

## **This Week's Stories**

### **Sprint in \$1.5 Billion Clearwire Financing; Google Out**

November 10, 2009

Clearwire reported Tuesday that it raised more than \$1.5 billion from an investors group led by its majority owner Sprint Nextel as the wireless company seeks to keep its CLEAR WiMax service ahead of a coming nationwide launch of LTE by Verizon Wireless.

The transfusion appears to be enough to carry Clearwire through its nationwide rollout scheduled for next year. Sprint is reported to be supplying \$1.176 billion of the new investment, while Intel, Comcast, Time Warner, Eagle River Holdings, and Bright House Networks are chipping in the remaining amount, about \$500,000.

The investors have all participated in earlier capital infusions for Clearwire. Conspicuous by its absence in the investors group is Google, which participated in a previous \$3.2 billion investment in Clearwire.

Google has teamed up with Verizon Wireless, which began marketing Google Android-based handsets in recent days, and that could explain its absence from the latest Clearwire financing. Google, however, said it still supports Clearwire and will continue to help the WiMax provider by cooperating on products and strategy. Eagle River Holdings, an investment company of Clearwire founder Craig McCaw, chipped in \$20 million in the latest investment package.

Clearwire has a solid head start over Verizon Wireless' LTE. Clearwire has deployed its WiMax networks in several U.S. cities including Portland, Ore., Baltimore, Philadelphia, and Atlanta. Verizon Wireless, which is owned by Verizon Communications and Vodafone Group, is preparing to launch its high-speed LTE service in one fell swoop in 25 to 30 U.S. cities next year. Trials are scheduled to get underway in the coming weeks in Boston and Seattle.

Last week, Clearwire debuted its CLEAR service in a 1,000-square-mile area around Philadelphia and the move stands in bold relief to the agonies that Philadelphia underwent in years of trying and failing to launch a municipal Wi-Fi network in the city. In announcing the service Clearwire noted that the CLEAR 4G service not only covers a service area measured in miles, but delivers "average mobile download speeds of 3 to 6 mbps with bursts over 10 mbps."

In a statement, Andrew Kupiec, general manager of Clearwire in Philadelphia, said, "CLEAR is excited to bring to Philadelphia residents, businesses and visitors an Internet experience similar to what they're used to having at home or the office, anywhere around town or on the go."

<http://www.informationweek.com>

### **Analysis: Motorola to Sell off Profitable Networks Division**

November 12, 2009

Sometimes, rumors make sense. The news that Sprint would be giving Clearwire more cash, which was leaked by the *Wall Street Journal* one day before it was officially announced, came as little surprise. There had been hints from Clearwire for some time that it would need additional funding to complete its ambitious network build out, and many regarded it was just a matter of time before the company received an additional injection of cash from its investors.

Now there's the report, again from the *Wall Street Journal*, that Motorola is planning to spin off its Home and Networks Mobility unit. As one blogger put it, "Motorola: Here's an idea: Let's Sell Off Our Most Profitable Division." In a recent interview with *Wireless Week*, Motorola's networks chief Bruce Brda emphasized the success of the company's infrastructure business. "We've faced and solved problems our competitors haven't solved yet, voice over IP being one," he said in reference to the company's work with WiMAX.

Unlike Motorola's beleaguered handset unit, its set top boxes and network segment is doing comparatively well. The company recently shipped its millionth WiMAX device and had the largest sales of all three divisions with \$2 billion, trumping revenues from Motorola's handset and enterprise segments. The profitability of Motorola's networks business and enterprise unit has helped offset continued losses in its handset division, which lost \$183 million in the third quarter.

Motorola did not respond to requests for confirmation of the rumor by press time, but had stated in other reports that it remains "committed to the separation goal and continue to believe that it is the right strategy to position Motorola for long-term success."

Motorola has been planning to sell off its handset division for some time, but the plans appeared to be on the back burner when the company failed to find a buyer. A sale of the networks business would mean the company is planning a three way split instead of a two way split. Motorola's rumored decision to sell off its most profitable segment comes at a time when the company seemed to be turning itself around. After several quarters of continued losses, Motorola posted an unexpected third quarter profit. In addition, they appear to be regaining ground in their long-troubled handset division with the launch of the DROID with Verizon Wireless.

Some speculate that the company's recent fiscal improvements make this a perfect time for a sell off. The industry will have to wait and see.

<http://www.wirelessweek.com>

## **Product & Service News**

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### **T-Mobile Ends MyFaves**

November 11, 2009

With the recent launch of T-Mobile's new Even More and Even More Plus plan lineup that emphasizes unlimited voice calling, T-Mobile has officially ended the MyFaves plan lineup that it began offering in 2006 along with the Stick Together campaign as a response to Alltel's older myCircle, now a part of Verizon Wireless plan offerings as a result of the purchase, and AT&T's recent launch of its variant in A-List.

T-Mobile will still be preloading its custom firmware with the MyFaves homescreen on current and future devices. Customers with MyFaves plans will still be able to use the offering with no changes.

<http://www.phonenews.com>

## **Corporate Partnerships, M&A**

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### **Cisco Considers Withdrawal of Tandberg Offer**

November 11, 2009

With the deadline approaching for closing Cisco's \$3 billion offer to acquire Tandberg, Cisco said it will consider dropping its offer if Tandberg stockholders don't vote for the takeover in significant numbers.

Cisco has extended its offer to 5:30 p.m. Nov. 18, at which time it will announce whether at least 90% of Tandberg stock has been tendered. Norwegian laws require at least 90% of stockholders to approve acquisitions.

"Soon after expiration of the extended offer period," Cisco said in a release, "Cisco will announce whether the 90% condition for the offer has been met. If not, Cisco will evaluate whether or not to withdraw the offer."

With Cisco making a big commitment to videoconferencing and telepresence applications, Tandberg would represent an important asset for Cisco's drive in the area. On the other hand, it believes its \$3 billion offer for Tandberg is fair and points to a recent Ernst and Young analysis that found the offer was a fair deal for Tandberg stockholders.

A group of Tandberg stockholders, representing about 24% of the Norwegian firm's total shareholder population, has been holding out for an 11% increase over the \$3 billion figure. The higher price would represent a 50% increase over Tandberg's stock price when reports of a possible acquisition began circulating.

Cisco CEO John Chambers has hailed an acquisition of Tandberg because the two firms have similar cultures.

Tandberg's chief executive Fredrik Halvorsen has also supported the merger along with the remainder of Tandberg's top management. The Ernst & Young report was commissioned by Tandberg management.

Another problem for Cisco in agreeing to a higher bid is that the acquisition-happy firm fears it could set a precedent for other deals, which could become routinely challenged by stockholders seeking additional money after a deal has been struck.

<http://www.informationweek.com/>

### **Avaya-Nortel Acquisition Gets OK**

November 12, 2009

Avaya's acquisition of Nortel Networks enterprise solutions unit has been sped up by U.S. and Canadian antitrust agencies, which have approved regulatory measures likely to pave the way to final approval of the \$900 million acquisition.

In an announcement Wednesday, Avaya said the firm has been granted early termination of the mandatory waiting period normally required under the provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976. In addition, Avaya said it had received regulatory clearance from the Canadian Competition Bureau. "The Competition Bureau issued a no action letter, indicating that it does not have grounds to challenge the proposed transaction under the (Canadian) Competition Act," said Avaya. Avaya added that it expects the acquisition to close in December after additional regulatory reviews are completed.

Bidding to acquire the Nortel unit was heated and Avaya had to increase its bid to about \$900 million after Siemens Enterprise Communication and Gores Group teamed up to raise the bidding for the unit, one of the most prized in bankrupt Nortel's surviving businesses. Avaya had started the bidding with a \$475 million stalking horse bid and waited as its first offer was topped by the Siemens-Gores group.

The acquisition was hailed by Nortel Networks Users Association and also by many employees of the unit after Avaya agreed to provide an additional pool of \$15 million for an employee retention program.

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## **Industry News**

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### **Report: Apple Passes Nokia in Handset Profitability**

November 11, 2009

Not only can Apple make a compelling smartphone, it also can make a profitable one. According to research firm Strategy Analytics, Apple surpassed Nokia for the first time in the third quarter to become the most profitable handset maker.

Apple had \$1.6 billion in operating profit in the quarter from its iPhone handset division, while Nokia had \$1.1 billion in operating profit from its handset division, according to the firm. The results are not entirely surprising given the disparate performances of the two companies in the quarter. Apple sold 7.4 million iPhones in the quarter and had its most profitable quarter ever, while Nokia shipped fewer handsets on a year-over-year basis, and saw its global smartphone marketshare decline from 41 percent to 35 percent.

The changing dynamics of the handset market underscore the way smartphones have come to dominate growth in the industry. It was a little more than two years ago that Apple first broke into the handset market with the original iPhone, and yet the company has quickly become a major player.

Alex Spektor, an analyst at Strategy Analytics, said that strong volumes, high wholesale prices and tight cost controls have helped Apple break into the market. Meanwhile, Nokia is still the world's leader in smartphone marketshare, but, according to the research firm, the company must make further inroads in the U.S. market.

"Strategy Analytics believes that the United States, where Nokia now trails Apple in marketshare, is the key to Nokia's recovery in 2010," Strategy Analytics analyst Neil Mawston said in a release. "A successful fight on Apple's high-profit home turf can simultaneously help to revitalize Nokia's margins and to put a check on Apple's surging growth."

<http://www.fiercewireless.com>

## **Emerging Technology**

### **Qualcomm CEO: AT&T Will Launch First Smartbook**

November 12, 2009

AT&T Mobility will launch the first smartbook, a new device that Qualcomm has been pushing that will combine

the always-on connection smartphones have with the larger display of a netbook. The device will be made by Lenovo and will run on Qualcomm's Snapdragon chipset. Qualcomm announced the device at its investor meeting in New York this morning, however the company did not provide any more details, including its price and availability, since the smartbook will be officially announced at the Consumer Electronics Show next year. The announcement also is another indication that AT&T is looking to expand beyond mobile phones, as it has already established itself as a strong supporter of wireless e-readers.

Qualcomm also said it is testing new multi-mode high-speed wireless chips, as it prepares to make further inroads in next-generation wireless technologies. In addition, company CEO Paul Jacobs said that the chip maker was aware that competition next year would be intense.

The company is currently testing the new chipsets with a wide range of companies, including Huawei, LG Electronics, Novatel Wireless, Sierra Wireless and ZTE. The chipsets are a dual-carrier HSPA+ and a multi-mode 3G/LTE chipset. Qualcomm said that the first commercial devices based on the new solutions will likely hit the market in the second half of 2010.

The creation and testing of next-generation chipsets is critical for operators that are looking to launch devices on HSPA+ and LTE networks. Verizon Wireless and other operators will begin deploying LTE next year, and T-Mobile USA is going to aggressively upgrade its network to HSPA+ technology.

Jacobs said he was aware that there will be intense competition both for chipsets for smartphones and for low-end phones. "We see 2010 as a battleground for marketshare," he said during a meeting with *Wall Street Journal* editors. "We're expecting price competition on the chipset side."

<http://www.fiercewireless.com>

### **T-Mobile Launches New Laptop Stick, Promotional Data Plans**

November 11, 2009

Mobile USA is offering a new USB laptop dongle that doubles as a USB hard drive for those who want to access the company's 3G UMTS network via their laptop. The carrier also launched two new promotional rate plans to go with the device.

The laptop stick, called the webConnect Jet, has up to 8GB of installable microSD memory storage, and is free with a two-year contract. If customers buy the device before Jan. 13, they'll be able to access 200MB of data for \$29.99 per month or 5GB of data for \$49.99 per month. Customers also will be able to get unlimited T-Mobile WiFi

access with the device.

Additionally, the carrier launched a new 3G phone, the Tap. The small, rounded phone has a touchscreen display, 2-megapixel camera with video capture and playback, a music player, GPS and stereo Bluetooth. T-Mobile is selling the Tap for \$79.99 with a two-year contract and after a mail-in rebate.

The carrier, which lost 77,000 subscribers last quarter, is feverishly working to build out its 3G network, which is the smallest among the four Tier 1 operators. However, T-Mobile plans to boost the speed of its network by deploying HSPA+ next year, which has theoretical downlink speeds of 21 Mbps.

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