

Sprint raises offer to buy Clearwire for \$2.2B

December 17 2012, by Peter Svensson

Sprint, the third-largest U.S. cellphone company, said Monday that it will buy out the portion of wireless network operator Clearwire that it doesn't already own after raising its offer price to \$2.2 billion.

The deal would give Sprint control of a flailing affiliate, one it depends upon to provide high-speed "Sprint 4G" data services on some of its phones. It would increase Sprint's access to the airwaves, meaning it could boost data speeds in coming years. However, [cell towers](#) using Clearwire spectrum have poor range, meaning Sprint may struggle to provide broad coverage.

[Sprint Nextel](#) Corp. said it will pay \$2.97 per share for the nearly 50 percent stake in Clearwire stock it doesn't already own. A board committee that excluded Sprint appointees approved the offer. The board hadn't approved Sprint's earlier offer of \$2.90 per share, or a total of \$2.1 billion, which had been made Thursday.

The agreement is a disappointment for Clearwire shareholders, who were hoping that the company would hold out for an even better offer. Some of them could try to stop the deal. The stock fell 47 cents, or 14 percent, to \$2.90 in morning trading Monday.

[Clearwire Corp.](#), which is based in Kirkland, Washington, was formed by cellular pioneer Craig McCaw to take advantage of an emerging [wireless technology](#), [WiMax](#), which promised higher speeds and lower costs than conventional [cellular technology](#).

Sprint was working on the same technology. In 2008, it rolled those operations into Clearwire, gaining a stake of more than 50 percent. Sprint pays Clearwire for access to its network, which it resells as Sprint 4G, but the technology has been orphaned as other [wireless carriers](#) have opted for another fourth-generation technology called LTE. Sprint is now building out its own 4G LTE network. Clearwire has its own plans to build out LTE, but has lacked the funds to do so.

Sprint was also financially strapped, until it agreed in October to sell 70 percent of itself to [Softbank Corp.](#) of Japan for \$20 billion. Clearwire shares nearly doubled in value when that deal was announced two months ago, as investors guessed that the Softbank deal meant Sprint would buy full control of Clearwire.

Sprint's \$2.97-per-share offer for Clearwire is more than twice the stock's closing price of \$1.30 on Oct. 10, just before the Sprint-Softbank deal was confirmed.

The Clearwire deal is contingent on the Softbank deal going through. A majority of Clearwire's minority shareholders also need to approve it. Of those, cable companies Comcast Corp. and Bright House Networks, as well as chipmaker Intel Corp. have agreed to vote in favor. They control 13 percent of the shares.

Because Clearwire is closely tied to Sprint, it would be a poor fit for another [cellphone](#) company, and there have been no reports of other suitors.

Analyst Christopher King at Stifel Nicolaus said it's likely other shareholders will oppose the deal, arguing that Clearwire is worth much more. That means that final approval "may come down to a vote-counting exercise," he said.

Sprint, which is based in Overland Park, Kansas, said it expects both deals to close next summer.

Sprint's stock fell a penny to \$5.54 in morning trading Monday.

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