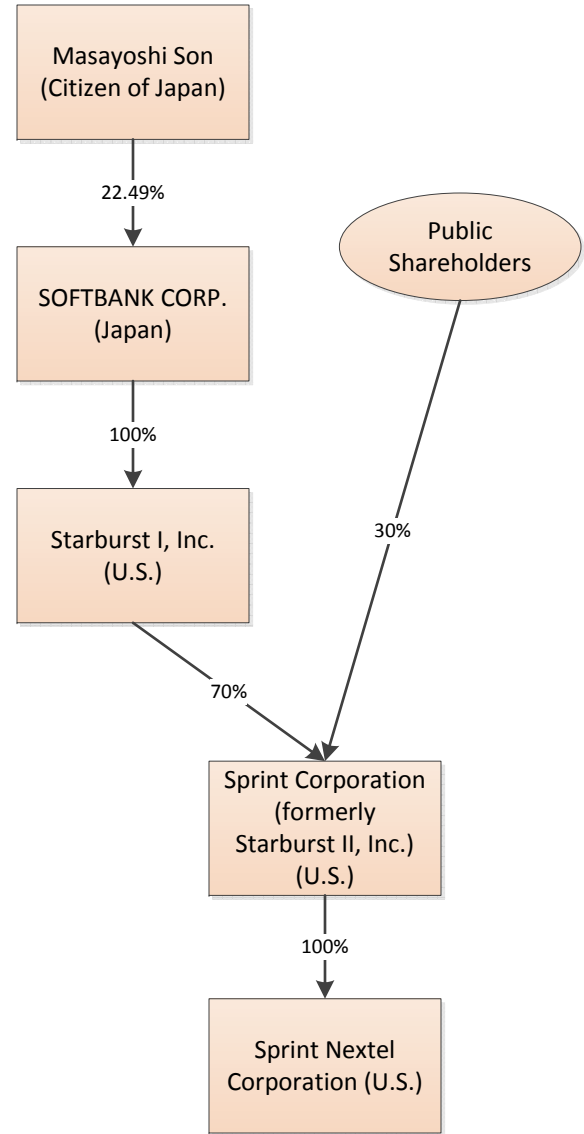


Merger



Merges with Sprint Nextel Corporation, with Sprint Nextel Corporation as the Surviving Entity

Post-Merger



ATTACHMENT C

Principal Place of Business Showing

Starburst II, Inc.

- (i) Country of organization: *United States*
- (ii) Citizenship of investment principals, officers and directors: *Japan, United States*
- (iii) Location of world headquarters: *United States (Starburst II, Inc. is a newly created U.S. corporation.)*
- (iv) Location of tangible properties: *N/A*
- (v) Location of greatest sales and/or revenues: *N/A*

Starburst I, Inc.

- (i) Country of organization: *United States*
- (ii) Citizenship of investment principals, officers and directors: *Japan*
- (iii) Location of world headquarters: *N/A (Starburst I, Inc. is a newly created U.S. corporation.)*
- (iv) Location of tangible properties: *N/A*
- (v) Location of greatest sales and/or revenues: *N/A*

SOFTBANK CORP.

- (i) Country of organization: *Japan*
- (ii) Citizenship of investment principals, officers and directors: *Japan, United States, India, and China.*
- (iii) Location of world headquarters: *Japan*
- (iv) Location of tangible properties: *Japan*
- (v) Location of greatest sales and/or revenues: *Japan*

ATTACHMENT D

Declaration of Mr. Masato Suzaki

DECLARATION OF MASATO SUZAKI

1. My name is Masato Suzuki. I am the Corporate Officer, Legal of SOFTBANK CORP. (“SoftBank”). I have prepared this declaration in connection with the application of Starburst II, Inc. (“Starburst II”) to acquire control of Sprint Nextel Corporation (“Sprint”) and the associated petition for declaratory ruling filed with the Federal Communications Commission (“FCC”). All of the information contained in this declaration is based on my personal knowledge.
2. Starburst II is an indirectly wholly-owned subsidiary of SoftBank.
3. I was responsible for obtaining information on SoftBank’s stock ownership for purposes of the petition for a declaratory ruling that SoftBank’s investment in Sprint is in the public interest. All of the information was obtained under my direction.
4. SoftBank is organized as a corporation under the laws of Japan, and has issued a single class of stock. It has 1,098,514,819 shares outstanding (excluding treasury shares). All SoftBank shares have equal voting rights.
5. For purposes of this analysis, SoftBank relied on its regular business records concerning shareholders and their addresses. These records are maintained by SoftBank and provided to Japan Shareholder Services, Ltd. (“JSS”) for SoftBank’s regular shareholder analysis. I am unaware of any inconsistencies between the records kept by JSS and any internal SoftBank shareholder records.
6. At SoftBank’s request, JSS reviewed SoftBank’s shareholder records to determine the citizenship of SoftBank’s shareholders. JSS conducted its analysis in two steps. In the first step, JSS reviewed the citizenship and address information in its records for both individual and institutional shareholders (such as mutual funds and pension funds) that hold shares for their own accounts. In the second step, JSS used information obtained from Georgeson, Inc., a leading

provider of proxy services that maintains shareholder information for use in soliciting proxies concerning the citizenship and addresses of the underlying owners of shares held by nominees to determine the citizenship of those owners. This analysis specifically reviewed individual non-Japanese shareholders to determine whether they were citizens of World Trade Organization (“WTO”)-member countries based on the best available information. JSS did not rely on the citizenship of the nominees in making its citizenship determinations.

7. The JSS analysis was completed on November 9, 2012. The JSS analysis concluded that 47.25% of SoftBank shares were held by residents of Japan,¹ 15.83% were held by Japanese trust banks, and 36.92% were held by non-Japanese corporations and individuals,² of which 35.35% were held by non-Japanese corporations that did not hold such shares through ADRs. Of the 15.83% of the shares held by Japanese trust banks, 95.5% (or 15.12% of total SoftBank shares) were identified as being held by citizens of countries that are treated as members of the WTO by the FCC. Of the 35.35% of the shares held by non-Japanese corporations that did not hold such shares through ADRs, at least 85.12% (or 30.09% of total SoftBank shares), were identified as being held by citizens of countries that are treated as members of the WTO by the FCC. Taking these groups of shareholders together, at least 1.015 billion shares, representing 92.46% of the equity and voting rights in SoftBank, are held by citizens of countries that are treated as members of the WTO by the FCC, and no more than 83 million shares, representing 7.54% of the equity and voting rights in SoftBank, are held by citizens of countries that are treated as non-members of the WTO by the FCC or whose country of origin could not be identified. All of the 7.54% of SoftBank shares that were not identified as being held by citizens of countries that are members of the WTO were unidentifiable, rather than being specifically identified as being

¹ Excluding foreign corporations with Japanese residence.

² Including foreign corporations with Japanese residence.

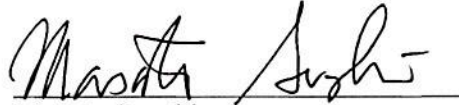
owned by citizens of non-WTO countries. Of that 7.54%, approximately 5.26% of total SoftBank shares were held by foreign corporations not through ADRs or through nominees for which citizenship information for the ultimate beneficial owner was not available and 1.56% of total SoftBank shares were held by ADR holders, foreign corporations with Japanese residences and foreign individuals that were not otherwise identifiable. A summary of the results of the JSS analysis is attached hereto as Attachment A.

[Remainder of this page intentionally left blank]

Declaration of Masato Suzuki
Page 4

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on November 15, 2012

A handwritten signature in cursive script, appearing to read "Masato Suzuki", written over a horizontal line.

Masato Suzuki
Corporate Officer, Legal
SOFTBANK CORP.

Attachment A

Breakdown of SoftBank Shareholders

		Nationality		
		WTO Residents	Identifiable Non-WTO Residents	Unidentifiable
Japanese Residents	47.25%	47.25% ³	-	-
Japanese Trust Banks	15.83%	15.12%	-	0.71%
Non-Japanese Residents 36.92%**	Foreign corporations outside of Japan other than ADR holders 35.35%	30.09%	-	5.26%
	ADR Holders 1.08%	-	-	1.08%*
	Foreign corporations with Japanese residences 0.46%	-	-	0.46%*
	Foreign individuals 0.02%	-	-	0.02%*
TOTAL	100%	92.46%	0%	7.54%**
AGGREGATE NON-WTO				7.54%**

* These shareholders were outside the scope of the JSS analysis and are treated as non-WTO shareholders for the purposes of this calculation.

** There is a 0.01% difference due to rounding.

³ JSS relied on the shareholder register list of SoftBank, dated as of March 31, 2012, to determine the citizenship of these shareholders.