

## Uber: Two Stock Prices but Not One Deal

By Brianna Tsutsui, J.D. Candidate 2019 | October 30, 2017

The potential billion-dollar transaction between Uber and the Japanese investment company, SoftBank, was [announced](#) several months ago, though the deal has yet to close.

SoftBank's Chief Executive Officer, Masayoshi Son, plans to invest \$10 billion in the ride-sharing giant to become a [significant](#) shareholder in the company. The investment is comprised of a \$1 to \$1.25 billion investment, and the purchase of 14 to 17 percent of Uber's shares.

There are two different sets of shares under this deal. Uber will issue new shares to sell to SoftBank for the first set, and SoftBank will acquire the second set from current investors through a tender [offer](#). However, not all current investors will be authorized to accept SoftBank's tender. Eligible shareholders include (but are not solely limited to) current Uber employees and board members with at least 10,000 shares, who may sell no more than half of their total [shares](#).

Although Son intends to buy the newly issued shares based on Uber's most recent \$68 billion company valuation, he is only willing to make an offer for the second set of shares based on a \$50 billion company valuation. Because Uber is a private company, investors like SoftBank can in fact determine the company's valuation on its own. This of course may have harmful effects on those Uber shareholders who desperately want to exit the [scandal-labeled](#) company and may be forced to sell their shares at this lower valuation in order to do so.

The SoftBank deal, coupled with Uber's recent change in its [governance](#) structure, may offer hope to those dissatisfied shareholders and investors unable to sell their stocks. In addition to SoftBank appointing two directors to Uber's new 17-member board if the deal is completed, Uber's board hopes to carry out an initial public offering by 2019. Investors in public markets have greater freedom to transfer their shares and valuations are much more transparent than in private companies.

Despite the delay and obvious drawbacks, Uber board member Arianna Huffington said she remains "optimistic" that SoftBank and Uber's massive deal will soon close.