

Dish Leapfrogs Softbank With \$25.5 Billion Bid for Sprint

Ben Munson

Dish Networks this morning [announced](#) [1] a \$25.5 billion merger bid for Sprint, a deal it says represents a 13 percent premium over the value of Softbank's current offer to acquire the Kansas City-based carrier.

Dish's offer consists of \$17.3 billion in cash and \$8.2 billion in stock. Sprint shareholders would get \$7 per share, which is based upon Dish's closing price on April 12 and consists of \$4.76 per share in cash and 0.05953 Dish shares per Sprint share.

Sprint confirmed it has received Dish's unsolicited offer and that Sprint's board will consider the proposal.

"Our proposal provides more cash and affords Sprint shareholders the opportunity to participate more meaningfully in a combined DISH/Sprint, which will benefit from a significantly enhanced strategic position and substantial synergies that are not attainable through the pending SoftBank proposal," [wrote](#) [2] Dish Chairman Charlie Ergen in a letter.

Softbank's deal, valued at approximately \$20 billion, would put the Japanese cellular giant in control of 70 percent of Sprint.

Dish has a strong interest in breaking into the wireless business. The FCC approved Dish's 40 MHz of AWS-4 spectrum for deployment of a terrestrial network. The commission said that Dish, or anyone else owning those spectrum licenses, must [cover](#) [3] 40 percent of the country within four years and 70 percent within seven years.

Sprint watched closely over Dish's purchase of spectrum in the 2000-2020 MHz frequency range and urged the FCC to bump that swath up 5 MHz to avoid interference with the H Bloc, a adjacent chunk of spectrum in which Sprint had previously expressed interest.

Dish's offer to Sprint essentially answers the question of what Dish was going to do with the record amount of cash it had on hand. The offer also seems to put to rest Dish's offer of \$3.30 per share to buy WiMax wholesaler Clearwire. In December, Clearwire agreed to a \$2.97 per share offer from Sprint to acquire the roughly 50

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percent of the company Sprint doesn't already own.

Despite all the head-butting that has been going on between Dish and Sprint, a merger doesn't seem totally out of the question. In a Bloomberg [report](#) [4] from December stating Sprint had suggested an agreement that would allow Dish to operate its mobile phone service on the carrier's network. Given that sentiment in addition to the apparent value Dish's offer provides over Softbank's bid and a merger between the carrier and the satellite TV provider could make sense.

In order to pursue the offer from Dish, Sprint would have to pay a \$600 million break-up fee to Softbank, which Ergen [told](#) [5] the Wall Street Journal his company would cover.

As of 8:48 a.m. CT, Sprint's stock has risen more than 16 percent.

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<http://www.wirelessweek.com/news/2013/04/dish-leapfrogs-softbank-255-billion-bid-sprint>

Links:

[1] <http://about.dish.com/press-release/financial/dish-network-proposes-merger-sprint-nextel-corporation-255-billion>

[2] <http://completedishsolution.com/chairman-letter/>

[3] <http://www.wirelessweek.com/news/2012/12/fcc-limits-dish-spectrum-sets-4-year-timetable-rollout>

[4] <http://www.bloomberg.com/news/2012-12-07/sprint-is-said-to-suggest-dish-partnership.html>

[5] <http://online.wsj.com/article/SB10001424127887324030704578424200831745578.html>