

Clearwire Sends Letter to Stockholders, Urging Yes Vote on Sprint Bid

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Clearwire outlined its exhaustive efforts to turn around its fortunes in the WiMax wholesale market in a letter sent Monday to stockholders. But the company continually returned to the conclusion that Sprint's \$2.97 per share offer (translating to nearly \$2.2 billion for shareholders) was not only the best deal but really the only deal that would save Clearwire before its liquidity runs dry.

On May 21, Clearwire stockholders will have the opportunity to vote on Sprint's proposed deal to buy the roughly 50 percent of Clearwire it doesn't already own. In the letter, Clearwire reminded shareholders that Sprint's bid—that equals out to about \$0.21 each for Clearwire's approximately 47 billion MHz-POPs—is around a 130-percent premium over Clearwire's closing price on October 10, 2012.

Clearwire favorably compared Sprint's \$2.97 per share offer to the \$2.26 per share Google received for its Clearwire Common Stock on March 1, 2012, and the \$1.37 per share Time Warner received for its Clearwire Common Stock on October 3, 2012.

Clearwire also pointed to a somewhat bleak outlook for the company as a standalone, citing minimal interest from other wholesale partners. Sprint is currently Clearwire's only large wholesale partner. If Clearwire stays with that single-customer case model, the company predicts an estimated peak cash shortfall of \$3.9 billion by 2017.

Sprint had previously [paid](#) [1] \$1.6 billion to Clearwire for access to its WiMax services and part of that money was to help Clearwire continue building LTE over its network. Clearwire had announced plans to deploy 5,000 LTE cell sites by mid-year 2013 but during an earnings call in October, the company adjusted that figure to 2,000 in order to not build ahead of Sprint's LTE device availability schedule. In Clearwire's first quarter report this year, the company maintained the 2,000 LTE site target for mid-year and expected to hit 5,000 by the end of 2013.

Clearwire has been accepting from Sprint monthly funding draws of \$80 million in order to continue with its LTE aspirations. Alternative funding offers from major Clearwire shareholders Crest Financial Limited and Aurelius Capital, totaling \$240 million, could not be accepted without Sprint's approval.

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After further pointing out the risks involved with spectrum sales and financial refinancing or restructuring, Clearwire returned again to Sprint's offer as the most beneficial for stockholders.

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[1] <http://www.pcmag.com/article2/0,2817,2398437,00.asp>