

Former FCC Commissioner Claims Clearwire Spectrum Undervalued in Sprint Deal

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In a new [report](#) [1], former FCC commissioner Dr. Harold Furchtgott-Roth and the Analysis Group claims that Sprint's proposed \$2.97 per share offer to take control of Clearwire vastly undervalues the WiMax provider's spectrum holdings.

The report, submitted today by Clearwire minority shareholder Crest Financial LTD, states that at the current offer represents \$0.11 per MHz POP when it should be valuing at \$0.31-\$0.50 per MHz POP. According to a press release, that bump in value should drive the offer per share to somewhere between \$9.54 and \$15.50.

In the report, Furchtgott-Roth suggests Clearwire would see better profits in a multiple customer case scenario, citing "the fragmented spectrum holdings of other U.S. carriers create an opportunity for Clearwire to offer a valuable wholesale service" as Clearwire "is able to operate on a single bandwidth in excess of 130 MHz on average."

Furthermore, Furchtgott-Roth sees Clearwire's large swathes of 2.5 GHz spectrum to be uniquely suited for deployment of TDD-LTE.

Dr. Furchtgott-Roth served as an FCC commissioner from 1997 to 2001. He has also served as chief economist for the House Committee on Commerce and a principal staff member on the Telecommunications Act of 1996.

In its ex parte filing, Crest points to a disregard for public interest on Sprint's part based on its pursuit of unilateral control of Clearwire, which Crest asserts is being advanced by offering Clearwire executives lucrative "golden parachute" compensation arrangements.

The cash-strapped Clearwire recently [drew](#) [2] \$80 million in funding for March, part of an agreement in which Sprint has agreed to provide \$800 million in additional funding to Clearwire in the form of exchangeable notes over 10 months. Clearwire declined the \$80 million draws for both January and February as it continues to consider Sprint's offer as well as an offer of \$3.30 per share made by Dish Network.

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[1] <http://apps.fcc.gov/ecfs/document/view?id=7022129932>

[2] <http://www.wirelessweek.com/news/2013/02/clearwire-draws-sprint-funding-could-complicate-dish-offer>