

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
Applications of Sprint Nextel Corporation, on)
behalf of itself and its subsidiaries, Transferor,)
and Starburst II, Inc., Transferee)
)
Application for Authority to Transfer Control of)
Interests in Submarine Cable Landing Licenses)
)
)

File No. _____

APPLICATION

I. INTRODUCTION

Pursuant to the Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§ 34-39, Section 1.767 of the Federal Communications Commission's ("Commission" or "FCC") rules, 47 C.F.R. § 1.767, and Executive Order No. 10530, Sprint Nextel Corporation, on behalf of itself and its subsidiaries listed in Exhibit 1 hereto holding submarine cable landing licenses (collectively "Sprint"), and Starburst II, Inc. ("StarBurst II") (collectively, "Applicants") hereby request approval for the transfer of control of Sprint's interests in the cable landing licenses held by Sprint to Starburst II which, following consummation of the transaction, will be indirectly controlled by SOFTBANK CORP. ("SoftBank"). These cable landing licenses are listed in Exhibit 1 hereto. Applicants are concurrently filing applications with the FCC for authority to transfer Sprint's blanket domestic Section 214 authorizations, its international 214 authorizations, and various radio station licenses to Starburst II.

II. DESCRIPTION OF THE TRANSACTION AND PUBLIC INTEREST STATEMENT

Sprint and SoftBank have entered into a series of agreements which will result in SoftBank investing over \$20 billion in Sprint and acquiring approximately a 70% 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, Inc. (“Starburst I”) which will be wholly owned by SoftBank. Starburst I, in turn, will have 100% ownership in another new U.S. subsidiary, Starburst II, Inc., which will directly own a third subsidiary, Starburst III, Inc. (“Merger Sub”). As part of the transaction, Sprint will merge with Merger Sub, with Sprint being the surviving entity. SoftBank will distribute approximately \$12.1 billion to Sprint shareholders in exchange for approximately 1.7 billion shares of Sprint stock.¹ 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 cash and a fraction of a share of Starburst II stock. In addition, SoftBank, via its subsidiaries, will contribute approximately \$8 billion to Starburst II’s balance sheet in conjunction with this transaction.

Following consummation of the transaction, Sprint will be a wholly-owned subsidiary of Starburst II, with SoftBank, through Starburst I, owning slightly less than 70% of the shares of Starburst II and existing Sprint shareholders owning the remaining shares of Starburst II.²

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

² See Attachment 1 to the Public Interest Statement, included as Exhibit 2 to this Application, for a diagram illustrating the structure of the transaction. Under terms of the merger agreement, Starburst I will hold 69.642% of Starburst II’s common stock, and Sprint’s current shareholders will hold the remaining 30.358% of Starburst II’s common stock.

Starburst II will own 100% of the stock of Sprint and its subsidiaries³ and Sprint and its subsidiaries will continue to hold all of the FCC authorizations that they hold prior to the transaction.⁴ As such, the transaction does not involve any assignment of Sprint's licenses and authorizations, or any change in the licensees that hold such licenses and authorizations, and those companies will continue to provide service.

As part of the transaction, the Applicants seek to transfer control of the interests in cable landing licenses described herein from Sprint to Starburst II. A description of the of the public interest benefits of the transaction is attached to this application as Exhibit 2.

III. INFORMATION REQUIRED UNDER SECTION 1.767 OF THE FCC'S RULES

In accordance with Section 1.767 of the Commission's rules, 47 C.F.R. § 1.767, the Applicants submit the following information:

(1) Name, Address and Telephone Number of Each Applicant

Transferor/Licensee: Sprint Nextel Corporation
6200 Sprint Parkway
Overland Park, KS 66251
(800) 829-0965

Transferee: Starburst II, Inc.
38 Glen Avenue
Newton, MA 02459
(617) 928-9300

(2) State of Organization

Transferor/Licensee: Sprint is organized under the laws of Kansas.

Transferee: Starburst II is organized under the laws of Delaware.

³ As a result of the transaction, SoftBank, through Starburst I, will hold an indirect ownership interest in approximately 70% of the stock of Starburst II, giving SoftBank indirect control over Sprint.

⁴ The merger agreement includes protections to ensure that, post-transaction, Sprint will not have non-WTO share ownership in excess of the limits set by the Commission's policies.

(3) Contact Persons for this Application

Questions or inquiries concerning this application may be directed to:

Regina M. Keeney
Lawler, Metzger, Keeney & Logan, LLC
2001 K Street, N.W., Suite 802
Washington, D.C. 20006
(202) 777-7700
gkeeney@lawlermetzger.com
Counsel to Sprint Nextel Corporation

Michael H. Pryor
Dow Lohnes P.L.L.C.
1200 New Hampshire Avenue, N.W., Suite 800
Washington, DC 20036
(202) 776-2339
mpryor@dowlohnes.com
Counsel to Starburst II, Inc.

(4) – (7) Not Applicable.

(8) Affiliations and Other Certifications Required by Sections 63.18(h)-(k) and (o) of the Commission’s Rules, 47 C.F.R. §§ 63.18(h)-(k), (o).

Starburst II certifies that it is not a foreign carrier. Starburst II is affiliated with the foreign carriers described below in response to Section 63.18(i). As explained below, Starburst II is affiliated with SOFTBANK TELECOM Corp.⁵ which owns or controls cable landing stations in Japan on the Japan-U.S. Cable Network, Korea-Japan Cable Network (“KJCN”), FLAG Europe- Asia (“FEA”), and the Australia-Japan Cable (“AJC”) submarine cable systems. Starburst II is not otherwise affiliated with a foreign carrier that owns or controls a foreign cable landing station in any of the destination markets of the cable landing licenses that are the subject of this application.

⁵ SOFTBANK TELECOM Corp. is a wholly owned subsidiary of SOFTBANK CORP.

Section 63.18(h) – Ownership and Interlocking Directorates

Following consummation of the transaction, Starburst II will own approximately 70% of Sprint and there will be no other direct owners of ten percent (10%) or greater of Sprint. The following is the required information for the owner of Starburst II:

Name and Address	Percentage Ownership	Citizenship	Principal Business
Starburst I, Inc. 38 Glen Avenue Newton, MA 02459	100%	U.S.	Investments

Starburst I, Inc. is a wholly-owned subsidiary of SOFTBANK CORP. The following is the required information for SOFTBANK CORP.

Name and Address	Percentage Ownership	Citizenship	Principal Business
SOFTBANK CORP. 1-9-1 Higashi-shimbashi Minato-ku, Tokyo 105-7303 Japan	100%	Japan	Holding Company

The following individual is the only owner of ten percent (10%) or more of the equity of SOFTBANK CORP.:

Name and Address	Percentage Ownership	Citizenship	Principal Business
Masayoshi Son c/o SOFTBANK CORP. 1-9-1 Higashi-shimbashi Minato-ku, Tokyo 105-7303 Japan	22.49%	Japan	CEO of SoftBank Corp.

No officer of Starburst II is an officer or director of a foreign carrier.

Section 63.18(i) – Affiliations With Foreign Carriers

Starburst II certifies that it is not a foreign carrier. Starburst II certifies that it is affiliated, as that term is defined in Section 63.09 of the Commission's rules, 47 C.F.R. § 63.09,

with the following foreign carriers: SOFTBANK MOBILE Corp.,⁶ SOFTBANK TELECOM Corp.,⁷ WILLCOM, Inc., and Wireless City Planning, all of which are telecommunications carriers in Japan, a World Trade Organization member country. SOFTBANK MOBILE Corp. and SOFTBANK TELECOM Corp. are wholly-owned subsidiaries of SOFTBANK CORP. SOFTBANK CORP. owns 100% of the shares issued by WILLCOM, Inc, a Japanese wireless carrier. However, because WILLCOM, Inc. is undergoing rehabilitation under the Japanese bankruptcy laws, SOFTBANK CORP. does not control WILLCOM and does not treat WILLCOM as a subsidiary. SOFTBANK CORP. owns approximately 33 percent of Wireless City Planning. SOFTBANK CORP. indirectly owns 100% of BB Backbone Corporation, which provides Internet backbone services in Japan. SOFTBANK CORP. also indirectly owns 100 percent of Starburst II. Starburst II's foreign affiliates lack market power in their home markets and none of them is included on the Commission's List of Foreign Telecommunications Carriers that Are Presumed to Possess Market Power in Foreign Telecommunications Markets.⁸

Section 63.18(j) – Service to Destination Markets of Foreign Carriers Under Common Control with Transferee

Starburst II certifies that it is not a foreign carrier. Starburst II certifies that it does not control a foreign carrier in any of the destination markets of the cable landing licenses that are the subject of this application. Starburst II certifies that no two or more foreign carriers (or parties that control foreign carriers) that own more than 25 percent of Starburst II are parties to,

⁶ SoftBank Mobile Corp. currently is the third largest wireless carrier in Japan, with approximately 30.5 million subscribers, giving it approximately 22 percent of the Japanese wireless market.

⁷ SOFTBANK TELECOM Corp. provides a direct connection voice service, the “OTOKU line,” to approximately 1.7 million primarily corporate subscribers in Japan.

⁸ *List of Foreign Telecommunications Carriers that are Presumed to Possess Market Power in Foreign Telecommunications Markets*, Public Notice, 22 FCC Rcd 945 (2007).

or beneficiaries of, a contractual relation affecting the provision or marketing of international basic telecommunications services in the United States. Following consummation of the transfer of control, Starburst II will seek to provide international telecommunications services to Japan, where SOFTBANK CORP., which is an entity owning more than 25 percent of Starburst II, owns equity in or controls the foreign carriers identified above.

Section 63.18(k) – WTO Membership

Japan, the only country listed in the response to Section 63.18(j), is a World Trade Organization (“WTO”) Member country.

Section 63.18(o) – Anti-Drug Abuse Certification

Starburst II certifies pursuant to sections 1.2001 through 1.2003 of the Commission’s rules, 47 C.F.R. §§ 1.2001 – 1.2003, that it is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853a.

(9) Routine Conditions Specified in Section 1.767(g) of the Commission’s Rules, 47 C.F.R. § 1.767(g).

Starburst II certifies that it accepts and will abide by the routine conditions specified in Section 1.767(g) of the Commission’s rules, 47 C.F.R. § 1.767(g).

(10) Additional Information.

As part of the proposed transaction, upon receiving the requisite regulatory approvals, Sprint will transfer to Starburst II the voting and ownership interests in the cable systems set forth in Exhibit 1 to this application.

Because it is eligible for streamlined treatment, Applicants request streamlined processing of this application. Pursuant to Section 1.767(k)(1) of the Commission’s rules, 47 C.F.R. § 1.767(k)(1), Sprint certifies it is not a foreign carrier and, prior to consummation of the transaction, is not affiliated with a foreign carrier in any of the destination markets for any of the

submarine cables that are the subject of this application. Pursuant to Section 1.767(k)(2), Section 63.12(c)(1)(ii), and Section 63.10(a)(3) of the Commission's rules, 47 C.F.R. §§ 1.767(k)(2), 63.12(c)(1)(ii), and 63.10(a)(3), Starburst II, Inc. certifies that each of the foreign carriers with which Starburst II is affiliated lacks market power in that each lacks 50 percent market share in the international transport and the local access markets on the Japanese end of the submarine cables that are the subject of this application.⁹

IV. CONCLUSION

For the reasons presented herein, Applicants submit that the public interest, convenience and necessity would be served by a grant of this application for transfer of control of the interests in the referenced cable landing licenses, and respectfully request that this application be granted. Respectfully submitted,

SPRINT NEXTEL CORPORATION

/s/ Regina M. Keeney
Regina M. Keeney
Gunnar D. Halley
Lawler, Metzger, Keeney & Logan, LLC
2001 K Street, N.W., Suite 802
Washington, DC 20006
Tel: (202) 777-7700
Fax: (202) 777-7763
gkeeney@lawlermetzger.com
Counsel to Sprint Nextel Corporation

STARBURST II, INC

/s/ Michael Pryor
Michael Pryor
Dow Lohnes P.L.L.C.
1200 New Hampshire Avenue, N.W.
Suite 800
Washington, DC 20036
Tel: (202) 776-2339
Fax: (202) 776-2222
mpryor@dowlohnes.com
Counsel to Starburst II, Inc.

Dated: November 16, 2012

⁹ Pursuant to sections 1.768(b)(2)(i) and 1.768(c), the Applicants intend to file a foreign carrier affiliation notification within 30 days after consummation of the transaction. 47 C.F.R. §§ 1.768(b)(2)(i) and 1.768(c).

EXHIBIT 1

Sprint Ownership Interests in Submarine Cable Systems Being Transferred to Starburst II

CABLE SYSTEM	LICENSED ENTITY	VOTING RIGHTS	SEGMENT	FCC ID NUMBER
Taino-Carib	Sprint Communications Co., LP	6.55 %	Puerto Rico-Virgin Islands	SCL-LIC-19920201-00010 (Old File No. SCL-92-002)
Americas I	Sprint Communications Co., LP	7.11 %	Florida-Caribbean	SCL-LIC-19921101-00011 (Old File No. SCL-93-002)
Antillas-1	Sprint Communications Co., LP	4.88 %	Puerto Rico-Dominican Republic	SCL-LIC-19950818-00003 (Old File No. SCL-95-012)
Pan American	Sprint Communications Co., LP	5.61 %	Virgin Islands-South America	SCL-19970413-00017 (Old File No. SCL-97-001)
China-US	Sprint Communications Co., LP	5.46%	Trans-Pacific	SCL-LIC-19980301-00037 (Old File No. SCL-98-002)
Americas-II	Sprint Communications Co., LP	4.9 %	North Ring; South Ring; West Ring; Access-MIU	SCL-LIC-19980501-00038 (Old File No. SCL-98-003A)
Japan-US	Sprint Communications Co., LP	3.75 %	Trans-Pacific	SCL-MOD-20071130-00020 (<i>see also</i> SCL-LIC-19981117-00025)
TAT-14	Sprint Communications Co., LP	4.3%	Trans-Atlantic	SCL-MOD-20040301-00011 (<i>see also</i> SCL-LIC-19990303-00004)
Maya-1	Sprint Communications Co., LP	4.48 %	U.S.-Central America	SCL-MOD-20110928-00028 (<i>see also</i> SCL-LIC-19990325-0006)

EXHIBIT 2

Public Interest Statement

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

In the Matter of)
)
Applications of Sprint Nextel Corporation,)
Transferor) IB Docket No. _____
)
SOFTBANK CORP., and Starburst II, Inc.,)
Transferees)
)
for Consent to Transfer of Control of Licenses)
and Authorizations)

PUBLIC INTEREST STATEMENT

SPRINT NEXTEL CORPORATION

Regina M. Keeney
A. Richard Metzger, Jr.
Charles W. Logan
of
Lawler, Metzger, Keeney & Logan, LLC
2001 K St., N.W., Suite 802
Washington, DC 20006
(202) 777-7700
Its Counsel

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

John R. Feore
Michael Pryor
J.G. Harrington
of
Dow Lohnes PLLC
1200 New Hampshire Avenue, NW
Washington, DC 20036
(202) 776-2000
Its Counsel

November 15, 2012

SUMMARY

The Applicants request FCC authorization for SOFTBANK CORP. (“SoftBank”) to acquire an approximately 70 percent controlling interest in Sprint Nextel Corporation (“Sprint”). This transaction represents an investment of more than \$20 billion in the U.S. wireless industry that promises to stimulate economic growth and provide substantial public interest benefits with no countervailing public interest harms. Because SoftBank has no attributable interests in any U.S. wireless carriers, and does not compete with Sprint in providing wireless communications services, the proposed transaction poses no risk of competitive harm to the U.S. wireless market. To the contrary, the transaction is expected to greatly stimulate wireless competition and innovation. It offers the potential to transform the U.S. wireless marketplace by creating a more vibrant rival to compete with today’s two predominant wireless providers, Verizon Wireless and AT&T.

The transaction is intended to invigorate competition by providing Sprint the financial resources needed to accelerate and expand its wireless broadband deployment. SoftBank’s \$20.1 billion investment includes a direct infusion in Sprint of \$8 billion in new capital, allowing Sprint to strengthen its balance sheet and lower its borrowing costs. This stronger financial foundation can enable Sprint to increase its network investment, accelerate its broadband deployment across multiple spectrum bands, and improve its coverage. Sprint anticipates taking advantage of its strengthened financial position by offering a wider range of devices and services to consumers. Sprint also anticipates taking advantage of other market opportunities to enhance its ability to provide superior service to its customers. The transaction thus promises to increase the speed, coverage, reliability, and capabilities of Sprint’s wireless broadband network and offer consumers a more competitive choice in a broadband world.

The transaction also is expected to enhance Sprint’s ability to obtain more favorable terms for mobile equipment, handsets, and applications. After the transaction, SoftBank’s wireless holdings in Japan and the United States will serve approximately 92 million subscribers.¹ Sprint anticipates achieving economies of scale similar to those enjoyed in the United States only by Verizon and AT&T. SoftBank/Sprint should be a more attractive partner for handset manufacturers and application developers, stimulating innovation that will greatly benefit consumers. The transaction allows Sprint to benefit from SoftBank’s leadership in developing and investing in cutting-edge mobile Internet technologies and services. Access to SoftBank’s expertise and resources can assist Sprint in developing a range of new content, programming, and services for U.S. consumers.

The strong public interest benefits of this proposed transaction are illustrated by examining the results of a very similar investment SoftBank made in Japan in 2006 – an investment that has transformed the wireless marketplace in Japan and brought enormous benefits to Japanese consumers. In 2006, SoftBank acquired Vodafone’s Japanese wireless operations, whose 16 percent subscriber share of the wireless market lagged behind the 80 percent combined share of its two larger rivals, NTT DOCOMO, Inc. (“DoCoMo”), and KDDI CORPORATION (“KDDI”), both of which are affiliated with incumbent, former monopoly wireline providers. Within months of that acquisition, SoftBank brought competitive pricing to the Japanese wireless market, began investing heavily in Vodafone’s Japanese operations (renamed SoftBank Mobile), and introduced a series of innovative products and services. SoftBank’s formula for successful market entry is to gain a firm understanding of customer

¹ The total number of subscribers of Sprint, SOFTBANK MOBILE Corp., and WILLCOM, Inc.

needs and desires and then develop and deploy services and technologies to address those needs. With this strategy, SoftBank has attracted millions of new customers in Japan and is now poised to pass KDDI as the second largest Japanese wireless provider.

The proposed SoftBank/Sprint transaction offers a similar opportunity to transform the U.S. wireless marketplace. As in Japan, SoftBank’s investment and resources offer the potential to inject new, more aggressive competition by Sprint into a marketplace trending toward a duopoly. As a result of Sprint’s more formidable competitive position, and the inevitable responses by AT&T and Verizon, consumers should expect to enjoy more choices and new, innovative applications, features, and services. The proposed transaction thus offers clear public interest benefits.

SoftBank and Sprint are submitting applications to transfer control of Sprint’s FCC licenses, leases, and authorizations to SoftBank. Sprint and SoftBank also are filing transfer of control applications to transfer Sprint’s prospective *de jure* controlling interest in Clearwire’s licenses, authorizations, and leases to SoftBank because SoftBank, by virtue of its acquisition of an approximately 70 percent indirect interest in Sprint, also will indirectly acquire Sprint’s interest in Clearwire.

In addition to the transfer of control applications, Sprint and SoftBank have submitted a Petition for Declaratory Ruling to allow SoftBank’s indirect foreign ownership of Sprint to exceed the 25 percent benchmark set forth in Section 310(b)(4) of the Communications Act. As set forth in that petition and in this Public Interest Statement, there are strong public interest benefits to permitting this level of foreign ownership.

Accordingly, the Applicants respectfully request that the FCC expeditiously grant the Petition for Declaratory Ruling and the transfer of control applications referred to herein.

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	BACKGROUND	3
	A. Description of the Applicants	3
	1. <i>Sprint</i>	3
	2. <i>SoftBank and Starburst II</i>	4
	B. Description of the Proposed Transaction.....	6
	1. <i>Overview</i>	6
	2. <i>Applications</i>	9
	3. <i>Related Governmental Filings</i>	10
	C. Standard of Review	11
III.	THE PROPOSED TRANSACTION WILL BENEFIT CONSUMERS BY INVIGORATING WIRELESS COMPETITION AND PROMOTING BROADBAND INNOVATION AND DEPLOYMENT	13
	A. The Proposed Transaction Will Promote Greater Competition, Particularly Given SoftBank’s Record of Successfully Challenging Large Incumbent Rivals by Offering Innovative Services and Lower Rates.....	13
	1. <i>Pricing Innovations: Installment Sale and Low Basic Rates</i>	16
	2. <i>Product Innovation and Network Enhancements</i>	18
	3. <i>Leading the Mobile Broadband Revolution in Japan</i>	19
	4. <i>Invigorating Competition in Japan – And in the United States</i>	21
	B. The Proposed Transaction Will Promote Wireless Broadband Service and Innovation	22
	1. <i>The Proposed Transaction Will Provide Sprint the Financial Resources to Accelerate and Expand Its Broadband Deployment</i>	23
	2. <i>The Proposed Transaction Will Allow Sprint to Leverage SoftBank’s Expertise and Best Practices as One of the World’s Leading Mobile Internet Companies</i>	26
	3. <i>The Proposed Transaction Will Produce Scale Economies That Will Promote Broadband Innovation for Consumers</i>	27
IV.	THE PROPOSED TRANSACTION WILL HAVE NO ADVERSE COMPETITIVE EFFECTS OR OTHER PUBLIC INTEREST HARMS	29
V.	ADDITIONAL MATTERS	30
	A. Request for Procedural Considerations.....	30
	1. <i>Request for Approval of Additional Authorizations</i>	30

2.	<i>Exemption from Cut-off Rules</i>	31
3.	<i>Unconstructed Facilities</i>	31
B.	National Security Agreement.....	32
C.	No Waivers	32
VI.	CONCLUSION.....	32

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of)
)
Applications of Sprint Nextel Corporation,)
Transferor) IB Docket No. _____
)
and)
)
SOFTBANK CORP., and Starburst II, Inc.,)
Transferees)
)
for Consent to Transfer of Control of Licenses)
and Authorizations)

PUBLIC INTEREST STATEMENT

Pursuant to Sections 214 and 310(d) of the Communications Act of 1934, as amended (“Communications Act” or “Act”), and the Cable Landing License Act, Sprint Nextel Corporation (“Sprint”), Starburst II, Inc. (“Starburst II”), and SOFTBANK CORP. (“SoftBank”), (collectively, the “Applicants”) request the FCC’s consent to the transfer of control of licenses, authorizations, and spectrum leases held by Sprint and Clearwire Corporation (“Clearwire”) to effectuate a transaction under which SoftBank will acquire approximately 70 percent of the shares of Sprint and, as a result, a prospective, indirect *de jure* controlling interest in Clearwire. The Applicants also seek, via a separate filing, a declaratory ruling that SoftBank’s indirect foreign ownership of Sprint is consistent with the public interest, as required under Section 310(b)(4) of the Act.

I. INTRODUCTION

The proposed transaction represents an investment of more than \$20 billion in the U.S. wireless industry by SoftBank, an important provider of wireless and Internet services in Japan. As part of the transaction, SoftBank will invest approximately \$12.1 billion to purchase shares from existing Sprint shareholders and will invest an additional \$8 billion directly in Sprint. The

scale of SoftBank’s direct infusion of capital into Sprint reflects SoftBank’s strong commitment to the U.S. market. This new capital can be used to strengthen Sprint’s operations in every way, creating a stronger competitor and benefitting consumers. SoftBank’s investment, in and of itself, is a significant public interest benefit of the proposed transaction, as it will strengthen Sprint’s balance sheet and make possible increased investment in its network and wireless broadband services, directly benefiting Sprint’s customers.

The public interest also will benefit significantly from SoftBank’s entry into the U.S. wireless communications marketplace, as demonstrated by SoftBank’s innovative and competition-enhancing approach to the Japanese wireless communications marketplace. SoftBank Mobile’s growth in Japan was the result of an intensely customer-focused strategy of lowering prices, deploying extensive network and infrastructure upgrades, providing devices that met both general and specific customer needs, and improving all other aspects of the customer experience. As a leader in pricing initiatives aimed at attracting customers, SoftBank spurred competitive responses that helped reduce prices for all Japanese consumers, not just its own customers. A key part of SoftBank’s success in Japan has been deploying new and innovative technology in network and customer devices. In the United States, the Applicants intend to build on that experience and on Sprint’s ongoing Network Vision upgrade and technology consolidation process to similarly disrupt the marketplace. This approach can create significant consumer benefits in both the short term and the long term.

The FCC’s precedent requires it to weigh these benefits against potential harm from the transaction. In this case, however, the transaction creates no risk of potential harm. This transaction will not result in any additional market or spectrum concentration, as SoftBank has no current market presence as a wireless carrier or spectrum holder in the United States. For the

same reasons, SoftBank’s acquisition of Sprint’s interests in Clearwire will not cause any spectrum aggregation or competition concerns under the FCC’s spectrum policies. Moreover, Clearwire’s spectrum holdings have already been attributed to Sprint for spectrum screen (competitive analysis) purposes. The FCC has previously found that Sprint’s ownership interest in Clearwire, and the aggregation of Sprint and Clearwire spectrum holdings, are in the public interest.² SoftBank’s prospective control of Sprint – and through Sprint, prospective, indirect *de jure* control of Clearwire – creates no public interest concerns.

II. BACKGROUND

A. Description of the Applicants

1. Sprint

Sprint is a publicly traded Kansas corporation with headquarters in Overland Park, Kansas. Sprint is a global communications company that, through its subsidiaries,³ 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. Sprint served nearly 56 million customers at the end of the third quarter of 2012 and is widely recognized for developing, engineering, and deploying innovative technologies, including the first wireless fourth generation (“4G”) service from a national carrier in the United States. Sprint

² See Sprint Nextel Corporation and Clearwire Corporation; Applications for Consent to Transfer Control of Licenses, Leases, and Authorizations, *Memorandum Opinion and Order*, 23 FCC Rcd 17570, 17572, ¶ 3 (2008) (“Sprint - Clearwire Order”).

³ Sprint is primarily a holding company. Most of Sprint’s operations are conducted by its subsidiaries, including, but not limited to, Sprint Communications Company, L.P., Virgin Mobile, L.P., and Sprint Spectrum, L.P.

also is one of the country's largest carriers of Internet traffic, providing service over its Tier 1 Internet backbone that connects locations in the United States and other countries.

Sprint also holds a voting interest of approximately 48 percent in Clearwire, an FCC licensee and provider of 4G wireless broadband services, headquartered in Bellevue, Washington. Sprint has entered into an agreement to acquire additional shares in Clearwire.⁴ Upon approval and consummation of that agreement, Sprint will own up to 50.45 percent of Clearwire's voting stock.

In addition, on November 7, 2012, Sprint announced its intent to acquire certain PCS spectrum licenses and customers from U.S. Cellular in parts of Illinois, Indiana, Michigan, Missouri and Ohio, including the Chicago and St. Louis markets.⁵ Sprint and U.S. Cellular will file applications for assignment of the affected spectrum licenses from U.S. Cellular to Sprint.

2. *SoftBank and Starburst II*

SOFTBANK CORP. is a publicly-traded holding company organized and existing under the laws of Japan and headquartered in Tokyo. SoftBank has been listed on the Tokyo Stock Exchange since 1998. SoftBank's various subsidiaries and affiliates are engaged in a number of information technology and Internet-related businesses in Japan, including mobile communications, broadband infrastructure, fixed-line telecommunications, e-commerce, and web

⁴ Sprint has entered into an agreement to acquire Eagle River Investments LLC's ("Eagle River's") interest in Clearwire. Clearwire will be filing *pro forma* license transfer applications for FCC consent to the Eagle River transaction.

⁵ Under the terms of the agreement, Sprint will receive 20 MHz of PCS spectrum in various Midwest markets including Chicago, IL, South Bend, IN and Champaign, IL and 10 MHz of PCS spectrum in the St. Louis market. The transaction includes approximately 585,000 U.S. Cellular customers. The transaction is subject to FCC and other customary regulatory approvals and is expected to close in mid-2013.

portals. The company also invests in dynamic, innovative Internet-based companies throughout the world.

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, 2012.⁶ SoftBank Mobile 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 U.S. 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.

⁶ 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 U.S. PHS uses small, low power cells that enable cell site hand offs.

SoftBank holds various minority interests in undersea cables through its wholly owned subsidiary, SoftBank Telecom. These interests include both direct ownership and an investment in a cable operating company. The direct interests are 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. The investment in the cable operating company is 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. None of these interests exceeds 20 percent and SoftBank does not control any of these undersea cables or networks. 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.

Starburst II is an indirect wholly owned subsidiary of SoftBank. It is a Delaware corporation created in connection with this transaction. Starburst II holds no Commission authorizations.

B. Description of the Proposed Transaction

1. Overview

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, Inc. (“Starburst I”), which is wholly owned by SoftBank. Starburst I formed another new subsidiary, Starburst II, which directly owns a third subsidiary, Starburst III, Inc. (“Merger Sub”). As part of the transaction, Sprint will merge with Merger Sub, 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.⁷ 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 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-World Trade Organization (“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.⁸ Sprint shareholders will have the right to elect to exchange each of their

⁷ See Attachment 1 for a diagram illustrating the structure of the transaction. Under the 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 n.8, SoftBank would own approximately 70 percent of Starburst II.

⁸ SoftBank also will receive a five year warrant to purchase approximately 55 million shares of Starburst II (representing slightly less than 1 percent of Starburst II’s common stock) with an exercise price of \$5.25 per share.

existing shares of Sprint for (1) \$7.30 in cash or (2) one share of Starburst II stock.⁹ In addition, SoftBank, via its subsidiaries, will contribute an aggregate of \$8 billion to Starburst II's balance sheet in conjunction with this transaction; these funds are unrestricted and Sprint will have the flexibility to use this capital infusion to strengthen its balance sheet and invest in its network and its wireless broadband service to customers.¹⁰ 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 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.¹¹

⁹ 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.

¹⁰ 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.*

¹¹ 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.

By virtue of its acquisition of an approximately 70 percent indirect interest in Sprint, SoftBank will indirectly acquire Sprint’s prospective *de jure* controlling interest in Clearwire.¹² The transaction will not involve the assignment of any of Clearwire’s licenses, spectrum leases, or authorizations.¹³ As with Sprint, there is no competitive overlap between SoftBank and Clearwire.

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.

2. *Applications*

The Applicants are filing with the FCC the required applications (1) requesting consent to the transfer of control to Starburst II and, ultimately to SoftBank, of all licenses, spectrum leases, and authorizations controlled by Sprint’s subsidiaries, and (2) requesting consent to transfer Sprint’s prospective *de jure* controlling interest in Clearwire’s licenses, spectrum leases, and authorizations from Sprint to Starburst II and ultimately to SoftBank.¹⁴ The licenses and authorizations subject to these applications include the existing domestic and international 214 authorizations, cable landing licenses, microwave licenses, and CARS licenses¹⁵ and Title III

¹² Sprint is acquiring additional shares in Clearwire as part of a separate transaction with Eagle River Investments LLC, which will give Sprint a *de jure* controlling interest in Clearwire. *See supra* n.4.

¹³ Clearwire and its subsidiaries will continue to independently provide service to the public.

¹⁴ Clearwire and its subsidiaries hold BRS and commercial EBS spectrum licenses, long term *de facto* leases, spectrum manager leases, microwave licenses, and two Cable Television Relay Service (“CARS”) licenses. Clearwire is also a party to EBS and BRS “grandfathered” leases which do not require prior Commission approval for SoftBank to obtain indirect *de jure* control of Clearwire.

¹⁵ Clearwire holds a limited number of CARS licenses.

radio station authorizations held by Sprint’s subsidiaries and by Clearwire and its subsidiaries.¹⁶

Simultaneously with these applications, SoftBank and Sprint also are filing a Petition for Declaratory Ruling pursuant to Section 310(b)(4) of the Communications Act, 47 U.S.C. § 310(b)(4), seeking a declaratory ruling that it is in the public interest to permit a greater than 25 percent indirect foreign ownership interest in Sprint and its subsidiaries.¹⁷ The Applicants are not seeking any waivers with respect to these filings.

3. *Related Governmental Filings*

In addition to approval by the FCC, the transaction is subject to review by the Committee on Foreign Investment in the United States (“CFIUS”), an inter-agency committee that includes the Federal Bureau of Investigation, the Department of Justice, the Department of State and the Department of Homeland Security.¹⁸ The transaction also is subject to notification to and/or review by other governmental agencies, including review by the Department of Justice and/or the Federal Trade Commission pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, 15 U.S.C. § 18(a), and the rules promulgated thereunder, state public utility commissions, and certain foreign countries.

¹⁶ See Attachment 2 for a list of the licensees subject to the transfer of control. As required by Section 1.923(e) of the FCC’s rules, 47 C.F.R. § 1.923(e), the Applicants state that the transfer of control of licenses and leases involved in this transaction will not have a significant environmental effect, as defined by Section 1.1307 of the FCC’s rules, 47 C.F.R. § 1.1307. A transfer of control of licenses and leases does not involve any engineering changes and, therefore, cannot have a significant environmental impact.

¹⁷ Although SoftBank’s acquisition of control of Sprint will include the transfer to SoftBank of Sprint’s interests in Clearwire, Clearwire is not implicated in the Petition for Declaratory Ruling being filed by Sprint and SoftBank because Clearwire 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).

¹⁸ CFIUS is authorized to review transactions that could result in control of a U.S. business by a foreign person in order to determine the effect of such transactions on the national security of the United States.

C. Standard of Review

The FCC's review of the proposed transaction is governed by Sections 214(a) and 310(d) of the Communications Act of 1934, as amended.¹⁹ Pursuant to those sections, the FCC should grant the proposed transfer of control upon finding that the transaction serves the public interest, convenience, and necessity.²⁰ To make this finding, the FCC examines whether the transfer of control complies with specific provisions of the Communications Act, other applicable statutes, the FCC's rules, and federal communications policy.²¹ If the transaction does not violate a statute or rule, the FCC considers whether it could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Communications Act or related statutes.²² The potential public interest harms of the transaction, if any, are weighed by the FCC against potential benefits.²³ The Applicants are required to demonstrate by a preponderance of the evidence that the proposed transaction, on balance, will serve the public interest.²⁴ The FCC's analysis is transaction-specific, focusing on the particular benefits and harms of the

¹⁹ 47 U.S.C. §§ 214(a), 310(d).

²⁰ *Id.*

²¹ See, e.g., Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corporation, *Memorandum Opinion and Order*, 19 FCC Rcd 21522, 21542-43, ¶ 40 (2004) (“AT&T/Cingular Order”); Applications of AT&T Inc. and Centennial Communications Corp., *Memorandum Opinion and Order*, 24 FCC Rcd 13915, 13927, ¶ 27 (2009) (“AT&T/Centennial Order”); Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC, *Memorandum Opinion and Order and Declaratory Ruling*, 23 FCC Rcd 17444, 17460-61, ¶ 26 (2008) (“Verizon Wireless/ALLTEL Order”).

²² See, e.g., *Sprint/Clearwire Order*, 23 FCC Rcd at 17578-79, ¶ 19; *Verizon Wireless/ALLTEL Order*, 23 FCC Rcd at 17460-61, ¶ 26.

²³ See, e.g., AT&T Inc. and BellSouth Corporation, Application for Transfer of Control, *Memorandum Opinion and Order*, 22 FCC Rcd 5662, ¶ 19 (2007) (“AT&T/BellSouth Order”); *Sprint/Clearwire Order*, ¶ 19; *AT&T/Cingular Order*, 19 FCC Rcd at 21542-43, ¶ 40.

²⁴ See, e.g., *AT&T/Cingular Order*, 19 FCC Rcd at 21542-43, ¶ 40; *Verizon Wireless/ALLTEL Order*, 23 FCC Rcd at 17460-61, ¶ 26; *Sprint/Clearwire Order*, 23 FCC Rcd at 17578-79, ¶ 19.

transaction before it, and the FCC has held consistently that it is improper to consider broader industry concerns or matters that are unrelated to the FCC’s own jurisdiction in transaction proceedings.²⁵

The scope of the FCC’s review is governed by Section 310(d), which requires the FCC to dispose of the transfer application “as if the proposed transferee...were making an application under Section 308 for the permit or license in question.”²⁶ The FCC is not permitted to consider how the public interest, convenience, or necessity would be served by transferring the permit or license to an entity other than the proposed transferee.²⁷

Typically, the FCC begins by examining the transferor’s and transferee’s qualifications to hold FCC licenses.²⁸ The FCC has repeatedly affirmed the qualifications of Sprint to be an FCC licensee.²⁹ In addition, as set forth in the certifications in the applications and subject to grant of the Petition for Declaratory Ruling under Section 310(b)(4) of the Communications Act, the

²⁵ See, e.g., *AT&T/BellSouth Order*, 22 FCC Rcd at 5692, n.154; Applications of Celco Partnership d/b/a Verizon Wireless and SpectrumCo LLC and Cox TMI, LLC, *Memorandum Opinion and Order and Declaratory Ruling*, 27 FCC Rcd 10698, 10733-34, ¶ 94 (2012) (rejecting requested relief because the claimed harms “are not transaction-specific and the Commission generally will not impose conditions to remedy pre-existing harms unrelated to the transaction at issue”).

²⁶ 47 U.S.C. § 310(d); see also *AT&T/Cingular Order*, 19 FCC Rcd at 21542-43, n.163; Applications of VoiceStream Wireless Corporation or Omnipoint Corporation, Transferors, and VoiceStream Wireless Holding Company, Cook Inlet/VS GSM II PCS, LLC, or Cook Inlet/VS GSM III PCS, LLC, Transferees, *Memorandum Opinion and Order*, 15 FCC Rcd 3341, 3345-46, ¶ 10 (2000).

²⁷ 47 U.S.C. § 310(d).

²⁸ See, e.g., Applications of VoiceStream Wireless Corp., Powertel, Inc. and Deutsche Telekom AG, *Memorandum Opinion and Order*, 16 FCC Rcd 9779, 9790, ¶ 19 (2001).

²⁹ See, e.g., *Sprint/Clearwire Order*, 23 FCC Rcd at 17582-83, ¶ 23. The FCC generally does not “reevaluate the qualifications of transferors unless issues related to basic qualifications have been designated for hearing by the Commission or have been sufficiently raised in petitions to warrant the designation of a hearing.” *AT&T/Cingular Order*, 19 FCC Rcd at 21546, ¶ 44 (footnote omitted).

record will demonstrate that SoftBank is fully qualified to hold FCC licenses. SoftBank’s financial resources and experience in prudently and successfully operating and growing wireline and wireless services in Japan well qualify it to enter the U.S. wireless market through its investment in Sprint.

In this submission, the Applicants demonstrate that the proposed transaction will greatly benefit consumers and promote competition. The transaction will generate substantial public interest benefits without causing any competitive or public interest harms. The proposed transaction will not violate the Communications Act or any FCC rules or policies. Accordingly, the FCC should approve the instant applications without delay and without conditions.

III. THE PROPOSED TRANSACTION WILL BENEFIT CONSUMERS BY INVIGORATING WIRELESS COMPETITION AND PROMOTING BROADBAND INNOVATION AND DEPLOYMENT

A. The Proposed Transaction Will Promote Greater Competition, Particularly Given SoftBank’s Record of Successfully Challenging Large Incumbent Rivals by Offering Innovative Services and Lower Rates

“Congress has determined that additional competition in telecommunications markets will better serve the public interest”³⁰ In assessing whether a proposed transaction will promote the public interest, the FCC considers “whether the merger will accelerate the decline of market power by dominant firms in the relevant communications markets and the merger’s effect on future competition.”³¹

The proposed SoftBank/Sprint transaction will help achieve this public interest objective by making Sprint a more effective competitor to Verizon and AT&T. The transaction is

³⁰ Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, *Memorandum Opinion and Order*, 15 FCC Rcd 14032, 14046-47, ¶ 23 (2000) (“Bell Atlantic/GTE Order”).

³¹ *AT&T/Cingular Order*, 19 FCC Rcd at 21544-45, ¶ 42 (footnote omitted); *see also, e.g.*, *Bell Atlantic/GTE Order*, 15 FCC Rcd at 14046-47, ¶ 23.

designed to enable Sprint to take advantage of an \$8 billion capital infusion, scale efficiencies, 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 should thus be able to compete more aggressively with Verizon and AT&T. 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.

SoftBank has a proven record of invigorating competition against large incumbent providers. SoftBank’s fundamental approach has been, first and foremost, to understand the needs and desires of consumers. As one analyst has observed, “SoftBank excels at grasping new consumer needs and incorporating them into its service offerings.”³² SoftBank’s success includes reinvigorating Japan Telecom, which SoftBank acquired in 2004, and its more recent turnaround of WILLCOM, a Japanese wireless provider that is in the process of rehabilitation under the Japanese Corporate Rehabilitation Law and whose equity is 100 percent owned by SoftBank.³³ Through SoftBank’s support, WILLCOM’s subscribership has increased more than 30 percent since 2010. SoftBank’s biggest and most relevant success, however, is its 2006 acquisition of Vodafone’s Japanese wireless operations, Vodafone K.K.

SoftBank faced formidable odds by entering a Japanese wireless marketplace that was dominated by the wireless operations of the country’s two largest providers, DoCoMo, an affiliate of the incumbent monopoly provider of wireline services in Japan, and KDDI, which grew out of Japan’s long-time monopoly international voice service provider and provides

³² Kenji Nishimura, “SoftBank: Initiate with Buy: Mobile portal site key to boosting growth,” Deutsche Securities Inc., at 7 (Feb. 8 2008) (“Deutsche Feb. 2008”).

³³ Although SoftBank owns 100 percent of the shares issued by WILLCOM, SoftBank does not have effective control of the company and therefore SoftBank does not treat WILLCOM as a subsidiary by SoftBank.

wireless service under the *au* brand name. At the time of SoftBank’s acquisition of Vodafone K.K., DoCoMo’s and KDDI *au*’s combined share of the Japanese wireless market was approximately 80 percent, even greater than AT&T’s and Verizon’s combined share of U.S. wireless customers.³⁴ Additionally, DoCoMo and KDDI had substantial first-mover advantages in terms of the quantity and nature of their spectrum holdings, including rights to prime 800 MHz spectrum, and a large, established customer base.

SoftBank initially sought to enter the Japanese wireless market by obtaining spectrum from the Japanese regulators.³⁵ Frustrated by the obstacles it faced, SoftBank sought assistance from the United States Trade Representative (“USTR”) and the FCC to further open the Japanese wireless market to competition.³⁶ In comments filed with the FCC, SoftBank explained how the lack of effective competition in the Japanese market resulted in excessive rates for Japanese consumers and in excessive international termination rates for foreign country originated calls to the customers of the Japanese wireless carriers. SoftBank stated that, should it be granted a wireless license by the Japanese regulators, it was prepared to enter the Japanese market as “an aggressive competitor to the dominant carriers” and that it was “committed to lowering mobile rates generally.”³⁷ As explained herein, SoftBank more than lived up to these statements.

³⁴ See Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, Including Commercial Mobile Services, *Fifteenth Report*, 26 FCC Rcd 9664, 9697, ¶ 31, Table 4 (2011) (reporting Verizon’s wireless subscriber share at 31.94 percent and AT&T’s wireless subscriber share at 29.80 percent).

³⁵ SoftBank received its initial allocation of wireless spectrum in 2005. Japanese regulators, however, allocated spectrum in the 1.7 GHz band to SoftBank, while allocating the much more highly sought after “beachfront” spectrum in the 800 MHz band to DoCoMo and KDDI.

³⁶ See SoftBank BB Corporation, Comments, IB Docket No 04-398, *et al.* (filed Jan. 14, 2005) at Exhibit 1 (attaching Dec. 17, 2004 comments filed with USTR).

³⁷ *Id.* at 3.

Realizing that attempting to build a new wireless network from scratch would delay its market entry and the benefits of competition, SoftBank acquired the struggling Japanese wireless operations of Vodafone group in 2006 for approximately \$15 billion. At the time of the acquisition, Vodafone K.K. was the third largest wireless carrier in Japan, but had only a 16 percent share of the wireless market – roughly the same market share currently held by Sprint in the U.S. wireless market.³⁸ In March of 2006, the month before SoftBank’s acquisition, Vodafone K.K. was attracting only about 6 percent of new customers, with the remaining new net additional subscribers divided between DoCoMo and KDDI.³⁹

SoftBank quickly began to reverse the fortunes of Vodafone K.K., which was renamed SoftBank Mobile. SoftBank greatly improved the customer experience and turned Softbank Mobile into a vibrant competitor by (1) implementing pricing innovations, (2) enhancing product offerings, (3) investing in SoftBank Mobile’s network, and (4) providing innovative mobile Internet content.⁴⁰

1. Pricing Innovations: Installment Sale and Low Basic Rates

SoftBank’s primary strategy was to increase SoftBank Mobile’s market share by offering attractive rates and installment plans. For instance, SoftBank Mobile introduced a major pricing innovation by allowing customers to purchase handsets on an installment plan, which allows a

³⁸ Declaration of Kazuhiko Kasai, attached hereto as Attachment 3, ¶ 12 (“Kasai Declaration”).

³⁹ Through fiscal year 2005, Vodafone K.K.’s share of new net subscriber additions (“net adds”) was approximately 3.5 percent. For fiscal year 2011, SoftBank Mobile’s share of net adds was about 41 percent. *Id.* ¶¶ 12, 22.

⁴⁰ Kasai Declaration, ¶ 14. SoftBank Mobile also took various steps to improve its sales channels and its brand recognition through innovative and critically acclaimed advertising that drew attention to the uniqueness of SoftBank’s products. Kasai Declaration, ¶ 17. As a result of these and other efforts, SoftBank Mobile received the most positive consumer rating of the three major carriers in the first year after the Vodafone acquisition. Deutsche Feb. 2008 at 25.

customer to obtain a handset with no upfront payment, but instead pay a separate monthly handset fee over 24 months.⁴¹ As part of the plan, consumers received discounts on their monthly rates, effectively offsetting some or all of the installment payments for the device, depending on the cost of the device.⁴² For many customers, the amount of the discount fully offset the monthly installment payment, effectively enabling the customer to obtain the phone for free. The plan proved extremely popular and completely changed how Japanese consumers bought handsets.⁴³

Another SoftBank pricing innovation was the “White Plan,” a new basic rate plan introduced in January 2007 that reduced basic monthly rates to levels far below those being charged by DoCoMo or KDDI.⁴⁴ SoftBank Mobile also initiated free calling among SoftBank Mobile customers between the hours of 1 a.m. and 9 p.m., and developed a heavily discounted student plan.⁴⁵ To facilitate the use of its free on-net calling plan, SoftBank Mobile sold mobile phones that used a different dial tone when the person being called was also a SoftBank Mobile user.⁴⁶

⁴¹ Kasai Declaration, ¶ 15.

⁴² *Id.*

⁴³ *Id.*; Nathan Ramler, “SoftBank: Business looks good but expensive,” Macquarie Group Ltd., at 5 (Aug. 27, 2009) (“Macquarie August 2007”) (SoftBank “reinvented the mobile industry in Japan by shifting the consumption model away from high handset subsidies and high tariffs to a mix of tariff and handset payment plans.”).

⁴⁴ Kasai Declaration, ¶ 16. Under the White Plan, SoftBank’s basic monthly rate was reduced from 2,880 yen to 980 yen. Hitoshi Hayakawa, “Risks of Softbank Mobile’s price cut,” Credit Suisse (Jan. 10, 2007). *See also* Hironori Tanaka, “Softbank: Big P&L Improvement; Next We Look for Better Cashflow,” Morgan Stanley Japan Securities Co., Ltd., at 7 (Mar. 2, 2007) (“Morgan Stanley Mar. 2007”); Steve Scruton and Neale Anderson, “Softbank Corp (9984): Reiterate U/W as mobile share and DSL subs fail to grow,” HSBC Bank plc, at 5 (Jun. 11, 2007).

⁴⁵ Kasai Declaration, ¶ 16.

⁴⁶ *Id.*

SoftBank's pricing plans resulted in lower prices for all consumers, not just its own customers. SoftBank's actions forced DoCoMo and KDDI to adopt similar pricing innovations, validating SoftBank Mobile's positive impact on mobile wireless prices in Japan.⁴⁷

2. *Product Innovation and Network Enhancements*

SoftBank coupled innovative pricing plans with substantial capital investment in SoftBank Mobile's network and in new, innovative consumer devices. It sharply increased handset options available to consumers. For example, while Vodafone K.K. launched just four new handset models for the spring of 2006, SoftBank Mobile launched 14 new models in the spring of 2007.⁴⁸ In addition, SoftBank became the first provider of the iPhone in Japan in 2008.

SoftBank also invested heavily to meet its commitment to enhance the Softbank Mobile 3G network. First SoftBank upgraded the network inherited from Vodafone K.K., which had both coverage and capacity shortfalls relative to DoCoMo and KDDI. As of March 2006, Vodafone K.K. had deployed only about 21,000 base stations. SoftBank Mobile had caught up with DoCoMo and KDDI, having deployed more than 50,000 base stations by the end of March 2008.

SoftBank Mobile has continued to invest in its network. Today, SoftBank Mobile has deployed more than 195,000 base stations and small cell deployments. SoftBank Mobile has complemented this network buildout with more than 320,000 Wi-Fi hotspots, as well as through the deployment of femtocells and other in-building repeater systems that cost-effectively enable

⁴⁷ *Id.*

⁴⁸ Kasai Declaration, ¶ 18. SoftBank Mobile also developed handsets to meet the specific needs of particular consumer groups, such as phones for younger children that sharply restricted whom they could call and included an emergency alarm, and specialized wireless devices like a wireless digital picture frame that can receive and automatically display photos from other wireless devices.

customers to enjoy robust access within their homes or offices while freeing capacity on the macro cellular network.⁴⁹

3. Leading the Mobile Broadband Revolution in Japan

SoftBank also took aggressive steps to enhance mobile Internet content for SoftBank Mobile customers. In Japan, mobile phones have long played a larger role in boosting the use of devices that enable faster Internet connections than in the United States, where initial broadband adoption came largely through the use of personal computers that rely on wireline connections. SoftBank’s acquisition of Vodafone K.K. was very much an extension of the company’s wireline broadband initiatives and Internet investments. The acquisition launched SoftBank’s “strategy to link content of the upper layer of the Internet with infrastructure on the lower layer.”⁵⁰

SoftBank was an early entrant in the Internet marketplace, joining with Yahoo! Inc. (“Yahoo!”) to create Yahoo Japan Corporation (“Yahoo Japan”) in 1996.⁵¹ SoftBank today owns 42 percent of Yahoo Japan, which has been and remains Japan’s leading web portal. To facilitate mobile broadband access, one of SoftBank’s initial innovations was to equip SoftBank Mobile phones with a Yahoo button that permitted instant access to the Yahoo! Japan site.⁵² SoftBank also significantly increased content available for mobile devices offered by SoftBank

⁴⁹ *Id.* ¶ 32.

⁵⁰ Deutsche Feb. 2008 at 12.

⁵¹ SoftBank acquired approximately 5 percent of the outstanding shares of U.S. based Yahoo! Inc. in November 1995. SoftBank today holds a nominal number of Yahoo! shares.

⁵² *Id.* An analyst explained the benefit to consumers of the Yahoo! button:

Users can access Yahoo! Japan’s mobile portal site with one push of a button. Previously, accessing the Internet generally involved a series of entries, starting with pushing the “Internet” button on one’s phone, then hitting “Internet select,” “main menu,” and “search.” In effect, the Yahoo! button prefigured the one-touch access to content that characterizes modern smartphones.

Id.

Mobile and “re-engineered” the user interface to show more content on the device screen in a manner totally new on a Japanese “keitai.”⁵³ Among other offerings, SoftBank Mobile introduced new mobile Internet content services for music and videos and made them easily available to users.⁵⁴

SoftBank’s emphasis on the mobile Internet perfectly positioned it to become Japan’s first wireless company to offer the Apple iPhone in 2008. SoftBank’s competitors, DoCoMo and KDDI, chose not to offer the Apple iPhone, concerned that it lacked features Japanese consumers had come to expect from their “keitai.”⁵⁵ They were thus concerned that the iPhone would not be attractive to Japanese consumers. SoftBank, on the other hand, readily grasped the significance of the Apple iPhone as a method to access the Internet. Unlike its larger rivals, SoftBank understood that smartphones were really mobile “Internet machines,” and had the potential to change people’s lives.⁵⁶

⁵³ “Keitai” is the Japanese term for a feature phone.

⁵⁴ Kasai Declaration, ¶ 21.

⁵⁵ There has been unique evolution of mobile devices and mobile content in Japan that is captured by the phrase “Galapagos Keitai” or “gala-kei” – a reference to the distinct evolutionary process on the Galapagos Islands. See, e.g., Daisuke Wakabayashi, *Digits Blog: Japan’s ‘Galapagos’ Mobile Dilemma*, WALL STREET JOURNAL, available at <http://blogs.wsj.com/digits/2012/08/16/japans-galapagos-mobile-dilemma/> (Aug. 16, 2012); Don Fujiwara, *Japanese Keitai Culture: Galapagos Now!*, PIPELINE, available at http://www.pipelinepub.com/0112/OSS_BSS/Japans-Mobile-Landscape-1.php (Jan. 2012) (“Keitai Culture”), For many years Japanese feature phones or “keitai” “filled roles Westerners typically ascribe to PCs.” *Keitai Culture*. Keitais incorporated many features like address books, schedulers, cameras, and games unique to the Japanese phones. DoCoMo, for example, had developed a mobile internet browser, the i-mode, that enabled web browsing but only for websites specifically tailored for the i-mode platform. See *id.* The iPhone offered a much more robust browser capability.

⁵⁶ Kasai Declaration, ¶ 19.

4. *Invigorating Competition in Japan – And in the United States*

Japanese consumers responded to SoftBank Mobile’s marketplace initiatives by switching to the newly-energized carrier. In just over a year, by May 2007, SoftBank Mobile was capturing a larger share of net new customers than either DoCoMo or KDDI, and it was also the carrier gaining the largest share of net additions in fiscal years 2007, 2008, 2010, and 2011.⁵⁷ SoftBank Mobile’s share of net subscriber additions increased from about 3.5 percent in fiscal year 2005 to approximately 41 percent in fiscal year 2011.⁵⁸ SoftBank’s impressive reversal of Vodafone K.K.’s wireless operations is reflected in various metrics. For example, net subscriber additions jumped from 200,000 in fiscal year 2005 under Vodafone K.K. to 2.7 million in fiscal year 2007 under SoftBank. Within two years of the acquisition, SoftBank stemmed declining service revenues by increasing customers and data revenue per user and has now generated positive revenue growth every year since fiscal year 2008, and greatly improved earnings margins, increasing yearly EBITDA margins.⁵⁹ Along with growth in subscribers and revenue, SoftBank Mobile also more than doubled its workforce.⁶⁰

The SoftBank/Sprint transaction offers a similar opportunity to reinvigorate the U.S. wireless marketplace. Like Japan in 2006, the U.S. wireless marketplace is dominated by two large incumbent wireline affiliates whose competitors are hampered by capital constraints and

⁵⁷ Kasai Declaration, ¶ 22.

⁵⁸ *Id.* Deutsche Bank wrote: “[SoftBank] has firmly established its image as a low-cost carrier through a succession of discount plans, improved its brand image via the media, introduced a strong lineup of advanced handsets ahead of its peers, and created a Super Bonus plan that allows consumers to procure those handsets without undue expense.” Deutsche Bank Feb. 2008 at 17.

⁵⁹ Kasai Declaration, ¶ 22.

⁶⁰ *Id.* ¶ 22. In 2006, there were 2,686 full-time employees at SoftBank Mobile. In 2011, this number had increased to 6,602.

relative lack of scale. As in Japan, SoftBank’s investment and resources can transform a U.S. marketplace trending toward a duopoly to one characterized by aggressive competition created by a stronger provider.⁶¹ Although the precise strategies to be used remain to be determined, competition should lead to greater price competition, better service, and more innovation for consumers. The proposed SoftBank/Sprint transaction will thus serve the public interest by increasing the competitiveness of the wireless marketplace as a whole and in particular by creating a stronger national challenger to Verizon and AT&T. The FCC has on numerous occasions found transactions to be in the public interest when they increased competition with larger competitors.⁶²

B. The Proposed Transaction Will Promote Wireless Broadband Service and Innovation

Promoting the deployment of broadband infrastructure and service is one of the FCC’s highest priorities. As the FCC’s National Broadband Plan stated,

Broadband is the great infrastructure challenge of the early 21st century. ... [It] is a foundation for economic growth, job creation, global competitiveness and a better way of life. It is enabling entire new industries and unlocking vast new possibilities for existing ones. It is changing how we educate children, deliver

⁶¹ See Tero Kuittinen, “U.S. Consumers Need Softbank to Buy Sprint, *FORBES* (Oct. 11, 2012) (SoftBank investment in Sprint “could have a profound impact on the U.S. mobile market” given SoftBank’s track record in challenging large incumbent providers in Japan).

⁶² See, e.g., Applications filed by Global Crossing Limited and Level 3 Communications, Inc., *Memorandum Opinion and Order and Declaratory Ruling*, 26 FCC Rcd 14056, 14071, ¶ 44 (IB and WCB 2011) (approving merger of Global Crossing and Level 3 and finding that merger “is likely to lead to significant synergies and enhanced competition against similar providers, including some of the largest providers in the U.S. market”); BRH Holdings GP, Ltd., Transferor and EchoStar Corporation, Transferee, *Memorandum Opinion and Order*, 26 FCC Rcd 7976, 7981, ¶ 14 (IB 2011) (granting application to transfer control of Hughes Communications to EchoStar and finding that the proposed transaction could increase satellite capacity and facilitate the applicants’ ability to offer bundled services, which in turn “could result in increased competition to terrestrial multichannel video programming distribution providers, such as Comcast and Verizon, which offer bundled services”).

health care, manage energy, ensure public safety, engage government, and access, organize and disseminate knowledge.⁶³

The proposed transaction will further the FCC's broadband goals by providing Sprint greater financial resources, scale economies, and expertise to deploy wireless broadband service more aggressively and offer consumers innovative new mobile Internet services and applications.

1. The Proposed Transaction Will Provide Sprint the Financial Resources to Accelerate and Expand Its Broadband Deployment

The proposed transaction will provide an \$8 billion capital infusion that Sprint can use to increase investment in its network and improve wireless broadband service to its consumers.⁶⁴

Without the transaction, Sprint is likely to face significantly greater challenges in raising capital. Sprint has incurred substantial indebtedness to finance its operations and invest in its business, and as a result is highly leveraged.⁶⁵ Thus, Sprint currently faces higher borrowing costs than its competitors and debt service requirements that are significant in relation to its revenues and cash flow.⁶⁶

AT&T and Verizon each are far less leveraged, enjoy much higher cash flows than Sprint, and have considerably greater access to, and a lower cost of, capital. With these advantages, both Bell companies are on their way toward implementing multi-billion dollar

⁶³ FCC, CONNECTING AMERICA: THE NATIONAL BROADBAND PLAN, Executive Summary at 1 (2009), available at <http://www.broadband.gov/plan/> (last visited Nov. 13, 2012).

⁶⁴ Of the \$8 billion capital infusion, \$3.1 billion has already been provided to Sprint in the form of convertible debt, and \$4.9 billion will be provided at the time the proposed transaction closes upon obtaining regulatory and shareholder approvals. *See supra* n.10.

⁶⁵ As of December 31, 2011, the carrying value of Sprint's total debt was approximately \$20.3 billion. *See* Sprint Nextel Corp., SEC Form 10-K, at 17 (Feb. 27, 2012).

⁶⁶ *Id.*

investment programs to deploy LTE service throughout their network footprints.⁶⁷ These carriers possess tremendous advantages in spectrum portfolios that permit 10x10 MHz (or potentially greater) LTE deployments. As explained in the attached Declaration of Stephen J. Bye, Sprint's Chief Technology Officer and Senior Vice President of Technology Development and Corporate Strategy, to remain competitive, Sprint must continue to respond with its own broadband investment program.⁶⁸

Sprint already has taken an important step in initiating LTE deployment by implementing Network Vision, a multi-year, \$4 billion infrastructure initiative that will reduce operating costs and enhance network flexibility for deploying LTE and other broadband technology.⁶⁹ The proposed SoftBank transaction provides Sprint the financial resources needed to expand and accelerate its broadband investment program. Sprint intends to invest part of SoftBank's \$8 billion capital infusion in its broadband network, with the rest intended to improve Sprint's balance sheet and remain available for future strategic purposes. A stronger balance sheet will

⁶⁷ AT&T recently announced that it will invest an additional \$14 billion over the next three years to expand and enhance its wireless and wireline broadband networks. The additional investment includes \$8 billion for AT&T's wireless initiatives, such as expanding its LTE network to cover 300 million Americans by the end of 2014. Counting this additional investment, AT&T's total capital spending will be approximately \$22 billion for each of next three years. AT&T's CEO stated that, “[w]ith our strong balance sheet, these capital investments are manageable.” Press Release, AT&T Inc., AT&T to Invest \$14 Billion to Significantly Expand Wireless and Wireline Broadband Networks, Support Future IP Data Growth and New Services (Nov. 7, 2012), available at <http://www.att.com/gen/press-room?pid=23506&cdvn=news&newsarticleid=35661>. Verizon is similarly implementing a multi-billion dollar investment program to upgrade to LTE technology throughout its nationwide footprint. *See* Verizon Wireless, LTE Information Center, available at <http://news.verizonwireless.com/LTE/Overview.html> (last visited Nov. 13, 2012).

⁶⁸ Declaration of Stephen J. Bye, attached hereto as Attachment 4, ¶ 6 (“Bye Declaration”).

⁶⁹ *See* Press Release, Sprint Nextel Corp., “Sprint Nextel Reports Third Quarter 2012 Results,” at 2 (Oct. 25, 2012), available at http://newsroom.sprint.com/article_display.cfm?article_id=2440 (as of end of the third quarter, Sprint had deployed 4G LTE in 32 cities, with 115 additional markets expected in the coming months).

mean greater financial stability and lower borrowing costs.⁷⁰ With lower borrowing costs, Sprint expects to be able to raise additional capital to improve broadband service to customers.

Sprint is currently deploying LTE technology in its 1.9 GHz PCS G Block (1910-1915/1990-1995 MHz) spectrum, with the expectation that in most markets this deployment will be followed by the roll-out of LTE in other portions of Sprint's spectrum holdings.⁷¹ The proposed transaction can enable Sprint to accelerate this deployment by introducing LTE more rapidly in these various bands and in more markets.⁷² In addition, with the financial resources provided by the SoftBank transaction, Sprint expects to expand the capacity of its broadband network by deploying more LTE cell sites in high-traffic areas and small cells to increase capacity, speed, and network reliability.⁷³ As the FCC has found previously, capital investment that results in such expanded infrastructure and improved service to customers serves the public interest.⁷⁴

⁷⁰ Bye Declaration, ¶ 7.

⁷¹ Bye Declaration, ¶ 8.

⁷² *Id.*

⁷³ *Id.*

⁷⁴ See, e.g., Applications filed by Qwest Communications International Inc. and CenturyTel, Inc. d/b/a CenturyLink, *Memorandum Opinion and Order*, 26 FCC Rcd 4194, 4195-96, ¶ 2 (2011) (finding transaction to be in the public interest because, along with other factors, it would provide applicant a “strengthened financial position” to expand broadband deployment); Iridium Holdings LLC and Iridium Carrier, Holdings LLC, Transferors and GHL Acquisition Corp., Transferee, *Memorandum Opinion and Order and Declaratory Ruling*, 24 FCC Rcd 10725, 10735-36, ¶¶ 25-26 (IB 2009) (transaction would result in public interest benefits by strengthening applicant financially “and leave it better positioned to raise capital necessary to develop, launch and operate” new services); Applications for the Assignment of License from Denali PCS, L.L.C. to Alaska DigiTel, L.L.C. and the Transfer of Control of Interests in Alaska DigiTel, L.L.C. to General Communication, Inc., *Memorandum Opinion and Order*, 21 FCC Rcd 14863, 14867, ¶¶ 7, 14910-11, ¶¶ 114-16 (2006) (finding that transaction may result in public interest benefits where it provided infusion of capital and increased resources to allow applicant to improve services to the public and compete more effectively against two larger providers); Sprint Corporation, *Declaratory Ruling and Order*, 11 FCC Rcd 1850, 1863, ¶ 82 (1996) (“We

2. *The Proposed Transaction Will Allow Sprint to Leverage SoftBank's Expertise and Best Practices as One of the World's Leading Mobile Internet Companies*

The proposed transaction provides Sprint far more than additional capital resources. Sprint can also draw on the expertise and resources SoftBank has developed as one of the world's leading mobile Internet investors and innovators. As described above, SoftBank Mobile has been one of the most innovative carriers in Japan, offering pro-consumer pricing plans, reinventing business processes and offering new and exciting products tailored to consumer needs and desires. Although Sprint's market initiatives would be tailored to the particular circumstances of the U.S. marketplace, SoftBank and Sprint anticipate taking a similarly innovative and pro-consumer approach in the United States.⁷⁵ These innovations will focus on consumer needs and desires and will seek to differentiate Sprint's service from its competitors.

A key part of these efforts will be to enhance consumer access to mobile Internet content and applications. Sprint expects to take advantage of SoftBank's mobile Internet expertise and investments to offer U.S. consumers a range of new services, such as mobile commerce, gaming, and video and music content over an enhanced wireless broadband network. The transaction should thus promote innovative new services that will greatly benefit the U.S. consumer.⁷⁶ Leveraging SoftBank's expertise and investments in mobile Internet innovations will help Sprint compete more effectively against its larger rivals, which have their own technology venture capital funds.⁷⁷

agree with Sprint that this capital infusion to its wireless activities is an important procompetitive effect of the proposed transaction.”).

⁷⁵ See Bye Declaration, ¶¶ 16-17; Kasai Declaration, ¶¶ 26-28.

⁷⁶ Bye Declaration, ¶ 17.

⁷⁷ *Id.*

Sprint and U.S. consumers can also benefit from SoftBank's technical expertise in deploying 4G broadband network technology. For example, as described above, SoftBank has deployed thousands of Wi-Fi hotspots and other small cell technologies to boost capacity in the SoftBank Mobile network. SoftBank's technology leadership is reflected in the performance of the wireless services it provides. It currently provides the fastest 4G service in Japan, with average downlink speeds of 18.2 Mbps in the heavily congested Tokyo area,⁷⁸ substantially faster than its Japanese rivals.

3. *The Proposed Transaction Will Produce Scale Economies That Will Promote Broadband Innovation for Consumers*

As explained in the Bye Declaration, the mobile technology ecosystem has become truly global in scope, as vendors and manufacturers design and manufacture devices and mobile applications for sale throughout the world.⁷⁹ Verizon and AT&T are major players in this global ecosystem because of their large number of subscribers. They each have approximately 100 million U.S. subscribers. Verizon's U.S. scale is magnified by the 400 million worldwide subscribers of Vodafone, a major investor in Verizon, and AT&T's scale is enhanced by the fact that it uses GSM technology, the predominant network technology in the world.⁸⁰ The size of these global players gives them significant influence in the technology ecosystem; for example, their size helps them gain priority from technology vendors in developing new handsets and chipsets that operate on their particular spectrum bands and including features that help them stand out in the marketplace.⁸¹

⁷⁸ Report issued by ICT Research & Consulting on August 28, 2012.

⁷⁹ See Bye Declaration, ¶ 10.

⁸⁰ *Id.* ¶ 11.

⁸¹ *Id.*

Sprint needs similar access to the global mobile technology ecosystem to help it compete more effectively with rival wireless providers in the U.S. Because of its current small size, Sprint has at times faced challenges in working with vendors to develop equipment and devices to implement Sprint’s broadband plans.⁸² The proposed transaction is expected to help Sprint overcome these challenges given that, post-transaction, SoftBank’s wireless services in the United States and Japan will have a total of approximately 92 million subscribers. This larger subscriber scale should help SoftBank/Sprint increase the combined company’s profile in the global technology ecosystem and thereby obtain higher vendor prioritization in the “roadmap” for designing and developing mobile technology. By providing Sprint a subscriber scale similar to its larger wireless competitors, the proposed transaction is intended to enable Sprint to provide its customers, on a timely basis, cost-competitive and cutting-edge handsets and innovations necessary to compete more aggressively against these larger rivals.⁸³ The transaction will thus promote competition and help Sprint satisfy consumer demand for new, innovative handset features and services.

As a higher volume purchaser of handsets and broadband technologies, SoftBank and Sprint will be able to offer handset vendors and mobile application developers a more attractive partner for developing new devices and service innovations. Vendors and developers should have strong incentives to design and innovate for a platform that reaches approximately 92 million subscribers, thereby helping to address the scale advantages Verizon and AT&T enjoy

⁸² *Id.* ¶ 12.

⁸³ *Id.* ¶ 13.

today and fostering greater innovation and competition in the mobile device ecosystem that exists today.⁸⁴

IV. THE PROPOSED TRANSACTION WILL HAVE NO ADVERSE COMPETITIVE EFFECTS OR OTHER PUBLIC INTEREST HARMS

The proposed transaction will have no adverse competitive effects. Sprint and SoftBank are not wireless competitors today, and SoftBank’s acquisition of an approximately 70 percent interest in Sprint will not diminish wireless competition in any respect. The transaction will not increase horizontal market concentration given that SoftBank has no attributable interests in any U.S. wireless carriers. Thus, neither of the tests the FCC applies to assess the potential for competitive harm, increased market concentration or spectrum aggregation, is implicated. As the FCC has stated, “[t]ransactions that do not significantly increase concentration or do not result in a concentrated market ordinarily require no further analysis of their horizontal impact.”⁸⁵

The proposed transaction raises no spectrum aggregation concerns. The transaction will not increase Sprint’s or Clearwire’s spectrum holdings, as SoftBank holds no attributable interest in U.S. spectrum licenses or leases. Clearwire’s spectrum holdings are already fully attributed to Sprint, with the FCC having found in its 2008 *Sprint – Clearwire Order* that Sprint’s ownership interest in Clearwire serves the public interest.⁸⁶ More generally, the FCC’s 2008 order found that the merger of the Sprint and Clearwire 2.5 GHz licenses, authorizations, leases and related assets into “New Clearwire,” and Sprint’s 51 percent interest in New Clearwire, would not cause competitive harm and would serve the public interest.⁸⁷ SoftBank’s acquisition of indirect *de*

⁸⁴ *Id.* ¶ 14.

⁸⁵ *AT&T/Centennial Order*, 24 FCC Rcd at 13931, ¶ 34.

⁸⁶ *See Sprint/Clearwire Order*, 23 FCC Rcd at 17572, ¶ 3.

⁸⁷ *Id.* at 17572, ¶ 3, 17619 ¶¶ 124, 127.

jure control of Clearwire through its Sprint investment does not affect these public interest findings, which hold true today and do not require reexamination.

The proposed transaction will also have no adverse impact Sprint's commitment to carry out the FCC's 800 MHz band reconfiguration program, which, among other things, will virtually eliminate the risk of commercial-public safety interference in the 800 MHz Land Mobile Radio band.⁸⁸ Sprint has worked diligently to implement the FCC's 800 MHz reconfiguration program.⁸⁹ Post-closing, SoftBank and Sprint will remain fully committed to satisfying Sprint's reconfiguration obligations as set forth in the FCC's rules and policies and successfully concluding this project.

V. ADDITIONAL MATTERS

A. Request for Procedural Considerations

1. Request for Approval of Additional Authorizations

The applications being filed are intended to list all FCC licenses, authorizations and spectrum leases held by Sprint and/or Clearwire and their subsidiaries. However, Sprint and/or Clearwire and their subsidiaries may have on file, or may hereafter file, additional requests for authorizations for new or modified facilities which may be granted while the transfer of control applications are still pending, or they may enter into new spectrum leases before the FCC acts on these applications. Accordingly, the Applicants request that the FCC's order granting the transfer of control applications include the authority for Starburst II to acquire control of (1) any

⁸⁸ See Improving Public Safety Communications in the 800 MHz Band, *Report and Order*, 19 FCC Rcd 14969 (2004).

⁸⁹ Sprint recently reported that over 99 percent of all necessary Frequency Reconfiguration Agreements between 800 MHz licensees and Sprint have been signed, that over 85 percent of the 800 MHz non-border area licensees have retuned and that 14 National Public Safety Public Advisory Committee Regions are complete. See Letter from Lawrence R. Krevor and James B. Goldstein, Sprint Nextel Corporation, to David Furth, Deputy Bureau Chief, Public Safety and Homeland Security Bureau, FCC, WT Docket 02-55 (Nov. 1, 2012).

license or authorization issued to Sprint and/or Clearwire or their subsidiaries during the FCC's consideration of the transfer of control applications or during the period required for consummation of the transaction following approval; (2) any applications or lease notifications that are pending at the time of consummation; and (3) any leases of spectrum that Sprint and/or Clearwire and their subsidiaries enter into while this transaction is pending before the FCC or the period required for consummation. Such action would be consistent with prior FCC decisions.

In addition, the Applicants ask that FCC approval include any licenses, spectrum leases and authorizations that may have been inadvertently omitted from the applications and related filings.

2. *Exemption from Cut-off Rules*

Pursuant to Sections 1.927(h), 1.929(a)(2), 1.933(b), and 25.116(b)(4) of the FCC's rules, and to the extent necessary, the Applicants request a blanket exemption from any applicable cut-off rules in cases where Sprint and/or Clearwire and their subsidiaries file amendments to pending applications to reflect the change in the ultimate ownership of the licenses and authorizations related to this transfer of control. Specifically, the Applicants request that amendments reporting a change in ownership not be treated as major amendments that require a second public notice for still-pending applications. The scope of the transaction demonstrates that the ownership changes would not be made for the acquisition of any particular pending application, but as part of a larger transaction undertaken for an independent and legitimate business purpose. Grant of this request would be consistent with previous FCC actions routinely granting a blanket exemption in cases involving multiple licenses.

3. *Unconstructed Facilities*

Nearly all of the FCC authorizations covered by the transfer of control applications involve constructed facilities. However, certain geographic-area licensed facilities in certain

services (e.g., the Enhanced Specialized Mobile Radio (“ESMR”) service, the Personal Communications Service (“PCS”), the Wireless Communications Service (“WCS”), and the Broadband Radio Service (“BRS”)), as well as certain Fixed Microwave Service licenses are authorized but not yet required to be constructed. The transfer of control of these unbuilt facilities is incidental to this transaction, with no separate payment being made for any individual authorization or facility. Accordingly, there is no reason to review the transaction from a trafficking perspective.⁹⁰

B. National Security Agreement

The Applicants recognize that the FCC will condition its grant of the transfer of control of Sprint on entry into a national security agreement between Sprint and the Department of Justice, the Federal Bureau of Investigation and the Department of Homeland Security. They have no objection to such a condition.

C. No Waivers

The Applicants are not requesting any waivers in connection with these applications other than the exemption from the cut-off rules described above.

VI. CONCLUSION

In reviewing the proposed transaction, the FCC balances the public harms of a proposed transaction against its public interest benefits.⁹¹ Under this balancing test, the FCC’s review of the instant transaction is straightforward. As demonstrated in this Public Interest Statement, SoftBank’s proposed acquisition of an approximately 70 percent interest in Sprint, as well

⁹⁰ See 47 C.F.R. § 1.948(i) (authorizing the FCC to request additional information if the transaction appears to involve unconstructed authorizations obtained for the “principal purpose of speculation”); *id.* § 101.55(c)-(d) (permitting transfers of unconstructed microwave facilities provided that they are “incidental to the sale [of] other facilities or merger of interests”).

⁹¹ *AT&T/Centennial Order*, 24 FCC Rcd at 13927, ¶ 27.

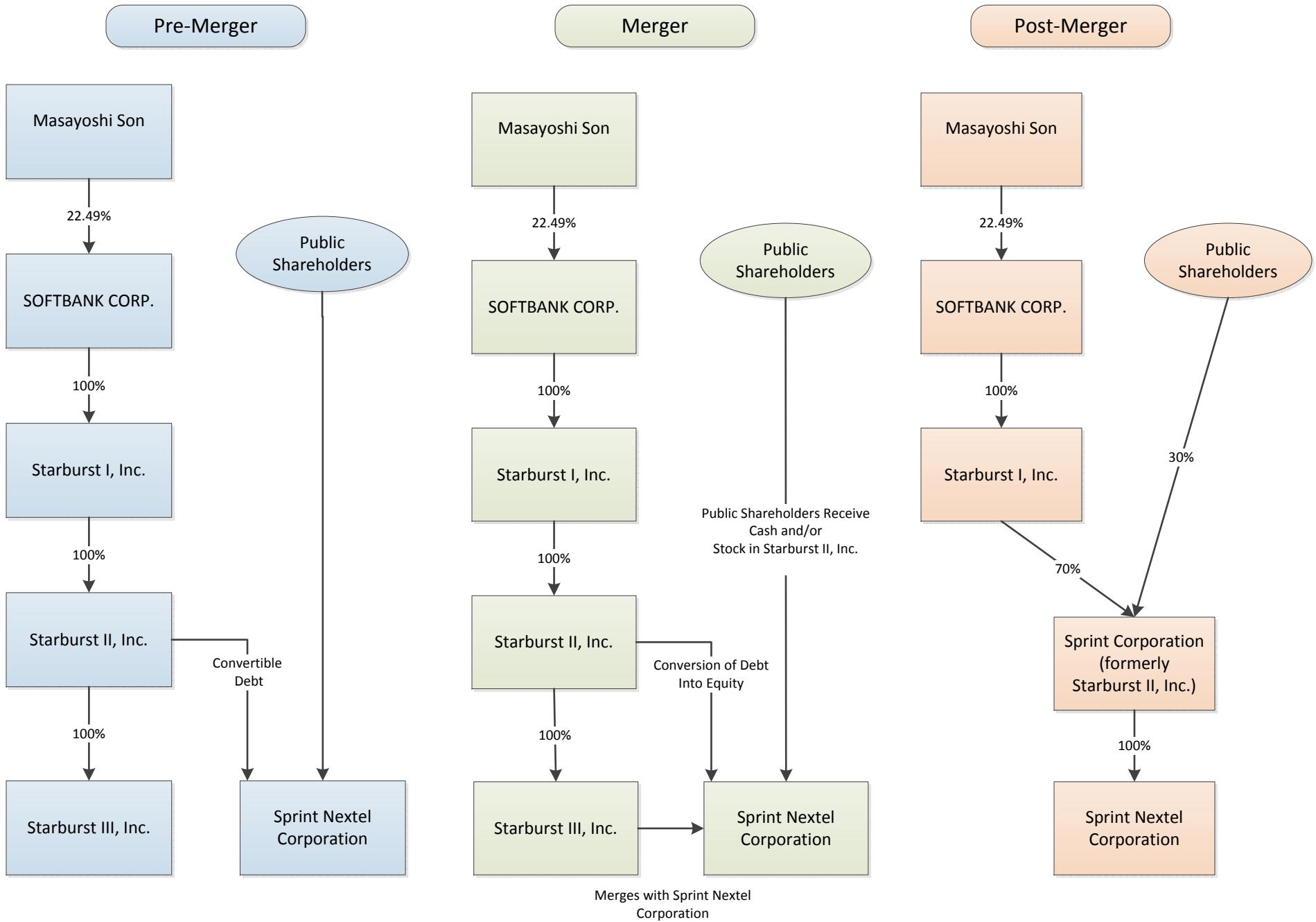
Sprint's prospective *de jure* controlling interest in Clearwire, will result in substantial public interest benefits and no public interest harms.

Sprint and SoftBank have also submitted with their applications a Petition for Declaratory Ruling to allow indirect foreign ownership of Sprint to exceed the 25 percent benchmark set forth in Section 310(b)(4) of the Communications Act. As set forth in that petition and in this Public Interest Statement, there is a strong public interest basis for permitting this level of foreign ownership.

For the foregoing reasons, and for the reasons set forth in the individual applications filed herewith, the proposed transaction complies with all applicable FCC rules, and will serve the public interest. The Applicants request that the FCC expeditiously grant its consent to the proposed transaction by granting the associated transfer of control applications and the Petition for Declaratory Ruling.

ATTACHMENT 1

Transaction Diagram



ATTACHMENT 2

Licensees Subject to

Transfer of Control

**LICENSEES, SPECTRUM LESSEES, AND AUTHORIZATION HOLDERS
SUBJECT TO THE APPLICATION FOR TRANSFER OF CONTROL FROM SPRINT
NEXTEL CORPORATION TO SOFTBANK CORP. AND STARBURST II, INC.**

Sprint Companies	
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
Unrestricted Subsidiary Funding Company	0017764242
US Telecom, Inc.	0004372843
Virgin Mobile USA, L.P.	0006901011
Washington Oregon Wireless	0003800729
WirelessCo, L.P.	0002316545

Clearwire Companies

Entity Holding Licenses and/or Authorizations	FRN
Alda Wireless Holdings, LLC	0004340436
American Telecasting Development, LLC	0001606201
American Telecasting of Anchorage, LLC	0004384632
American Telecasting of Bend, LLC	0001605674
American Telecasting of Columbus, LLC	0003775822
American Telecasting of Denver, LLC	0004357141
American Telecasting of Fort Myers, LLC	0008146763
American Telecasting of Ft. Collins, LLC	0001606284
American Telecasting of Green Bay, LLC	0004384699
American Telecasting of Lansing, LLC	0003775418
American Telecasting of Lincoln, LLC	0004357166
American Telecasting of Little Rock, LLC	0004384731
American Telecasting of Louisville, LLC	0004384236
American Telecasting of Medford, LLC	0001605740
American Telecasting of Michiana, LLC	0003790797
American Telecasting of Monterey, LLC	0001606268
American Telecasting of Redding, LLC	0004357182
American Telecasting of Santa Barbara, LLC	0008146995
American Telecasting of Seattle, LLC	0004346003
American Telecasting of Sheridan, LLC	0004907267
American Telecasting of Yuba City, LLC	0004922985
ATI Sub, LLC	0017806043
ATL MDS, LLC	0017700493
Bay Area Cablevision, LLC	0004357208
Broadcast Cable, LLC	0003790771
Clearwire Hawaii Partners Spectrum LLC	0015526551
Clearwire Spectrum Holdings II LLC	0015316904
Clearwire Spectrum Holdings III, LLC	0018399998
CLEARWIRE SPECTRUM HOLDINGS LLC	0013892427
FIXED WIRELESS HOLDINGS, LLC	0010490498
FRESNO MMDS ASSOCIATES, LLC	0004357232
KENNEWICK LICENSING, LLC	0004927430

NSAC, LLC	0003768553
PCTV Gold II, LLC	0003573672
PCTV Sub, LLC	0017806118
People's Choice TV of Albuquerque, LLC	0007033053
People's Choice TV of Houston, LLC	0008148603
People's Choice TV of St. Louis, LLC	0008150286
SCC X LLC	0017700527
SpeedChoice of Detroit LLC	0008151375
SpeedChoice of Phoenix, LLC	0008151458
SPRINT (BAY AREA) LLC	0001800184
TDI Acquisition Sub, LLC	0017806084
Transworld Telecom II, LLC	0017806068
UNISON WIRELESS, INC.	0011406907
WBS of America, LLC	0017806076
WBS of Sacramento, LLC	0004927539
WBSFP Licensing LLC	0004357240
WBSY Licensing LLC	0004357273
WCOF, LLC	0017700568
Wireless Broadband Services of America, LLC	0002834505

ATTACHMENT 3

Declaration of Kazuhiko Kasai

DECLARATION OF KAZUHIKO KASAI

1. My name is Kazuhiko Kasai. I am a director of SOFTBANK CORP. (“SoftBank”). I have prepared this declaration in connection with the applications of Starburst II, Inc. (“Starburst II”) to acquire control of Sprint Nextel Corporation (“Sprint”) (collectively, the “Applications”) filed with the Federal Communications Commission (“FCC”). All of the information contained in this declaration is based on my personal knowledge and my review of SoftBank business records kept in the ordinary course of business.

2. I first became a corporate advisor to SoftBank in June 2000. I joined the board of directors of SoftBank at the same time and since then also have become a director of SOFTBANK TELECOM Corp. (in July 2004) and of SOFTBANK MOBILE Corp. (in April 2006). I continue to hold each of these positions. In my role as a director, I am responsible for matters relating to the business operations of SoftBank.

3. I have reviewed the information contained in the public interest statement associated with the Applications concerning SoftBank and its subsidiaries and, to the best of my knowledge, all of that information is correct. The remainder of this declaration addresses specific matters that are discussed in the application.

SoftBank’s Business

4. SoftBank is a diversified company that operates principally in Japan. SoftBank started as a distributor of packaged software for personal computers, but rapidly expanded and now is one of the largest companies in Japan. It has been listed on the Tokyo stock exchange since 1998.

5. Although SoftBank started as a distributor of packaged software, for many years it has concentrated on providing telecommunications and Internet services. Its Japanese operations include:

- SOFTBANK MOBILE Corp. (“SoftBank Mobile”), currently the third largest wireless carrier in Japan, with approximately 30.5 million subscribers as of September 30, 2012, and revenues of close to \$27.6 billion in the fiscal year ending on March 31, 2012;
- SOFTBANK BB Corp., which provides residential wireline broadband service to approximately 4.2 million customers;
- SOFTBANK TELECOM Corp. (“SoftBank Telecom”), which provides a direct connection voice service, known as the “OTOKU” line, to approximately 1.7 million primarily corporate subscribers in Japan; and
- Yahoo! Japan, which is the largest Internet portal in Japan and which is a joint venture with Yahoo! Inc.

6. SoftBank’s Internet investments include its interest in Yahoo Japan (currently 42 percent) and minority interests in Zygna, Inc., Gilt Groupe, Inc., and Ustream, Inc.

7. SoftBank recently entered into an agreement to purchase eAccess, Ltd. (“eAccess”), Japan’s fourth-largest wireless company. eAccess provides wireless service to 4.3 million subscribers under the EMOBILE brand.

SoftBank Operations in the United States

8. SoftBank’s only telecommunications interest in the U.S. is Japan Telecom America Inc. (“JTA”), which is a wholly owned subsidiary of SoftBank Telecom. JTA provides only limited private line services to its sole customer, SoftBank Telecom, and has no U.S. customers.

9. SoftBank has no attributable interests in any United States wireless licensees. As described in the public interest statement, SoftBank holds \$3.1 billion in convertible debt of Sprint, which was purchased in connection with the merger agreement.

10. SoftBank Telecom holds direct 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 Telecom 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. None of these interests exceeds 20 percent and SoftBank Telecom does not control any of these undersea cables or networks. 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’s Acquisition of Vodafone K.K.

11. SoftBank first became interested in providing wireless service in Japan in the first half of the last decade. SoftBank initially sought to enter the Japanese wireless market by acquiring spectrum from the Ministry of Internal Affairs and Communications. This effort included seeking the assistance of the United States Trade Representative and the FCC. The Ministry ultimately awarded spectrum in the 1.7 GHz band to SoftBank in 2005, but at the same time the Ministry awarded the more desirable 800 MHz spectrum to NTT DOCOMO (“NTT DoCoMo”) and KDDI CORPORATION (“KDDI”), the incumbent wireless providers.

12. SoftBank realized that, in light of the significant advantages that NTT DoCoMo and KDDI had as the dominant incumbents in Japan, it would have to enter the market through the purchase of an existing carrier. As a result, SoftBank negotiated an agreement to acquire the third-place carrier in Japan, then known as Vodafone K.K. for approximately \$15 billion. Vodafone K.K. was well behind both NTT DoCoMo and KDDI in the Japanese market, with a market share that had fallen to approximately 16 percent (compared to approximately 80 percent combined for the two dominant carriers).¹ Vodafone K.K. not only was lagging far behind NTT DoCoMo and KDDI in Japan, but was attracting very few new customers. Through fiscal year 2005, Vodafone K.K.’s share of new net customer additions was approximately 3.5 percent; and

¹ All market share information in this declaration includes subscribers to personal handy-phone system (“PHS”).

in March 2006, just before SoftBank acquired the company, about six percent of new wireless customers in Japan were choosing Vodafone K.K., with nearly all of the remaining new net additional subscribers going to NTT DoCoMo and KDDI.

13. SoftBank completed the purchase of Vodafone K.K. in April 2006. After the purchase, the company was renamed SoftBank Mobile.

The SoftBank Mobile Turnaround

14. SoftBank immediately began to transform SoftBank Mobile by adopting innovative pricing plans, enhancing product offerings, and investing in the wireless network, and providing innovative Internet content.

15. SoftBank's primary strategy was to increase market share by offering attractive rates and installment plans for handset purchases. One major innovation was to allow customers to purchase handsets on a 24-month installment plan, with no upfront payment, a monthly payment for the handset, and an offsetting discount on service rates that fully or partially offset the handset payment, depending on the cost of the handset. This plan was very popular, and it completely changed how Japanese consumers acquired handsets.

16. SoftBank also innovated in pricing through the introduction of the "White Plan" in January 2007. Basic rates under the White Plan were reduced far below the levels of the rates charged by NTT DoCoMo and KDDI. SoftBank Mobile also introduced free calling among SoftBank Mobile customers between 1:00 a.m. and 9:00 p.m., which was facilitated by using a different dial tone when a call to a SoftBank Mobile customer was being dialed, and developed a highly-discounted student plan. Equally important, SoftBank's innovative plans lowered mobile wireless prices for all customers in Japan, because NTT DoCoMo and KDDI were forced to adopt similar plans to respond to their new competition.

17. SoftBank also introduced attractive marketing campaigns, including innovative and critically acclaimed TV commercials that have drawn attention to the unique qualities of SoftBank's products and service offerings.

18. Next, SoftBank invested heavily in new consumer devices and network development. One of the first steps in this process was to increase handset options for consumers. (SoftBank's network development efforts are described below under the heading "SoftBank's Commitment to Network Enhancement.") Notably, while Vodafone K.K. launched just four new handsets in the spring of 2006, before SoftBank acquired control, SoftBank Mobile launched 14 new handsets in the spring of 2007. SoftBank Mobile also developed devices to meet the individual needs of specific consumer groups, something that Vodafone K.K. had not done. These devices included handsets for younger children that allowed calls only to specified numbers and included an emergency alarm, and specialized devices like a wireless digital picture frame that can receive and automatically display photos sent to it from other wireless devices.

19. SoftBank also became the first Japanese provider of the iPhone, which it launched in 2008. NTT DoCoMo and KDDI had decided not to offer the iPhone because they were concerned that it did not include features that Japanese customers expected to find in a "keitai" (the term used in Japan for what is called a feature phone in the United States) and thus would not be attractive to Japanese consumers. SoftBank, however, saw the iPhone as a mobile "Internet machine" that could change people's lives, and therefore believed it opened up a new kind of market for mobile services in Japan. SoftBank's assessment proved to be correct.

20. SoftBank also acted aggressively to enhance mobile Internet content available to SoftBank Mobile customers. This was important, because mobile phones have long played a significant role in boosting the use of devices that enable faster Internet connections in Japan.

SoftBank significantly increased the content available for mobile devices offered by SoftBank Mobile and “re-engineered” the user interface to show more content on the device screen in a way that was totally new on a Japanese keitai. In this way, the acquisition of Vodafone K.K. was an intentional extension of SoftBank’s wireline broadband initiatives and Internet investments, including its 1996 joint venture with Yahoo! Inc. to create Yahoo! Japan Corporation, which remains Japan’s leading web portal.

21. SoftBank took several specific steps to facilitate mobile broadband access. One of the earliest efforts – before the introduction of touchscreen smartphones – was to equip SoftBank Mobile phones with a button that provided direct access to Yahoo! Japan. SoftBank also committed to a wide range of mobile broadband services, including the introduction of Internet music and video services, and made those services easily available to users.

22. The impact of SoftBank’s initiatives was dramatic. In just over a year, by May 2007, SoftBank Mobile was capturing a larger share of new customers than either NTT DoCoMo or KDDI, and it also was the carrier gaining the largest share of net additions in fiscal years 2007, 2008, 2010 and 2011. In fiscal year 2011, SoftBank Mobile’s share of net customer additions in Japan was 41 percent, more than ten times Vodafone K.K.’s average share of net customer additions in 2005, and in September 2012, SoftBank Mobile captured 45 percent of net customer additions. Overall, net subscriber additions increased from 0.2 million in fiscal year 2005 to 2.7 million in fiscal year 2007. Within two years of the acquisition, SoftBank reversed Vodafone K.K.’s declining average revenue per user. SoftBank Mobile has generated positive revenue growth every year since fiscal year 2008 and greatly improved earnings margins – for instance, increasing yearly EBITDA margins. SoftBank Mobile also increased its full time employees

from 2,686 in 2006 to 6,602 in 2011. As a result, SoftBank is now poised to overtake KDDI as the second-largest mobile provider in Japan.

SoftBank's Consistent Record of Turning Around Struggling Businesses

23. SoftBank Mobile is not the only company that has benefitted from SoftBank's technical and management expertise. SoftBank has turned around other struggling Japanese businesses, including Japan Telecom and WILLCOM.

24. SoftBank purchased Japan Telecom in 2004, and renamed the company SoftBank Telecom. At the time, Japan Telecom was a moribund business with few customers and significant operating losses. Today, SoftBank's fixed line business, which includes SoftBank Telecom, has operating income of more than \$1 billion a year.

25. SoftBank obtained 100 percent of the shares in WILLCOM in 2010, when WILLCOM was about to go bankrupt. Although WILLCOM is still in the process of rehabilitation under the Japanese Corporate Rehabilitation Law, SoftBank reversed the company's decline, and today WILLCOM has approximately 4.8 million subscribers, an increase of more than 30 percent since December 2010.

Benefits to Sprint and Consumers

26. SoftBank fully intends to apply the same innovative approach it has used in Japan to invigorate Sprint's operations in the United States. Although the United States and Japanese markets are different, SoftBank is confident that the underlying philosophy of intense focus on meeting customer needs and desires through innovative products and services will succeed in any market. While specific plans will have to be tailored to the particular circumstances of the United States marketplace, that kind of focus on particular customer needs is central to how SoftBank operates.

27. One key element of SoftBank's efforts will be to enhance consumer access to mobile Internet content and applications. SoftBank has strong relationships with many of the leading developers of mobile Internet services, and a diverse portfolio of Internet company investments. Sprint will be able to leverage SoftBank's mobile Internet expertise and investments to offer U.S. consumers a wide range of services, including mobile commerce, gaming, and video and music content.

28. SoftBank also anticipates that, by combining its buying power with Sprint's buying power, it will be able to gain important benefits in the equipment marketplace. The additional scale that SoftBank and Sprint will have should allow them to negotiate the product development process with all vendors more effectively and to obtain cost-competitive and innovative handsets more quickly. Customers will benefit by obtaining access to new and more efficient technologies for the service they purchase from Sprint.

SoftBank's Commitment to Network Enhancement

29. As described above, SoftBank acquired Vodafone K.K. (subsequently renamed SoftBank Mobile) in 2006. Following the acquisition, SoftBank moved to enhance the wireless network.

30. First, SoftBank invested heavily in the SoftBank Mobile network. This was necessary because the Vodafone K.K. network had significant shortfalls when compared to the existing NTT DoCoMo and KDDI networks in 2006. For instance, as of March 2006, Vodafone K.K. had deployed only 21,000 base stations. SoftBank addressed this issue with an aggressive deployment plan, deploying more than 50,000 base stations by the end of March 2008, which allowed it catch up with both NTT DoCoMo and KDDI.

31. Second, this network investment continues. Today, SoftBank Mobile has deployed more than 195,000 base stations and small-cell facilities, not including Wi-Fi hotspots or femtocells.

32. Third, SoftBank's main network is complemented by more than 320,000 Wi-Fi hotspots, as well as through the deployment of femtocells and other in-building repeater systems that provide a cost-effective mechanism to free capacity on SoftBank's network while providing robust service within customers' homes and offices. This offloading is a key element in SoftBank's strategy in Japan.

33. As a result of SoftBank's continuous investment in its network, SoftBank Mobile now has the fastest 4G network in Japan, with an average downlink speed of 18.2 Mbps in the heavily congested Tokyo area. This is substantially faster than the speeds offered by other Japanese wireless providers.

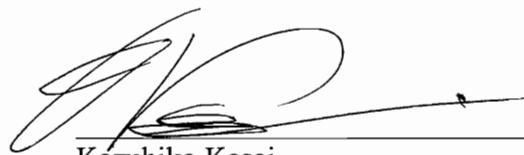
34. SoftBank's extensive experience with small cell technology will be particularly helpful as Sprint seeks to expand its capacity in high-traffic areas. SoftBank also anticipates that it will work with Sprint to help Sprint implement offloading strategies. SoftBank's extensive expertise in using offloading to manage network traffic while providing a robust broadband experience to its customers will be very useful in this effort.

[Remainder of this page intentionally left blank]

Declaration of Kazuhiko Kasai

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 __, 2012



Kazuhiko Kasai
Director, SOFTBANK CORP.

ATTACHMENT 4

Declaration of Stephen J. Bye

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)
)
 Applications of Sprint Nextel Corporation)
 Transferor) IB Docket No. _____
)
 SOFTBANK CORP., and Starburst II, Inc.,)
 Transferees)
)
 for Consent to Transfer of Control of Licenses)
 and Authorizations)

DECLARATION OF STEPHEN J. BYE

Based on my personal knowledge and on information learned in the course of my business duties, I, Stephen J. Bye, hereby declare as follows:

1. My name is Stephen J. Bye. I am employed by Sprint Nextel Corporation (“Sprint”) as Sprint’s Chief Technology Officer and Senior Vice President of Technology Development and Corporate Strategy.
2. As Sprint’s Chief Technology Officer, I am responsible for driving Sprint’s corporate and technology strategy, architecture and global standards; innovation center and the emerging technology lab; and new business and service model development. I have more than 20 years of engineering, operations, product development, business planning and marketing experience with telecom, cable and wireless service providers. Prior to joining Sprint, I was Vice President of Wireless at Cox Communications. I have also held executive positions with AT&T, inCode Wireless, BellSouth International, Optus Communications and Telstra.
3. I am submitting this declaration in support of the applications filed by Sprint and

SOFTBANK CORP. (“SoftBank”) with the Federal Communications Commission (“FCC” or “Commission”) regarding SoftBank’s proposed acquisition of an approximately 70% interest in Sprint. As explained more fully below, I believe the proposed transaction will benefit consumers by increasing wireless competition and promoting broadband service and more innovation for U.S. consumers. More specifically, the merger will give SoftBank/Sprint greater global scale to secure state-of-the-art handsets and apps that will benefit consumers. The proposed transaction also will provide Sprint a capital infusion that will improve its balance sheet and enable greater investment in its broadband network. Furthermore, Sprint anticipates drawing upon SoftBank’s successful experience as a leading mobile Internet company and in successfully challenging large, incumbent wireless operators in Japan.

4. In the absence of the proposed transaction, SoftBank and Sprint could not achieve the range of consumer benefits described below as efficiently or effectively through such mechanisms as joint ventures or arm’s length contracts. Such arrangements would be difficult and time consuming to negotiate in these circumstances and would not match the close, synergistic relationship the proposed transaction will create between SoftBank and Sprint.

The Proposed Transaction Will Stimulate Wireless Competition and Benefit Consumers by Giving Sprint a Stronger Financial Foundation

5. The proposed transaction will give Sprint a capital infusion of \$8 billion, including \$3.1 billion that has already been provided to Sprint in the form of convertible debt and \$4.9 billion that will be provided at the time the proposed transaction closes. By strengthening Sprint’s finances, the transaction will help

Sprint expand and accelerate its broadband investment program.

6. The proposed \$8 billion infusion is a substantial investment that Sprint almost certainly could not have raised through normal means in the U.S. credit markets (or could not have raised without incurring prohibitively high borrowing costs). This large capital infusion will help Sprint compete against other wireless providers, particularly the larger, better funded Bell companies. Both Verizon and AT&T are far less leveraged than Sprint and have used their higher cash flows and easier access to credit to implement multi-billion dollar investment programs to deploy Long Term Evolution (“LTE”) technology throughout their network footprints. For example, AT&T recently announced a \$14 billion investment plan to upgrade its wireless and wireline broadband networks over the next few years. To remain competitive, Sprint must respond with a similarly bold broadband investment program.
7. While Sprint has already begun to implement its Network Vision plan and to deploy LTE technology in its network, the proposed transaction will give the company the financial resources it needs to accelerate its broadband investment program while also improving its balance sheet. A stronger balance sheet not only will make Sprint more financially stable, but should also allow it to lower its borrowing costs for the foreseeable future. With lower borrowing costs, Sprint expects to be in a stronger position to raise additional capital in the future to improve broadband service to customers.
8. Sprint is currently deploying LTE technology in its 1.9 GHz PCS “G Block” (1910-1915/1990-1995 MHz) spectrum, and in most markets Sprint anticipates

that this deployment will be followed by the roll-out of LTE in other portions of Sprint's spectrum holdings. The greater financial resources provided by the proposed transaction can enable Sprint to accelerate this effort, thereby allowing LTE to be deployed in these various bands more rapidly in many markets. By giving Sprint greater financial resources, the transaction enhances Sprint's ability to deploy additional LTE cell sites in high-traffic areas and small cells to increase capacity, speed, and network reliability. Through these steps, Sprint anticipates expanding its broadband network, both in terms of geographic reach and spectrum capacity, thereby better enabling Sprint to meet the growing consumer demand for broadband service.

9. The foregoing steps should allow Sprint not only to keep pace with growing consumer demand for broadband service, but also to provide better service to consumers. A more expansive and robust network should allow consumers to enjoy significantly faster broadband connections, better network coverage, and greater choice in broadband service offerings.

The Proposed Transaction Will Create Critical Scale Economies in the Global Technology Ecosystem

10. After the proposed transaction is consummated, SoftBank and Sprint will serve a total of approximately 92 million subscribers in the United States and Japan. The broader subscriber platform of the combined company creates scale economies that can make Sprint a more efficient and effective competitor. In particular, the proposed transaction is expected to provide SoftBank/Sprint greater scale to access and influence the global mobile technology ecosystem in ways that increase competition and improve customer service. This ecosystem has become

truly *global* in nature. Wireless service has become ubiquitous across the world, with many wireless providers in different countries using the same technologies and devices. Vendors (such as Apple, Samsung, Ericsson and Qualcomm) thus design and manufacture smartphones, feature phones, chipsets, network infrastructure and mobile apps for use by consumers and business customers all over the world, not just in the United States.

11. Verizon and AT&T are major players in this global ecosystem because they each have a large number of subscribers. Verizon has approximately 100 million U.S. subscribers, but its subscriber scale is dramatically larger when it is combined with the 400 million worldwide mobile customers served by Vodafone, a major investor in Verizon (this 400 million subscriber figure does not include Verizon's U.S. subscribers). AT&T has approximately 100 million U.S. subscribers, and its scale advantages are enhanced by the fact that its network uses GSM-based technology, the predominant air interface throughout the world with approximately 2.5 billion subscribers. These scale advantages give Verizon and AT&T significant influence over the mobile technology ecosystem. For example, vendors are more likely to give priority to these two large carriers in developing new handsets and chipsets, making sure new devices can operate on their spectrum bands and including the features that let Verizon and AT&T stand out in the marketplace.
12. Sprint needs similar access to the global mobile technology ecosystem to compete more effectively with its two larger rivals. Given its current smaller size, Sprint has faced challenges in working with vendors to develop equipment

and devices necessary for Sprint to implement its broadband deployment plans.

For example, although Sprint has been successful in working with vendors to design and deploy CDMA 2000/LTE handsets that can operate on Sprint's G-Block spectrum (Band Class 25) and its 800 MHz Enhanced Specialized Mobile Radio Service spectrum (Band Class 26), it took considerable time and a series of lengthy negotiations before vendors allocated design and development resources to these projects. Sprint experienced similar challenges obtaining vendor research and development priority to develop and deploy enhanced Circuit Switched Fall Back (eCSFB) network solutions that allow for integration and utilization of CDMA 2000 and FDD LTE on Sprint's 1.9 GHz and 800 MHz Band Class 26 spectrum. These challenges can slow Sprint's "time-to-market" in deploying new technologies and undermine Sprint's ability to compete in the wireless communications marketplace.

13. With approximately 92 million global subscribers, SoftBank/Sprint should be able to greatly increase the combined company's profile in the global mobile technology ecosystem and thereby obtain higher vendor prioritization in the "roadmap" for designing and developing mobile technology. By providing Sprint a subscriber scale similar to its larger wireless competitors, the proposed transaction is intended to enable Sprint to provide its customers, on a timely basis, cost-competitive and cutting-edge handsets and innovations necessary to compete more aggressively against these larger rivals. For example, a combined SoftBank and Sprint will be able to achieve better vendor priority to produce dual mode TDD-LTE and FDD-LTE devices for the 2.5 GHz band and other spectrum bands

in which Sprint holds licenses today or will obtain licenses in the future. As a result of this transaction, SoftBank/Sprint anticipate that device manufacturers will have a greater incentive to design and produce innovative handsets that can operate on both types of LTE technology, thus promoting innovation and greater consumer choice in broadband services.

14. The global scale SoftBank/Sprint expect to achieve as a result of the proposed transaction should make the combined company a more attractive partner to mobile technology vendors and promote a more open and vibrant mobile technology ecosystem. All U.S. wireless consumers should benefit from the enhanced global scale that SoftBank/Sprint will enjoy after the merger. Faced with more innovative and more differentiated Sprint offerings in the United States, AT&T and Verizon will have a powerful incentive to seek to improve their own offerings.

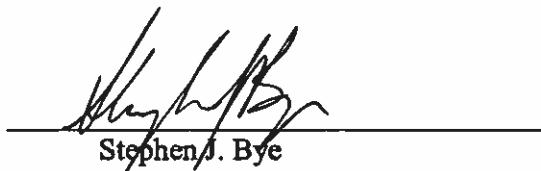
The Proposed Transaction Will Allow Sprint to Leverage SoftBank's Expertise and Resources as a Leading Mobile Internet Company

15. The proposed transaction will allow Sprint to draw upon the expertise and resources that SoftBank has developed in becoming one of the world's leading mobile Internet companies. By way of background, in 2006 SoftBank acquired Vodafone's Japanese wireless operations (Vodafone K.K., subsequently renamed SoftBank Mobile), and quickly moved to introduce pro-consumer pricing plans, new handsets and network upgrades, and other innovative offerings that have attracted millions of new customers. As a result, SoftBank Mobile has vaulted from a distant third in the Japanese marketplace to a formidable competitor, challenging a duopoly market structure.

16. Post-transaction, Sprint expects to learn from SoftBank's experience in invigorating wireless competition and apply similar practices and innovations in the U.S. marketplace. Although the specific plans will be tailored to the circumstances of the U.S. marketplace, SoftBank and Sprint plan to undertake innovations that will satisfy consumer needs and allow Sprint to become a stronger competitor.
17. An important part of these efforts will be to enhance U.S. consumers' access to mobile Internet content and applications. A number of Sprint's rivals operate their own venture capital funds (*e.g.*, Verizon Ventures) that invest in start-ups and thus help them tap new wireless technology and service innovations. SoftBank has an extensive portfolio of Internet company investments and also owns a venture capital fund, SoftBank Capital, which invests in technology companies. The proposed transaction is intended to enable Sprint to leverage SoftBank's mobile Internet expertise and entrepreneurial investments to offer U.S. consumers various new services, ranging from mobile commerce, to gaming, to video and music content. By so doing, Sprint intends to become a stronger competitor and provide consumers much more than high-speed connections to the Internet.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Executed on November 14th, 2012.



Stephen J. Bye

ATTACHMENT 5

Petition for Declaratory Ruling

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of:)
SPRINT NEXTEL CORPORATION)
Petitioner/Transferor) IB Docket No. _____
)
SOFTBANK CORP.,) File No. ISP-PDR-2012-_____
STARBURST I, INC., and)
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

Regina M. Keeney
A. Richard Metzger, Jr.
Charles W. Logan
Emily J.H. Daniels
of
Lawler, Metzger, Keeney & Logan, LLC
2001 K St., N.W., Suite 802
Washington, DC 20006
(202) 777-7700
Its Counsel

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

John R. Feore
John S. Logan
Christina H. Burrow
Michael H. Pryor
of
Dow Lohnes PLLC
1200 New Hampshire Avenue, NW
Washington, DC 20036
(202) 776-2000
Its Counsel

November 15, 2012

TABLE OF CONTENTS

I.	THE PROPOSED TRANSACTION AND FOREIGN OWNERSHIP	2
A.	Description of Proposed Transaction.....	2
B.	Foreign Ownership of the Parties to the Proposed Transaction.....	5
1.	Sprint Nextel Corporation.....	5
2.	Starburst Entities.....	6
3.	SOFTBANK CORP.....	7
a.	SoftBank's Businesses.....	7
b.	SoftBank's Home Market Is Japan, a WTO Member Country.....	9
c.	SoftBank's Ownership Is WTO-Compliant.....	10
II.	GRANT OF THIS PETITION IS IN THE PUBLIC INTEREST.....	13
A.	The Parties Are Entitled to a Presumption That SoftBank's Indirect Foreign Ownership in Sprint Serves the Public Interest.	13
B.	Petitioners Affirmatively Have Demonstrated the Public Interest Benefits of the Proposed Transaction.	16
III.	REQUEST FOR PUBLIC INTEREST DETERMINATION	17
IV.	CONCLUSION	18

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.

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

)
In the Matter of:)
)
SPRINT NEXTEL CORPORATION) IB Docket No. _____
Petitioner/Transferor)
) File No. ISP-PDR-2012-_____
SOFTBANK CORP.,)
STARBURST I, INC., and)
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

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

filings 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 Suzuki, 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

By:/s/ *Regina M. Keeney*

Regina M. Keeney
A. Richard Metzger, Jr.
Charles W. Logan
Emily J.H. Daniels

of
Lawler, Metzger, Keeney & Logan, LLC
2001 K St., N.W., Suite 802
Washington, DC 20006
(202) 777-7700

Its Counsel

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

By:/s/ *John R. Feore*

John R. Feore
John S. Logan
Christina H. Burrow
Michael H. Pryor

of
Dow Lohnes PLLC
1200 New Hampshire Avenue, NW
Washington, DC 20036
(202) 776-2000

Its Counsel

November 15, 2012

ATTACHMENT A

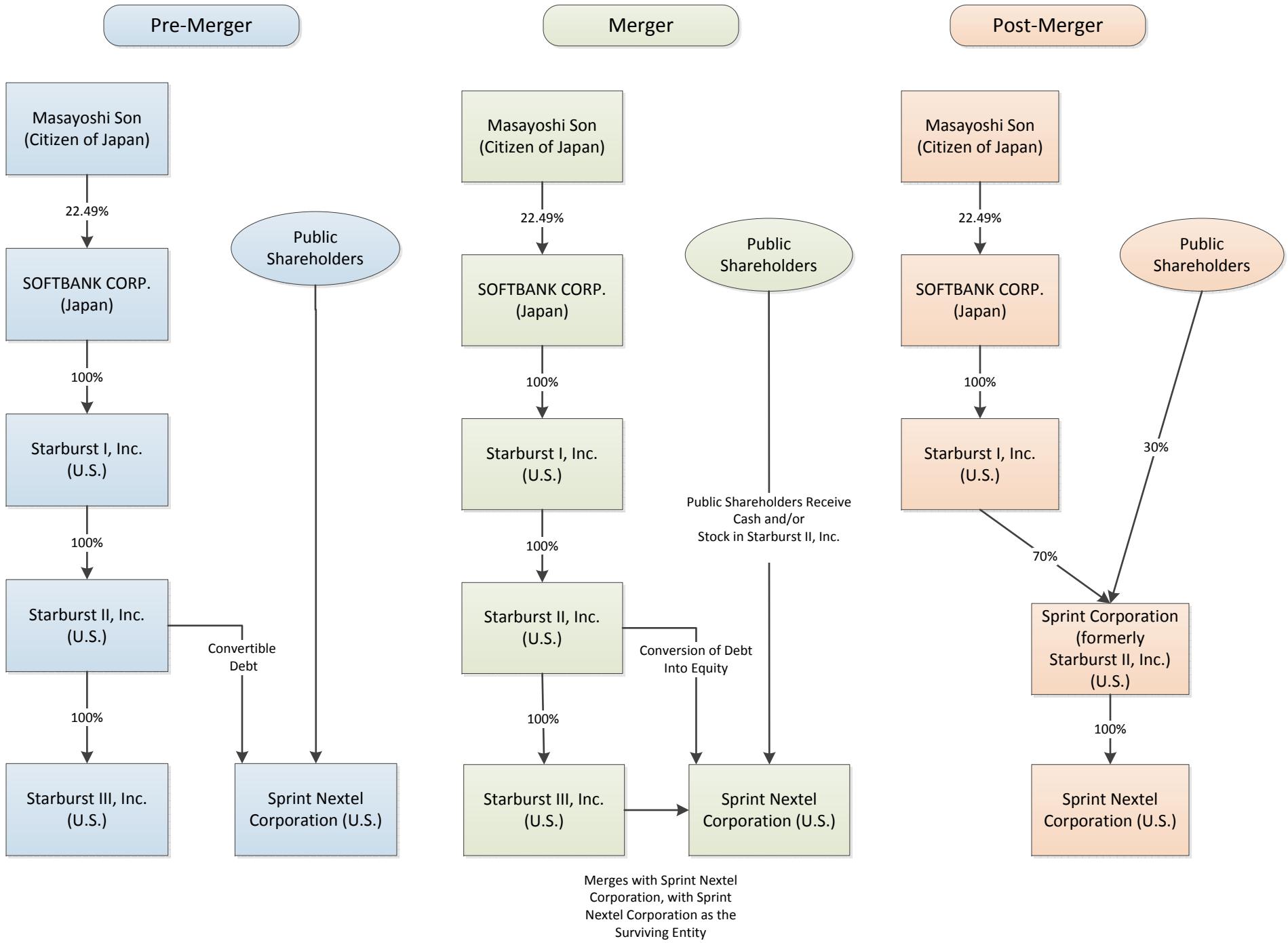
Sprint Licensee Subsidiaries

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



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 Suzuki

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.

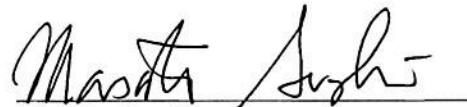
[Remainder of this page intentionally left blank]

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



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.

Section 310(b) Petition for Declaratory Ruling : Filing Completed

This is to confirm that, effective 11/15/2012, you have successfully filed a Section 310(b) Petition for Declaratory Ruling.

For administrative purposes, File Number: ISP-PDR-20121115-00007 has been assigned to this action.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing document was served this date upon the following:

Ambassador Philip L. Verveer
U.S. Coordinator,
EB/CIP
U.S. Department of State
2201 C Street, N.W.
Washington, DC 20520-5818
(via First Class U.S. mail, postage prepaid)

Office of Chief Counsel/NTIA
U.S. Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, DC 20230
(via First Class U.S. mail, postage prepaid)

Defense Information Systems Agency
ATTN: GC/DO1
6910 Cooper Avenue
Fort Meade, MD 20755-7088
(via First Class U.S. mail, postage prepaid)

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554
(via the FCC's International Bureau Filing
System)

David Krech
International Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554
(via e-mail to David.Krech@fcc.gov)

Susan O'Connell
International Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554
(via e-mail to Susan.OConnell@fcc.gov)

/s/ Ruth E. Holder
Ruth E. Holder

Dated: November 16, 2012