

Sprint Nextel to Buy Virgin Mobile USA

OVERLAND PARK, Kan. — Telecommunications company Sprint Nextel Corp. said Tuesday it agreed to acquire Virgin Mobile USA Inc. in a stock deal valued at \$5.50 per share in a bid to expand its prepaid cell phone offerings.

Sprint valued the deal at \$483 million, including Sprint's existing 13.1 percent stake in Virgin Mobile. The transaction represents a 31 percent premium to Virgin Mobile's Monday closing share price of \$4.21.

When the deal closes, Sprint will retire Virgin Mobile USA's outstanding debt, which is expected to be no more than \$205 million on Sept. 30. The deal allows Sprint to expand its prepaid cell phone offerings, bringing together the Virgin Mobile brand with its current Boost Mobile business.

Sprint plans to issue between 81.4 million and 104.7 million shares in exchange for all Virgin Mobile USA common and preferred stock that it does not already own.

The deal is expected to be complete in the fourth quarter of 2009 or in early 2010. After the deal closes, Sprint's prepaid business will be run by Dan Schulman, current Virgin Mobile USA CEO.

Shares of Virgin Mobile soared \$1.09, or 25.9 percent, to \$5.30 in premarket activity. The stock has ranged from 60 cents to \$5.31 over the past year.

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