

Sprint pledges support to Clearwire

December 1 2011, By PETER SVENSSON , AP Technology Writer

(AP) -- Sprint Nextel Corp. is mending fences with independent subsidiary Clearwire Corp., pledging Thursday to use the data network Clearwire is planning to build and to participate if the company raises more capital.

The announcement is a lifeline for Clearwire, which is struggling financially. It's using a [network technology](#) called WiMax that has been bypassed by all phone companies except [Sprint](#), and lacks the funding to upgrade to the industry's standard technology.

Clearwire shares climbed 43 cents, or 24.2 percent, to \$2.21 in midday trading. The stock has been very volatile this year, as investors have followed the blow-by-blow of Clearwire's tempestuous relationship with Sprint.

Overland Park, Kan.-based Sprint owns 54 percent of Kirkland, Wash.-based Clearwire, but doesn't have voting control. Sprint now resells access to Clearwire's WiMax network as "Sprint 4G."

Two months ago, Sprint made clear that it had no plans to keep selling WiMax-compatible devices after the end of next year, and it said nothing about using the new network Clearwire is planning. That sent Clearwire shares crashing.

On Thursday, Sprint said it will collaborate with [Clearwire Corp.](#) on building the new network and expects to sell phones that can use it, starting in 2013. It will pay up to \$350 million in advance for network

capacity if Clearwire meets certain buildout goals.

Clearwire will still need more funding for the network. Sprint said it would participate in a share offering, buying shares worth up to \$347 million to maintain its stake in the company.

Also Thursday, Clearwire said it's made \$237 million in interest payments that were due Thursday on its debt. The [Wall Street Journal](#) had reported two weeks ago that the company was considering whether to delay the payments.

Sprint also said it's paying Clearwire \$926 million for unlimited use of its [WiMax](#) network in 2012 and 2013, and intends to establish a usage-based contract for 2014 and beyond.

Sprint is upgrading its own network to use the same technology Clearwire is planning to use, dubbed LTE, for Long-Term Evolution. It has also struck a deal to collaborate with privately funded startup LightSquared on its LTE network. That network, however, is being held up by concerns that it will interfere with GPS navigation devices.

Given that Sprint is building its own network, analysts believe it will minimize Clearwire's role over time, despite Thursday's announcement. That leaves "Clearwire's strategic role in doubt long-term," said Michael Nelson at Mizuho Securities.

Sprint shares fell 1 cent to \$2.69 in morning trading.

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Citation: Sprint pledges support to Clearwire (2011, December 1) retrieved 23 April 2024 from <https://phys.org/news/2011-12-sprint-pledges-clearwire.html>

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