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November 26, 2012

*Via E-Mail: Patty.VanGerpen@state.sd.us
And U.S. Mail*

Patricia Van Gerpen, Executive Secretary
South Dakota Public Utilities Commission
Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: Notification of Indirect Transfer of Control of Sprint Communications Company
L.P. to Starburst II, Inc.

Dear Ms. Van Gerpen:

Sprint Communications Company L.P. ("Sprint Communications") and Starburst II, Inc. ("Starburst II") (collectively, the "Parties") hereby notify the South Dakota Public Utilities Commission ("Commission") of a transaction whereby Starburst II will acquire indirect control of Sprint Communications, a non-dominant carrier that holds authority from the Commission to provide interexchange services and local services as a reseller and facilities-based carrier to business and residential customers statewide.¹

This transaction will take place at the parent holding company level only. Accordingly, Sprint Communications will not be directly affected by the transaction described herein. Although the proposed transaction will result in a change in the ultimate ownership of Sprint Communications' parent company, no transfer of certificates, assets, or customers will occur at this time, and the transaction will be transparent to the customers of Sprint Communications.²

¹ Sprint communications is a non-dominant, indirect wholly-owned subsidiary of Sprint Nextel Corporation ("Sprint").

² In the event the Commission determines that prior Commission approval is necessary to allow the parties to consummate the contemplated transaction, the parties respectfully request that the Commission treat this notification as an application for Commission approval and such authority as may be necessary to allow them to consummate the transaction described herein.

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As part of this Notification, the Parties offer the following information:

I. Description of the Parties

Sprint Communications, a Delaware limited partnership with its principal business office at 6200 Sprint Parkway, Overland Park, Kansas 66251, is authorized by the Commission to provide interexchange services (Docket No. F3824, July 6, 1989) and local services as a reseller and facilities-based carrier (Docket No. TC96-156, April 28, 1997) to business and residential customers statewide. Sprint Communications is a wholly-owned indirect subsidiary of Sprint Nextel Corporation ("Sprint").

Sprint is a publicly traded Kansas corporation with a principal business office at 6200 Sprint Parkway, Overland Park, Kansas 66251. Sprint has no majority owner, although two institutional investors hold a greater than 10 percent ownership interest in Sprint.³ Sprint is a global communications company that, through its subsidiaries,⁴ 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, through its subsidiaries, offers wireless and wireline voice and data services in South Dakota and throughout the United States. In addition, Sprint is one of the country's largest carriers of Internet traffic and, through its subsidiaries, provides Internet connectivity in South Dakota.

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

³ Recent Schedule 13-G filings with the Securities and Exchange Commission ("SEC") demonstrate that: (1) Capital Research Global Investors, a U.S. investment advisor company, is the beneficial owner of approximately 10.7 percent of Sprint's common stock; and (2) Dodge & Cox, a U.S. investment advisor company, is the beneficial owner on behalf of itself and its clients of 10.3 percent of Sprint's common stock. See Capital Research Global Investors, Schedule 13-G (April 9, 2012); Dodge & Cox, Schedule 13-G (June 7, 2012).

⁴ Sprint is primarily a holding company. Most of Sprint's operations are conducted by its subsidiaries, including, but not limited to, Sprint Communications.

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SoftBank is a publicly-traded stock company, organized and existing under the laws of Japan and headquartered in Tokyo, at 1-9-1 Higashi-Shimbashi, Minato-ku, Tokyo 105-7303 Japan. Softbank's founder and Chief Executive Officer, Mr. Masayoshi Son, a citizen of Japan, holds 22.49 percent of SoftBank's issued and outstanding shares.⁵ No other individual or entity holds 10 percent or more of SoftBank's equity.⁶ 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 portals. The company also invests in dynamic, innovative Internet-based companies throughout the world.

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

II. Description of the Transaction

On October 15, 2012, Sprint and SoftBank announced that they had entered into a series of agreements, which will result in SoftBank investing over \$20 billion in Sprint and acquiring approximately a 70 percent indirect interest in Sprint through Starburst II, with the remaining interest held by existing Sprint shareholders. Under the terms of the agreements, SoftBank has

⁵ 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.

⁶ Based on SoftBank's most recent share register, no single person or entity other than Mr. Son currently owns more than 10 percent of SoftBank's shares. A recent public securities filing in Japan analogous to the Form 13D of the U.S. Securities and Exchange Commission, however, indicates that each of four entities affiliated with The Capital Group Companies, Inc. ("Capital Group") beneficially own interests in SoftBank that are below 10 percent but that aggregate to 10.04 percent of SoftBank's stock. Capital Group is an investment management company headquartered in Los Angeles, California. The above-described informational filing states that these Capital Group affiliates hold SoftBank stock as follows: Capital Research and Management Company (8.34 percent); Capital Guardian Trust Company (1.39 percent); Capital International Limited (0.16 percent); and Capital International Inc. (0.14 percent). Each of these 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.)

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formed a U.S. holding company, Starburst I, Inc. ("Starburst I"), which is wholly owned by SoftBank. At closing, Starburst I will have approximately 70 percent ownership in Starburst II, 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. Starburst II will be renamed Sprint Corporation. Diagrams depicting the pre- and post-transaction corporate organization structures are appended hereto as Exhibit 1.

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.⁷ 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.⁸ In addition, SoftBank, via its subsidiaries, will contribute an aggregate of \$8 billion to Sprint's balance sheet in conjunction with this transaction, which funds will be used to strengthen Sprint's ability to compete in all aspects of its business.⁹

After the transaction is consummated, Sprint will be a wholly-owned subsidiary of Starburst II, with SoftBank, through Starburst I, owning approximately 70 percent of the shares of Starburst II

⁷ 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.

⁸ The shares of Starburst II may be 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. Holders of Sprint stock options will receive options in Starburst II.

⁹ 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 Corporation, 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>. 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.*

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and existing Sprint shareholders owning the remaining shares of Starburst II.¹⁰ Starburst II will own 100 percent of the stock of Sprint and its subsidiaries.¹¹

This change in ultimate control does not involve a transfer of operating authority, assets, or customers in South Dakota or elsewhere. Sprint and its subsidiaries will continue to hold all of the authorizations that they hold prior to the transaction. The current customers of Sprint Communications will remain customers of Sprint Communications following the proposed transaction. Accordingly, the proposed transaction will be seamless to customers.

III. Public Interest Statement

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

The transaction will provide Sprint the financial resources needed to accelerate and expand its broadband deployment in South Dakota and other parts of the country. As noted above, SoftBank's approximately \$20 billion investment includes a direct infusion of \$8 billion in new capital into Sprint, which will enable 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, and improve its wireless coverage. The greater financial resources also can be used by Sprint to offer a wider range of devices and services to South Dakota consumers. The transaction thus promises to increase the speed, coverage, reliability, and capabilities of the Sprint's wireline and wireless broadband network and enable Sprint to offer South Dakota consumers an even more attractive alternative to the two largest providers.

¹⁰ Under terms of the Agreement and Plan of Merger, Starburst I will hold 69.642 percent of Starburst II's common stock, and Sprint's current shareholders will hold the remaining 30.358 percent of Starburst II's common stock. Upon exercise of the warrant, SoftBank would own approximately 70 percent of Starburst II.

¹¹ As a result of the transaction, SoftBank, through Starburst I, will hold an indirect ownership interest in approximately 70 percent of the stock of Starburst II, giving SoftBank indirect control over Sprint.

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IV. Contact Information

For purposes of this notification letter, the contact for the Parties is as follows:

For Sprint Communications and Sprint	For Starburst II and SoftBank
Kenneth A. Schiffman Diane C. Browning SPRINT NEXTEL CORPORATION 6450 Sprint Parkway Overland Park, KS 66251 (913) 315-9783 (913) 315-9284 kenneth.schiffman@sprint.com diane.c.browning@sprint.com	Ronald D. Fisher Steven Murray Starburst II, Inc. 38 Glen Avenue Newton, Massachusetts 02459 (617) 928-9300 Ron_Fisher@softbank.com Steve_Murray@softbank.com
<u>With a copy to:</u> Talbot J. Wiczorek Gunderson, Palmer, Nelson, & Ashmore LLP PO Box 8045 Rapid City SD 57709 (605) 342-1078 tjw@gpnalaw.com	<u>With a copy to:</u> Michael Pryor J.G. Harrington DOW LOHNES PLLC 1200 New Hampshire Ave., NW Suite 800 Washington, D.C. 20036 (202) 776-2000 MPryor@dowlohn.com JHarrington@dowlohn.com

V. Conclusion

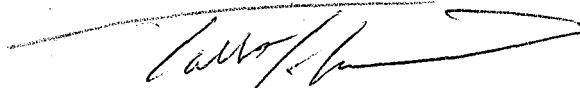
For the foregoing reasons, Sprint and Starburst II submit that the public interest, convenience, and necessity will be furthered by the transaction described herein. Should you have any questions, please do not hesitate to contact the undersigned.

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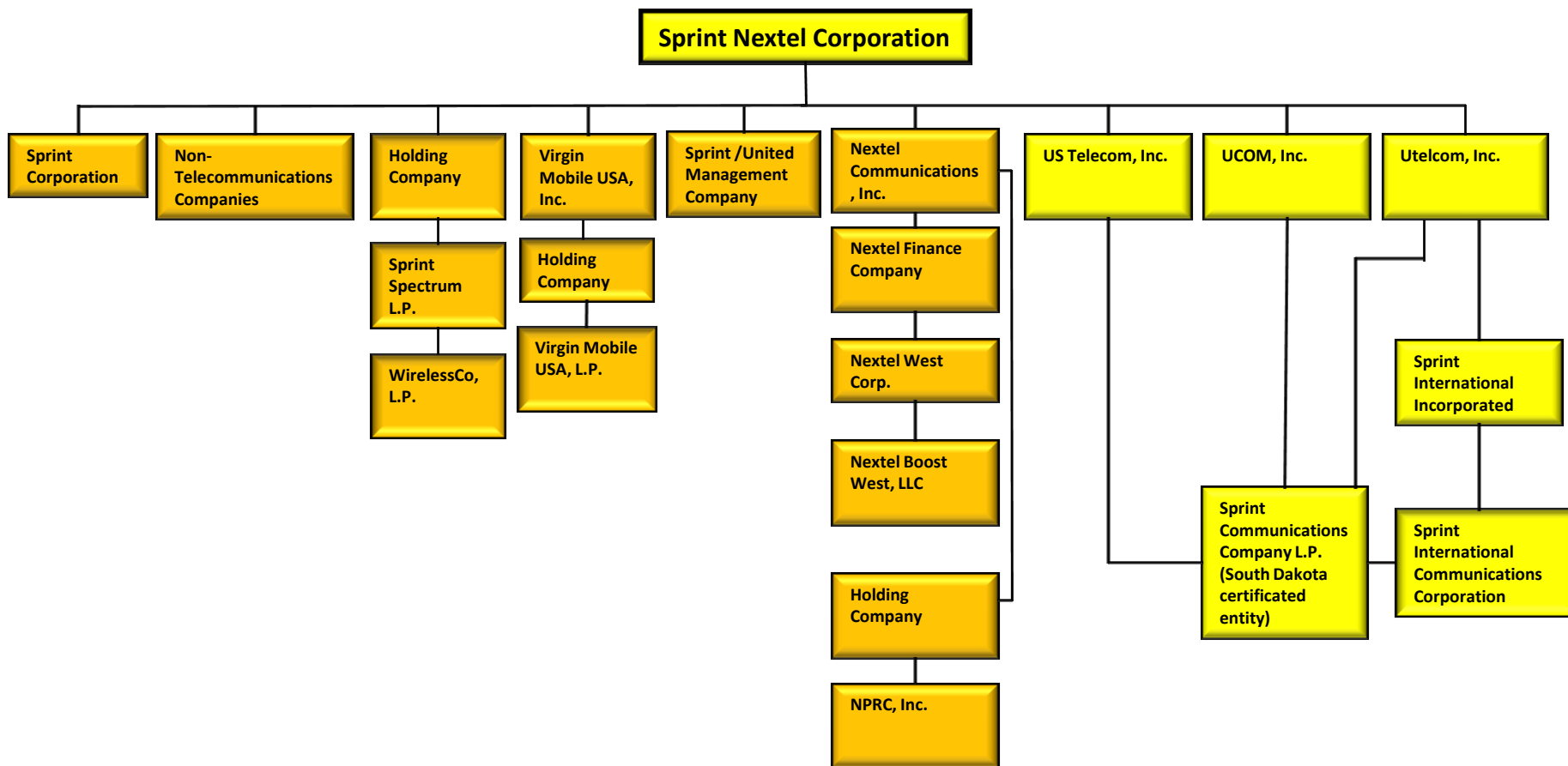
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Talbot J. Wieczorek', with a long horizontal flourish extending to the right.

Talbot J. Wieczorek

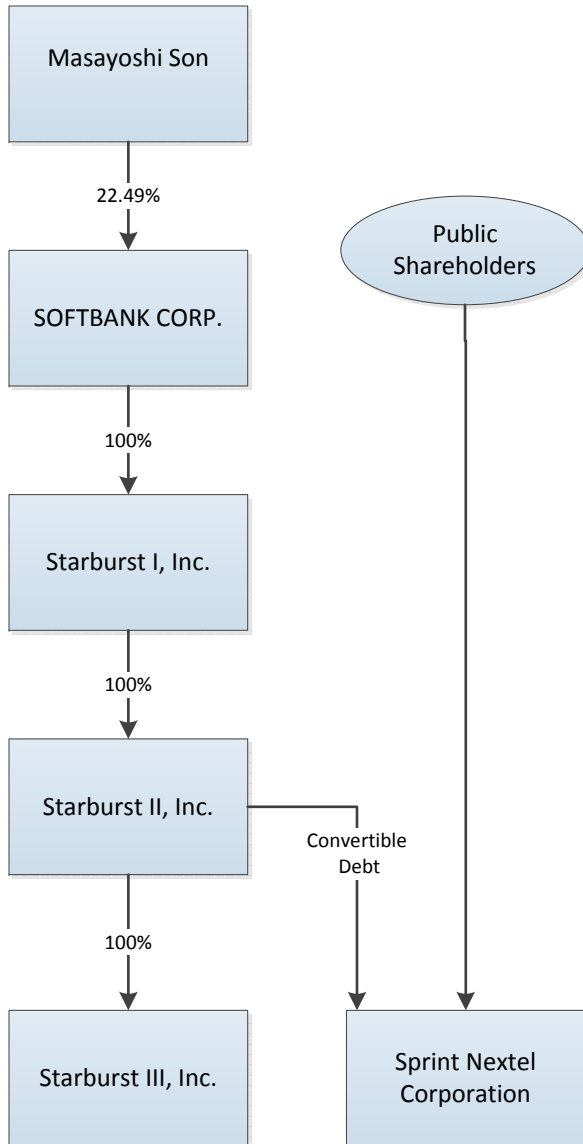
Counsel for Sprint Communications

TJW:tjw
Enclosure

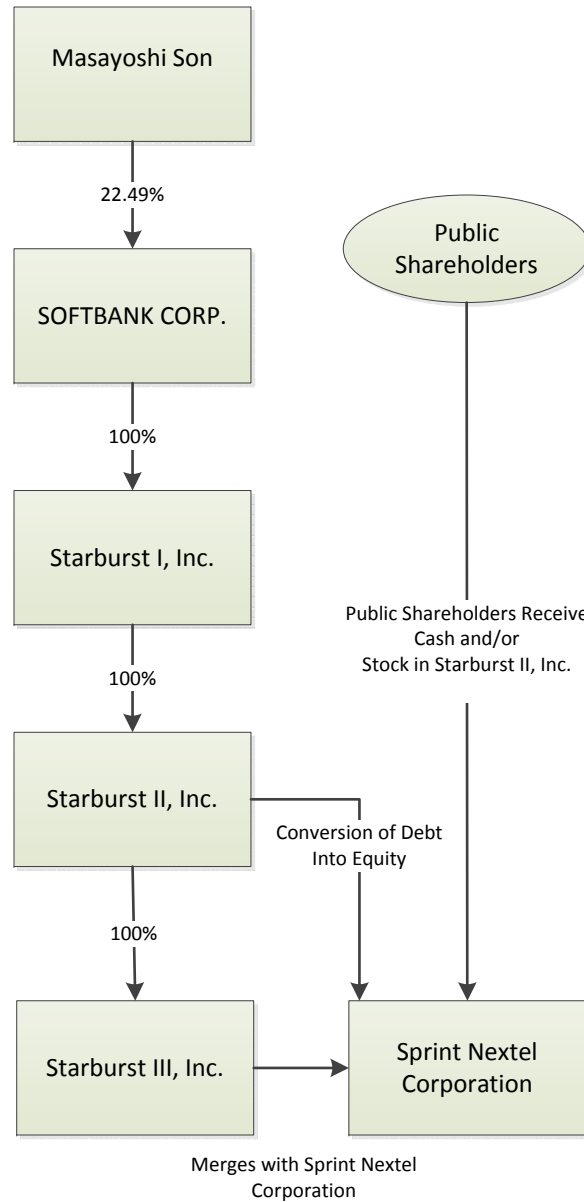


Note: The entities on this page are either directly or indirectly owned by Sprint Nextel Corporation and are illustrated at a high level for the purposes of this filing. All ownership percentages and subsidiaries can be found at <http://www.sec.gov/Archives/edgar/data/10>

Pre-Merger



Merger



Post-Merger

