

Telecom Services
Kirkland, Wash.

Clearwire Adds Roughly \$200M To WiMax War Chest

By John Letzing

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WiMax poster child Clearwire Corp. has thrown a couple hundred million additional dollars in debt and equity onto a war chest now swelling with well over \$1 billion.

Kirkland, Wash.-based Clearwire, which is building a wireless broadband network throughout the U.S., announced that it has added at least \$200 million in debt and equity to a \$900 million round of funding from Intel Capital and Motorola Ventures that it first closed to much fanfare last July.

Morgan Stanley, Merrill Lynch & Co. and J.P. Morgan Chase & Co. led the \$125 million debt portion of the tranche. Intel spokesman Kent Cook said that Intel and Motorola were the only investors in the equity portion of the round, though he declined to say exactly how much the pair contributed.

Clearwire spokeswoman Teresa Fausti-Blatt did not immediately respond to a request for comment, but in a prepared release Clearwire said that the tranche and the \$125 million in debt together brought the \$900 million round to more than \$1.1 billion.

Cook said that Intel indicated when the round last closed at \$900 million that it may be contributing more in the future. "I'd suspect they'd raise even more funding," Cook said of Clearwire, though he declined to say when and whether Intel will participate.

"Obviously, building out a WiMax network isn't going to be something you just snap your fingers to do," Cook said. In a prospectus filed for an initial public offering of shares that was cancelled this past summer, Clearwire disclosed it had a net loss of \$140 million in 2005 due to the high cost of network build-out, with expectations to incur "significant net losses for the foreseeable future."

Intel has staked out its role as number one proponent of WiMax because the proliferation of such networks may one day require a multitude of Intel chips to connect users to them.

Cook said that what makes Clearwire attractive to Intel is the company's vast holdings of the sort of licensed spectrum suitable for WiMax. Clearwire has aggressively purchased and licensed such 2.5 gigahertz and 2.6 gigahertz spectrum, and holds the second-largest position in the spectrum in the U.S. behind Sprint Nextel Corp., a company with which Intel is also working closely.

"Well in excess of 90% of the available spectrum is owned by these two companies, so you better believe we're going to work with them," Cook said.

Clearwire launched its service in 2004 and is headed by Chief Executive Craig

McCaw. Beginning with cellphones in the 1980s, McCaw has made a habit of pouring money into cutting edge wireless projects, the latest of which is WiMax. Due to the success of past McCaw endeavors such as McCaw Cellular Communications Inc., McCaw's vote for WiMax, a burgeoning technology that is only beginning to be deployed widely, has granted it some additional luster.

<http://www.clearwire.com>