

Wachtell, MoFo Lead Long-Awaited \$59B T-Mobile, Sprint Deal

By **Chelsea Naso**

Law360 (April 29, 2018, 12:38 PM EDT) -- T-Mobile, led by Wachtell Lipton Rosen & Katz, and Sprint, with lead counsel Morrison & Foerster LLP, unveiled plans Sunday to merge in a deal worth roughly \$59 billion, marking the closest the two U.S. wireless carriers have come to actually combining after years of on-and-off deal talks.

News of the deal follows media reports earlier this month that T-Mobile US Inc., which is controlled by Germany's Deutsche Telekom AG, and Sprint Corp., which is backed by Japanese telecommunications company SoftBank Group Corp., had struck up preliminary talks about a deal for at least the third time in four years.

The U.S. wireless carriers will be merged in an all-stock deal with a fixed exchange ratio of 0.10256 T-Mobile shares for each Sprint share, according to a statement. The combination gives Sprint an implied enterprise value of about \$59 billion and gives the combined company an estimated \$146 billion value.

The combined company will use the T-Mobile name, the companies said. Deutsche Telekom will own 42 percent of the combined company and SoftBank will own 27 percent, with the public owning about 31 percent, according to a statement.

John Legere, the current president and CEO of T-Mobile US and the expected CEO of the combined company, and Marcelo Claure, the current CEO of Sprint, emphasized the benefits the merger will have for competition in the wireless market, the race to develop 5G, and the U.S. economy in their comments about the deal.

The executives billed the wireless market as a converging one that has many more small and innovative competitors than the four major carriers that typically come to mind — AT&T, Verizon, T-Mobile and Sprint.

"This isn't a case of going from four to three wireless companies — there are now at least seven or eight big competitors in this converging market. And in 5G, we'll go from zero to 1. Only the New T-Mobile will have the capacity to deliver real, nationwide 5G," Legere said in a statement. "We're confident that, once regulators see the compelling benefits, they'll agree this is the right move at the right time for consumers and the country."

Legere also noted that the companies at this time don't anticipate there will be a need for divestitures.

Concerns about gaining antitrust clearance in the U.S. killed the U.S. wireless carriers' second-closest attempt at merging. In 2014, Sprint abandoned a plan to acquire T-Mobile for \$32 billion following reports that officials at both the U.S. Department of Justice and the Federal Communications Commission signaled they had concerns that the combination would harm consumers.

Claire noted during a call about the deal that considering where the industry is today, T-Mobile and Sprint need each other to develop 5G technology and capabilities.

"T-Mobile cannot do the 5G strategy without Sprint, and Sprint cannot do it without T-Mobile," Claire said.

The deal, which is subject to regulatory approval, is expected to close by the first half of 2019.

T-Mobile is advised by Wachtell Lipton Rosen & Katz. Cleary Gottlieb Steen & Hamilton LLP, DLA Piper LLP and Hogan Lovells are serving as regulatory counsel. Cooley LLP is advising as regulatory and public affairs counsel. Latham & Watkins is providing legal counsel to the committee of independent directors, while Richards Layton & Finger is serving as Delaware Counsel. PJT Partners, Goldman Sachs and Deutsche Bank are acting as financial adviser to T-Mobile. Evercore is acting as financial adviser to the independent committee. Goldman Sachs and Morgan Stanley is serving as financial adviser to Deutsche Telekom.

The Wachtell team is led by Adam O. Emmerich, David K. Lam and Mark A. Stagliano. The Wachtell team also includes corporate partner David K. Lam and associates Mark A. Stagliano, Katherine L. Chasmar, Kathleen C. Iannone and Jason P. Kuo; finance partners Eric M. Rosof, Emil A. Kleinhaus, John R. Sobolewski and associates Neil K. Chatani and Joseph C. Celentino; tax partners Jodi J. Schwartz, T. Eiko Stange and associate Sehj Vather; and executive compensation and benefits partner Andrea K. Wahlquist and associates Michael J. Schobel and Sasha F. Belinkie.

The Cleary Gottlieb team includes partners Mark Nelson, George Cary, Dan Culley, and Jeremy Calsyn, senior attorney Matt Bachrack, associates Andrew Kline and Rachel Frank, international attorney Athina Van Melkebeke and law clerk Kyle Cole.

The DLA Piper team is led by Nancy Victory and Michael Senkowski, along with partners Sarah Kahn, Eric DeSilva, Edward "Smitty" Smith, John Beahn and associates Ian Forbes, Dana Zelman and Sean Robinson.

The Hogan Lovells team includes partners Trey Hanbury, Ari Fitzgerald and Edith Ramirez; senior adviser Tom Peters; and senior associates Arpan Sura and Sean Spivey.

The Cooley team is led by Robert McDowell.

The Latham team advising the independent committee includes corporate partners Charles Ruck and Daniel Rees, and associates Darren Guttenberg, Scott Becker and Nima Movahedi; finance partners Keith Halverstam, Benjamin Cohen and Greg Robins, and associate Brittany Ruiz; communications partners James Barker and Matthew Brill; antitrust partner Michael Egge; CFIUS partner Steven Croley; intellectual property counsel David Kuiper; and compliance partner Michele Johnson with associate Kristin Murphy.

Latham also provided general representation to T-Mobile in connection with the transaction on

corporate, benefits and compensation, tax, financing, regulatory and compliance matters, with a corporate team consisting of partners James Gorton, Thomas Malone, Josh Dubofsky and Joel Trotter, with associates Julia Thompson, Mark Bekheit, and Alyssa Manlowe. Advice has also been provided by benefits and compensation partners Laurence Seymour and Julie Crisp; tax partners Jiyeon Lee-Lim and Matthew Dewitz; finance partner Senet Bischoff; antitrust partners Amanda Reeves and Farrell Malone; and compliance partner James Brandt.

A Fried Frank Harris Shriver & Jacobson LLP team including partners Philip Richter and Warren S. de Wied and associate Roy Tannenbaum advised Goldman Sachs as financial adviser.

A Weil Gotshal & Manges LLP team including corporate partners Michael Aiello and Eoghan Keenan and associate Brianna Dollinger advised Evercore as financial adviser.

Barclays, Credit Suisse, Deutsche Bank, Goldman Sachs, Morgan Stanley, and RBC are providing T-Mobile with committed debt financing to support the transaction. Cahill Gordon & Reindel LLP is advising the banks and PJT Partners is advising T-Mobile on the debt financing associated with the transaction.

Deutsche Telekom is advised by a Wilson Sonsini Goodrich & Rosati team led by partners Joshua Soven, Susan Creighton and Scott Sher.

Sprint and Softbank are advised by Morrison & Foerster LLP. Goodwin Procter LLP is advising Sprint's independent transaction committee. Skadden Arps Slate Meagher & Flom LLP is regulatory co-counsel and Potter Anderson Corroon LLP is Delaware counsel. The Raine Group LLC is acting as lead financial advisor to Sprint, with support from J.P. Morgan. Centerview Partners LLC is acting as financial advisor to the independent committee. Mizuho Securities Co., Ltd. and SMBC Nikko Securities Inc. are acting as financial advisers to SoftBank Group.

The MoFo team is led by Global M&A Practice Group co-chair Robert Townsend, corporate partners Brandon C. Parris and David Slotkin, antitrust partners David Meyer, Jeff Jaekel and regulatory partner Nick Spiliotes, tax partner Bernie Pistillo and Tokyo office managing partner Ken Siegel. The team also includes corporate partners Mike O'Bryan, Scott Lesmes, Ivan Smallwood and corporate associates W. Lee Johnston, Stephen Lam, Jamal Al-Haj, Anisah Giansiracusa, Emily Beers, Lisa Zhang and Marianne Marchiori; finance partner Mark Wojciechowski and associates Jeffrey Xu and Max Zidel; antitrust partner Mike Miller and associate Kerry Jones; technology transactions partner Paul Jahn and associates Keval Patel and Tiffany Hu; compensation benefits partner Domnick Bozzetti and of counsel Ali Nardali and Amanda Hines; and tax of counsel Joy MacIntyre and associate Allison Peck.

The Goodwin team is led by partners Stuart Cable and Mark Opper and also includes partners Howard Cubell, Deborah Birnbach, Andrea Agathoklis Murino, Paul Jin, Caroline Bullerjahn, Richard Matheny, and associates Morgan Mordecai, Stephanie Richards and Erin Canino.

The Skadden team includes antitrust and competition partners Steven Sunshine and Matthew Hendrickson, and associate Joseph Rancour; CFIUS partners Ivan Schlager and Michael Leiter, and counsel Malcolm Tuesley; M&A partner Thomas Kennedy; executive compensation and benefits partner Regina Olshan; and tax partner Steven Matays.

The Raine Group is advised by a Pillsbury Winthrop Shaw Pittman LLP team led by partner Stephen Amdur and including counsel Gurpreet Bal and associate Anna He.

J.P. Morgan is advised by a Simpson Thacher & Bartlett LLP team led by partner Caroline Gottschalk.

Centerview Partners is advised by a Sidley Austin LLP team including M&A partners Martin Wellington and Jennifer Fitchen and associate Sally Wagner Partin.

-Update: This story has been updated to include further information about the deal, to add additional counsel information and to correct Cahill's role in the deal and a spelling error.

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