

Clearwire back in Sprint's good graces

By *Iluna*

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Editor's Corner:

After shunning Clearwire ([NASDAQ:CLWR](#) [1]) at nearly every turn earlier this month, Sprint Nextel ([NYSE:S](#) [2]) executives could hardly say enough positive things about its wholesale WiMAX partner this week.

First up: Sprint's vice president of network development and engineering, Iyad Tarazi, said this week during the 4G World event in Chicago that [Sprint will end 2011 with about 20 percent of its traffic riding on wholesale partner Clearwire's](#) [3] WiMAX network, which Tarazi said Sprint will continue to support for many years because of its agreement with the wholesale provider. Back when Sprint made its LTE plans known on Oct. 7, it appeared that Sprint couldn't wait to get away from Clearwire, announcing it would stop selling WiMAX devices by the end of 2012.



Lynnette Luna

Moreover, Sprint announced it signed an agreement with Clearwire that essentially will allow the companies to work together toward a joint LTE network--a stark reversal to earlier this month when executives went out of their way to avoid any association with Clearwire. In fact, when they were bombarded with questions about Clearwire earlier this month, [Sprint CEO Dan Hesse declared that no bankrupt wireless company has ever shut down its network](#) [4], and that it was Clearwire's responsibility to re-engage with Sprint--not the other way around.

[Yesterday the tone was much different](#) [5] during the company's third-quarter conference call: "We're pleased to announce we've signed a non-binding cooperation agreement with Clearwire to work together on technical specifications for the Clearwire LTE network and to ensure a superb customer experience for Sprint customers on the Clearwire LTE network," Hesse said, noting the agreement covers cell site selection, site builds, chipsets for devices and is intended to assure seamless handoffs between Sprint's FDD LTE network and Clearwire's TD- LTE network.

Of course the caveat is that the new agreement between Sprint and Clearwire paves the way for the companies to work together to deploy LTE, but does not represent a final contract to that effect. Clearwire has said it needs an additional \$600 million to build an LTE-Advanced network across two-thirds of its current WiMAX network footprint.

Hesse's goodwill spilled over into an [interview with Forbes](#) [6]. He said he welcomed Clearwire's stock boost that was a result of Sprint saying it would re-engage with Clearwire. "We're glad for Clearwire and the fact the stock is doing well," Hesse said. "They're a partner of ours."

Clearwire's stock jumped more than 20 percent yesterday afternoon.

The fact is that since Oct. 7, both Clearwire's and Sprint's stock prices have been floundering (although Sprint's also has to do with the costs incurred by selling the iPhone). Moody's and Fitch Ratings have downgraded both companies.

In cutting Sprint's overall creditworthiness to B1 from Ba3 two weeks ago, [Moody's cited Sprint's go-it-alone 4G strategy](#) [7], which would cost billions more than if it struck an arrangement with Clearwire.

"Sprint has missed an opportunity to save billions of dollars of capex by failing to reach a win-win arrangement with Clearwire," said Moody's Vice President Dennis Saputo. "Instead, management will ratchet up the execution risk and go it alone for the 4G upgrade path."

Sprint's attitude change is certainly a significant shift. It was trying to play hard ball, but in the end it had to admit its reliance on Clearwire. Sprint's current base of customers are in too deep already on the WiMAX side, and Sprint just doesn't have the spectrum to go all by itself.--Lynnette [8]

[clearwire](#) [Dan Hesse](#) [FDD](#) [LTE](#) [Nextel](#) [Sprint Nextel](#) [Traffic](#) [wholesale](#)

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Report: Sprint close to extending Clearwire wholesale deal

By *Sue*

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Sprint Nextel ([NYSE:S \[1\]](#)) and Clearwire ([NASDAQ:CLWR \[2\]](#)) are working out the details of a new contract that would extend their existing wholesale deal for another three to five years, according to a report in *Bloomberg*, citing three unnamed sources who are said to have direct knowledge of the deal.

The contract will allow Sprint to use Clearwire's network to provide service to its customers after the current deal expires at the end of 2012. Although the details aren't final, the report said that the price Sprint will pay for Clearwire to handle its traffic is likely to fall.

A new wholesale deal with Sprint would provide a much needed boost for Clearwire, which has said it needs about \$1 billion in additional financing to deploy LTE and finance its existing WiMAX operations. However, according to the sources, Sprint won't provide financing to Clearwire as part of the new deal.

Sprint announced Oct. 7 that it will launch LTE service by mid-2012 using its 1900 MHz spectrum and move away from WiMAX as its 4G technology of choice. In addition, the company said during its earnings call earlier this week that it had signed an agreement with Clearwire that essentially will allow the companies to work together toward a joint LTE network.

The agreement covers cell site selection, site builds, chipsets for devices and is intended to assure seamless handoffs between Sprint's network and Clearwire's LTE network.

For more:

- see this *Bloomberg* article [3]

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[Sprint's stock plunges following LTE strategy conference \[7\]](#)

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