

Hedge Fund Offers Clearwire Additional \$80M in Financing

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Aurelius Capital Management has offered Clearwire \$80 million in funding to further entice the WiMax wholesaler away from Sprint's funding offer.

In a [letter](#) [1] to Clearwire's board, Aurelius explains that its financing offer would be on similar terms to that of Sprint's except that its notes would be exchangeable for Clearwire stock at \$2 per share as opposed to the \$1.50 per share offered by Sprint.

The aggressively worded letter explains that Aurelius' offer of \$80 million is meant to be taken as a supplement to the \$240 million Clearwire minority shareholder Crest Financial offered last week. Aurelius suggests the remaining \$160 million in funding it would take to equal the \$480 million Sprint still has on the table for Clearwire would come from other investment sources.

"Sprint has had its chance; it is time to see what the capital markets are prepared to do," wrote Aurelius Chairman Mark Brodsky.

Without counting interest, Aurelius appears confident its offer will provide it with an absolute return of 48.5 percent based on Sprint's valuation of Clearwire at \$2.97 per share, 65 percent based on the prevailing market price of \$3.30 or more in terms of the "fair value" of Clearwire stock.

"We would normally refrain from proposing such lucrative terms for fear of offending the issuer, but given the terms on which you have allowed Sprint to invest, we trust no offense will be taken," wrote Brodsky.

Clearwire has so far drawn \$160 million in funding from Sprint, receiving \$80 million for both March and April after declining the equal draws for January and February. The company previously turned down the funding as it fulfilled its fiduciary duty to its shareholders by reviewing an offer of \$3.30 per share for Dish Network.

Sprint, which already owns a slight majority of Clearwire stock, is looking to buy the rest for \$2.97 per share as it prepares to sell a 70-percent stake in its company to Japanese cellular company Softbank.

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Links:

[1] http://mms.businesswire.com/media/20130409006625/en/364794/1/Board_Letter_%2804-09-13%29.pdf&download=1