

SPRINT NEXTEL CORP  
Form DEFA14A  
June 11, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a party other than the Registrant

Check appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

**SPRINT NEXTEL CORPORATION**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (Check the appropriate box):

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The following email was sent from Dan Hesse, Chief Executive Officer of Sprint Nextel Corporation ( Sprint ), to Sprint employees on June 11, 2013:

Subject line: Sprint and SoftBank pursuing amended merger agreement; discussions with DISH terminated

Dear Sprint Teammates,

Sprint's Board of Directors has unanimously accepted an amended merger agreement with improved terms from SoftBank. The new agreement would increase upfront cash paid to Sprint shareholders by \$1.48 per share or \$4.5 billion. The total cash consideration available to Sprint stockholders would be \$16.64 billion. Under this new agreement, SoftBank will own 78% of Sprint. For more details, see our company news release.

The Special Committee of the Sprint Board and its advisors conducted a lengthy due diligence process with Dish Corporation over many weeks. After numerous in-person meetings and conference calls across a wide variety of subjects, the Special Committee decided DISH's unsolicited proposal to acquire Sprint was not reasonably likely to lead to an offer superior to the SoftBank agreement. The Special Committee has now terminated discussions with DISH, but has given a June 18th, 2013 deadline to provide a best and final offer.

Our shareholders need to vote on the amended SoftBank merger agreement. To allow ample time to evaluate the new agreement, we will move the special meeting of the shareholders from June 12th to June 25th. It is our expectation that the merger with SoftBank will be completed in July.

We believe the amended merger agreement with SoftBank is good for shareholders, customers and employees, and it can enhance Sprint's long-term value by creating a company that's stronger and more competitive.

We'll update you as we can when more information is available. Thank you for all you do for Sprint.

Sincerely,

Dan

#### **Cautionary Statement Regarding Forward Looking Statements**

This document includes forward-looking statements within the meaning of the securities laws. The words may, could, should, estimate, projection, forecast, intend, expect, anticipate, believe, target, plan, providing guidance and similar expressions are intended to identify information that is not historical in nature.

This document contains forward-looking statements relating to the proposed transactions between Sprint Nextel Corporation ( Sprint ) and SoftBank Corp. ( SoftBank ) and its group companies, including Starburst II, Inc. ( Starburst II ), and the proposed acquisition by Sprint of Clearwire Corporation ( Clearwire ). All statements, other than historical facts, including, but not limited to: statements regarding the expected timing of the closing of the transactions; the ability of the parties to complete the transactions considering the various closing conditions; the expected benefits of the transactions such as improved operations, enhanced revenues and cash flow, growth potential, market profile and financial strength; the competitive ability and position of SoftBank or Sprint; and any assumptions underlying any of the foregoing, are forward-looking statements. Such statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. You should not place undue reliance on such statements. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, that (1) one or more closing conditions to the transactions may not be satisfied or waived, on a timely basis or otherwise, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transactions or that the required approval by Sprint's stockholders for the SoftBank transaction or Clearwire's stockholders for the Clearwire transaction may not be obtained; (2) there may be a material adverse change of Sprint or the business of Sprint may suffer as a result of uncertainty surrounding the transactions; (3) the transactions may involve unexpected costs, liabilities or delays; (4) the legal proceedings that may have been initiated, as well as any additional legal proceedings that may be initiated, related to the transactions; and (5) other risk factors as detailed from time to time in Sprint's, Starburst II's and Clearwire's reports filed with the SEC, including Sprint's and Clearwire's Annual Reports on Form 10-K for the year ended December 31, 2012 and Quarterly Reports on

Form 10-Q for the quarter ended March 31, 2013, and other factors that are set forth in the proxy statement/prospectus contained in Starburst II s Registration Statement on Form S-4, which was declared effective by the SEC on May 1, 2013, and in other materials that will be filed by Sprint, Starburst II and Clearwire in connection with the transactions. There can be no assurance that the transactions will be completed, or if completed, that such transactions will close within the anticipated time period or that the expected benefits of the transactions will be realized.

All forward-looking statements contained in this document and the documents referenced herein are made only as of the date of the document in which they are contained, and none of Sprint, SoftBank or Starburst II undertakes any obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

The following presentation was first used on June 11, 2013.

Amended SoftBank Agreement  
Maximizing Value and  
Certainty  
June 10, 2013

Cautionary Statement

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Sprint of Clearwire Corporation ( Clearwire ). All statements, other than historical facts, including, but not limited to: statements regarding the expected timing of the closing of the transactions; the ability of the parties to complete the transactions considering various closing conditions; the expected benefits of the transactions such as improved operations, enhanced revenues and cash growth potential, market profile and financial strength; the competitive ability and position of SoftBank or Sprint; and any assumptions underlying any of the foregoing, are forward-looking statements. Such statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. You should not place undue reliance on such statements. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, that (1) there may be a material adverse change of SoftBank; (2) the proposed financing may involve unexpected costs, liabilities, delays or may not be completed on terms acceptable to SoftBank, if at all; and (3) other factors as detailed from time to time in Sprint's, Starburst II's and Clearwire's filings with the Securities and Exchange Commission ( SEC ), including Sprint's and Starburst II's Annual Reports on Form 10-K for the year ended December 31, 2012 and Quarterly Reports on Form 10-Q for the quarter ended March 31, 2013, and other factors that are set forth in the proxy statement/prospectus contained in Starburst II's Registration Statement on Form S-4, which was declared effective by the SEC on May 1, 2013, and in other materials that will be filed by Sprint, Starburst II and Clearwire in connection with the transactions, which will be available on the SEC's web site ([www.sec.gov](http://www.sec.gov)). There can be no assurance that the transactions will be completed, or if completed, that such transactions will close within the anticipated period or that the expected benefits of such transactions will be realized.

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Amended Terms Maximize Value and  
Certainty  
Rigorous  
Special  
Committee  
process  
results

in  
improved  
terms  
for  
Sprint  
shareholders  
Greater value  
\$4.5 billion of additional cash to Sprint's shareholders  
Maintains July closing  
June  
25  
th  
vote  
date  
High  
degree  
of  
certainty  
-  
CFIUS  
&  
DOJ  
approvals  
in-hand;  
FCC  
expected  
shortly  
Immediate participation in SoftBank upside (capital + synergies)  
Special Committee and Sprint Board unanimously recommend FOR improved  
SoftBank transaction  
DISH proposal not likely to lead to a superior offer  
3

Significantly

Improved

Transaction

Terms

Cash consideration up from \$4.02 per share to \$5.50 per share

Additional \$4.5 billion of cash to Sprint Shareholders

Additional cash contribution of \$1.5 billion from SoftBank

Reallocation of \$3.0 billion of previously committed primary capital to Sprint Shareholders

Cash purchase price paid to Sprint shareholders increased from \$7.30 per share to \$7.65 per share, subject to proration, a 52% premium to the

unaffected trading price prior to the deal announcement.

Cash portion of merger consideration increased from 55% to 72%

Purchase price of SoftBank primary investment in Sprint increased from \$5.25 to \$6.25 per share

Sprint shareholders will own 22% of better capitalized, more competitive company

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Overview of Improved Terms  
Original  
Agreement  
Amended  
Agreement  
Price Paid to Sprint  
Shareholders

\$7.30

\$7.65

Primary Price

\$5.25

\$6.25

Primary Investment

\$4.9bn

\$1.9bn

Cash per Share

\$4.02

\$5.50

% Cash / % Stock Mix

55% / 45%

72% / 28%

Weighted Average

SoftBank Investment

(1)

\$6.56

\$7.48

Total SB Investment

(2)

\$20.14bn

\$21.64bn

Sprint Ownership

30% (FD)

22% (FD)

SoftBank Ownership

70% (FD)

78% (FD)

Source: Sprint Management and company filings.

Note: Dollars in billions, except per share data.

(1)

(2)

14% Increase from  
Original Agreement

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\$1.48 Increase from  
Original Agreement

On remaining investment.

Includes \$3.1 billion convertible investment.

Does not include cost to exercise warrants.

Transaction Overview  
Pre-  
Transaction  
~3.0 billion  
Sprint shares  
outstanding  
SoftBank



invested \$3.1  
billion in  
convertible  
debt @ \$5.25 /  
share  
at signing

SoftBank  
invests \$1.9  
billion in  
newly issued  
shares @  
\$6.25/share

Shares  
O/S\*  
3.1B  
4.0B  
3.6B  
78% SoftBank  
(3.1B shares)  
22% existing  
Sprint  
shareholders  
(0.9B shares)  
Step 2a  
Step 1  
Post-close  
ownership  
\$5B cash infusion  
into Sprint  
SoftBank  
4.0B  
Step2b  
\$16.6B cash  
to Sprint  
shareholders  
Sprint shareholders  
Shortly after signing  
At close  
6

\* Fully diluted pro forma shares outstanding

Converts into equity immediately prior to closing of Steps 2a and 2b

In addition, SoftBank receives five-year warrant to purchase 54.6M shares in newly recapitalized Sprint at \$5.25 per share for  
0.0B  
0.9B  
0.6B

3.1B

0%

23%

16%

78%

Total SB

Shares

Total SB

Owner-

ship

Stronger, Better Capitalized Competitor

SoftBank total primary investment of \$5 billion

Strengthens Sprint's balance sheet and provides capital for continued network build-out

Transaction allows Sprint to implement SoftBank's operational and technology expertise

Synergies and performance improvements allow for reallocation of

cash to  
stockholders:

Eight months of cooperative efforts between Sprint and SoftBank management  
has resulted in high visibility to operating and capital expenditure reductions  
New Sprint will retain financial flexibility to compete with large, well capitalized  
competitors

7

SoftBank Subscriber Growth  
(millions)  
2012 Wireless EBITDA Margins  
06

13  
CAGR:

+

17%

Source: Company filings, investor presentations

Source: Company filings, investor presentations

Note: Includes SoftBank Mobile (including communication modules), Willcom, and EMOBILE s accumulated subscribers.

SoftBank acquired

Vodafone Japan

in March 2006

SoftBank Has Extensive Wireless Experience

Driving Growth and Margin

8

SoftBank Transaction Provides Global  
Scale Benefits

Sprint + SoftBank will be the world's third largest seller of smartphones (significant economies of scale)

Sprint will leverage SoftBank's experience in building out LTE on 2.5 GHz spectrum to improve the customer experience: (1) accelerated expansion of nationwide footprint (2) faster data speeds

(3) increased capacity

Given the complementary nature of Sprint and SoftBank's businesses, including a shared history of

technical and marketing innovations and the potential for purchasing power synergies, the transaction provides the opportunity to further enhance Sprint's standalone record of consumer service and innovation in the telecommunications market

99mm

86mm

78mm

58mm

38mm

35mm

Verizon

Softbank + Sprint

AT&T

NTT Docomo

KDDI

T-mobile + Metro

Softbank

39mm

Sprint

47mm

(1)

Note: SoftBank subscribers as of 4/31/2013 and all others as of 3/31/2013.

(1) Total wireless subscribers excluding communication modules. Softbank subscribers pro forma for Mobile, Willcom, and E

(1)

Retail Wireless Subscribers

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Process Led by Experienced and  
Independent Special Committee

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Larry Glasscock  
Chairman of  
Special Committee  
Former Chairman of

WellPoint, Inc.  
James H. Hance  
Chairman of  
Sprint Nextel Board  
Senior Advisor to  
The Carlyle Group  
V. Janet Hill  
Director  
Principal of Hill  
Family Advisors  
William R. Nuti  
Director  
Chairman, CEO &  
President of NCR  
Corporation  
Rodney O Neal  
Director  
President & CEO of  
Delphi Automotive  
Other Experience:  
Director of Simon  
Property Group,  
Sysco Corporation  
and Zimmer Holdings  
Sprint director since  
August 2007  
Other Experience:  
Previous Vice  
Chairman of BAML  
Director of Duke  
Energy Corporation,  
Cousins Properties  
Incorporated, Ford  
Motor Company and  
The Carlyle Group  
Sprint director since  
February 2005  
Other Experience:  
Prior VP Alexander &  
Associates, Inc.  
Director of The  
Carlyle Group, The  
Wendy's Company,  
Dean Foods, Inc. and  
Nextel  
Communications, Inc.  
Sprint director since  
2005  
Other Experience:  
Prior President, CEO

and COO of Symbol  
Technologies, Inc  
Prior dual Sr. VP of  
Worldwide Service  
Provider Operations  
and U.S. Theater  
Operations at Cisco  
Systems  
Sprint director since  
June 2008

Other Experience:  
Exec. VP of the  
former Delphi Safety,  
Thermal & Electrical  
Architecture Sector,  
President of  
Dynamics, Propulsion,  
and Thermal Sector of  
Delphi Automotive  
Sprint director since  
August 2007

Financial

Advisor:

BofA

Merrill

Lynch;

Legal

Counsel:

Shearman

&

Sterling

LLP;

Network

&

Spectrum

Consultant: Spectrum Management Consulting; Regulatory Counsel: Bingham McCutchen LLP

Key Special Committee Considerations in  
Evaluating DISH Preliminary Proposal  
Economic  
terms  
have  
not  
changed

since

April

15th

Uncertainty surrounding the DISH proposal, including:

DISH has not submitted an actionable offer despite Special Committee deadline of June 6th

The increased time to close (1H14)

DISH is not providing a combined operational and financial plan

The status of DISH's funding commitments

The interim funding needs of the company

The risks inherent in the leverage of the pro forma combined DISH/Sprint

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Transaction Process Highlights

12

Established

objective process

Special Committee promptly formed upon receiving April 15 DISH proposal

Promptly retained independent advisors

Ensured

comprehensive &  
rigorous review by  
staying proactive &  
responsive

Obtained waivers and non-disclosure agreements that allowed Sprint to furnish  
non-public information to, and to engage with, DISH

Sprint has complied with nearly all of DISH's voluminous diligence requests

Sprint management and Special Committee advisors have had 9 face-to-face  
meetings and numerous conference calls with DISH to try to advance their offer

Sprint completed due diligence on DISH

Dedicated to  
thorough

consideration

of options to

maximize

shareholder value

Special Committee met 15 times since inception

Special Committee met with, and provided information to, DISH and listened to  
their explanation and plans

Special Committee also engaged with Softbank to garner improved terms

Frequently Asked Process Questions

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Why did it take so long to engage DISH?

Original DISH proposal (4/15/13) was a letter (no merger agreement or commitment letters)

In order to engage in discussions, the board/special committee needed



to establish that the proposal was reasonably likely to lead to a superior proposal

To make this determination, any required financing must be found to be fully committed or reasonably determined to be available

DISH provided a draft merger agreement on 5/2/13

DISH provided unsigned draft commitment letter on 5/13/13

Ultimately, Sprint was able to secure a waiver under the SoftBank merger agreement in order to have discussions with DISH on 5/20/13

Did DISH get access

to the diligence

information it needed?

DISH had originally requested a two-week confirmatory diligence period

9 in-person and over 12 telephonic meetings with DISH

Made available more than 2,000 documents

Special Committee Ran a Robust Process That  
Delivered Additional Value For Stockholders

14

4/15

DISH proposal announced

Did not include financing commitments or mark-up of merger agreement

Special Committee is formed

Retains independent financial and legal advisors

4/20

Special  
Committee  
request  
additional  
details

about

DISH

proposal

in

order

to be able to evaluate it

4/24

DISH provides limited response to Special Committee request.

DISH sends letter to Special Committee, states confirmatory due diligence  
should be completed in two weeks from receiving access.

4/26

To facilitate DISH's ability to provide information to it, Special Committee  
obtains

waiver

from

Softbank

to

permit

Special

Committee

to

meet

with

DISH and obtain information.

4/27

Special Committee provides confidentiality agreement to DISH, but doesn't  
receive any reaction until late the following day

4/30

DISH and Sprint execute confidentiality agreement

Special Committee Ran a Robust Process That  
Delivered Additional Value For Stockholders

15

5/2

DISH provides draft merger agreement

5/3

Special Committee advisors and Sprint management meet with DISH

DISH presents financing plan and analysis of regulatory issues  
5/9

DISH presents high level business plan and synergy estimates

DISH represents that financing commitments are prepared, but will only  
be delivered as final item

5/13

DISH provides redacted  
forms of financing commitments (unsigned)

5/16

DISH represents that executed financing commitments will be delivered  
5/17; commitments not actually delivered until 5/23

5/20

Special Committee obtains waiver from Softbank to allow it to provide  
non-public information to, and to negotiate with, DISH

Special Committee provides draft confidentiality agreement to DISH

Special Committee requests definitive proposal by June 6  
5/21

Confidentiality

agreement

signed;

DISH

initial

diligence

request

not

provided to Sprint until late the following day

Special Committee Ran a Robust Process That  
Delivered Additional Value For Stockholders

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5/22

Sprint begins to provide written information in an electronic data room

5/24 -

6/10

9 in person diligence meetings in New York, Kansas City, Denver and Washington D.C.

5/28

Special Committee advisers have conference call with DISH advisers to raise issues with DISH draft merger agreement

5/29

Sprint makes management presentation to DISH regarding its network plans

Later that day, DISH announces tender offer for Clearwire

5/31

DISH advises that it will not respond to merger agreement issues raised by Special Committee, but requests mark-up

Numerous conference calls to provide information to DISH

DISH has continued to make additional diligence requests to Sprint throughout this time period; Sprint has complied with substantially all of these requests

Special Committee completes due diligence on DISH

Special Committee Ran a Robust Process That  
Delivered Additional Value For Stockholders

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6/1

DISH requests in-person meeting with Special Committee

6/3

Sprint provides mark up of merger agreement.



Special Committee sends letter to DISH confirming request for definitive proposal by June 6 and agrees to meet with DISH on June 7 to discuss proposal.

6/6

DISH

sends

letter

to

Special

Committee

advising

that

it

will

not

provide

proposal that day

6/7

Special Committee meets with DISH

DISH does not put forward firm proposal

Revised offer maximizes value and certainty for Sprint shareholders, including:  
Increased pro-rata cash consideration from \$4.02 to \$5.50 / share  
On track to regulatory approval and closing in July  
Sprint + Softbank positions New Sprint better than ever before vis-à-vis key competitors in the market  
Significant capital to accelerate network build out  
Enhanced scale

Expertise in deployment of 2.5GHz spectrum for LTE  
Sprint shareholders will own 22% of New Sprint, providing shareholders an  
opportunity to participate in the upside created by a better capitalized and more  
capable New Sprint

Sprint  
board  
of  
directors  
unanimously  
recommends  
shareholders  
vote

FOR  
the  
merger

18



Share Calculation  
Today  
@ Closing  
5-Year Warrant  
Sprint @  
Common  
Step 2a

(1)  
Purchase to  
Step 2b  
55mm  
Step 2c  
(2)  
(\$ in billions, shares in millions)  
Market  
issuance  
Sprint  
\$12.14bn Secondar  
Sprint  
Warrant  
Sprint  
Existing common shares  
3,023  
--  
3,023  
(2,175)  
848  
--  
848  
Common shares issued to Softbank  
--  
304  
304  
--  
304  
--  
304  
Purchase outstanding Sprint shares  
--  
--  
--  
2,175  
2,175  
--  
2,175  
Total common shares  
3,023  
304  
3,327  
--  
3,327  
--  
3,327  
Dilution  
(3)  
34  
--

34  
 --  
 35  
 --  
 35  
 Conversion shares / Warrant  
 590  
 --  
 590  
 --  
 590  
 55  
 645  
 Fully-diluted shares  
 3,647  
 304  
 3,951  
 --  
 3,952  
 55  
 4,007  
 Softbank beneficial shares  
 590  
 894  
 3,070  
 3,124  
 Softbank beneficial ownership %  
 16%  
 23%  
 78%  
 78%  
 Cumulative investment  
 \$3.1  
 \$5.0  
 \$21.6  
 \$21.9  
 Price  
 \$5.25  
 \$6.25  
 \$7.65  
 \$5.25  
 Shares per Step  
 590  
 304  
 2,175  
 55

(1) Per share amount under Step 2a is implied based on contemplated amount of total equity contribution.

(2) Per share amount under Step 2c is implied based on warrant exercisable for shares of Parent (Sprint post-merger).

(3) Dilution based on treasury stock method. Sprint at market, Steps 1 and 2a assume \$7.24 stock price (6/7/2013 close). Step

20