

Sprint to pay \$2.1B for the rest of Clearwire (Update)

December 13 2012, by Peter Svensson

(AP)—Sprint Nextel has offered to buy out the minority shareholders of Clearwire for \$2.1 billion in a deal that would give it total control of the flailing company and also more space on the airwaves for data services.

Sprint said in a regulatory filing Thursday that it's offering \$2.90 per share for the 49 percent of the wireless network operator that it doesn't already own.

Clearwire's board hasn't approved the sale, but said it's in discussions with Sprint. In morning trading, Clearwire shares jumped 13 percent to \$3.11, suggesting that investors believe a better offer may be coming.

It's been widely assumed that Sprint, the No. 3 U.S. wireless carrier, would buy out Clearwire. Both companies have been pressed financially, but Sprint is getting an infusion of cash after selling 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, and got a further boost on Tuesday, when The Wall Street Journal and CNBC reported that Sprint and Clearwire were already in talks.

Clearwire, 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 and in 2008, rolled those

operations into Clearwire, gaining a stake of more than 50 percent. Since then, it's had a hot-and-cold relationship with Clearwire. Sprint uses Clearwire's WiMax network to provide "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, something that Clearwire would do as well if it had the funds.

Clearwire's main asset is vast swaths of wireless spectrum, or space on the airwaves, that could be used to provide high data download speeds—a crucial competitive factor in today's wireless industry.

Sprint is struggling to compete with bigger rivals Verizon Wireless and AT&T Inc. Sprint has 48 million subscribers that it bills directly, compared to 96 million at Verizon and 77.3 million at AT&T.

Clearwire Corp. serves 10.5 million subscribers, but it only bills 1.4 million of them directly. Almost all of the rest are using Sprint devices.

Shares of Sprint Nextel Corp., based in Overland Park, Kansas, fell 5 cents to \$5.61 in early trading.

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