Dish Tops Sprint's Bid for Clearwire Ahead of Vote

Associated Press

ENGLEWOOD, Colo. (AP) — Satellite TV operator Dish Network Corp. on Wednesday raised its bid for Clearwire Corp., valuing the wireless network operator at $6.9 billion, in an attempt to outbid Sprint Nextel Corp. two days before Clearwire shareholders are meeting to vote on a deal.

Dish's bid of $4.40 in cash per share is 29 percent higher than Sprint's bid of $3.40 per share. Sprint wants to buy the half of Clearwire that it doesn't already own.

Dish's previous offer, from January, was for $3.30 per share.

Clearwire shares jumped 22 percent to $4.23 in after-hours trading.

Dish Network Corp. chairman Charlie Ergen said in a statement that Clearwire's wireless spectrum — space on the airwaves — is key to Dish being able to deliver future services. Ergen said in an open letter to Clearwire Chairman John Stanton that Dish's bid is "a meaningfully superior alternative" to Sprint's offer.

Englewood, Colo.-based Dish also offered to loan Clearwire up to $800 million in exchange for notes that would bear a low 1 percent annual interest rate, but allow Dish to exchange the notes for Clearwire shares at a ratio valuing them at $2.50 per share. Dish also extended its offer to minority shareholders, saying it would accept their shares if it was able to acquire at least 25 percent of all shares and have a say in how Clearwire is run.

Clearwire has said it tapped into financing from Sprint in the form of convertible notes.

Clearwire's board had recommended that shareholders vote in favor of Sprint's bid before Dish's latest offer Wednesday. The wireless carrier raised its offer by 14 percent, to $2.5 billion, last week. Sprint, based in Overland Park, Kan., is Clearwire's only major wholesale customer, and uses its network to provide "Sprint 4G" service.

Dish, eager to get into the wireless business, has also offered to buy Sprint for $25.5 billion, but it is competing in that bid with Japanese wireless phone carrier Softbank.

Earlier Wednesday, Sprint and Softbank said that U.S. regulators said there were no national security issues with Softbank's potential $20.1 billion purchase of Sprint, paving the way for the Federal Communications Commission to complete its review of that deal.

Sprint shares added 5 cents to $7.33 in aftermarket trading. Dish stock was inactive.

Source URL (retrieved on *11/24/2014 - 4:52pm*):
http://www.wirelessdesignmag.com/news/2013/05/dish-tops-sprints-bid-clearwire-ahead-vote