July 26, 2012

# Clearwire Reports Second Quarter 2012 Results

- ***Raises Guidance for 2012 Revenue and Adjusted EBITDA***
- ***Second Quarter 2012 Revenue of $316.9 Million — Down (2)% Year Over Year From Second Quarter 2011 Revenue of $322.6 Million and Up 8% Year Over Year from Pro Forma Second Quarter 2011 Revenue of $293.7 Million***
- ***Aggregate Wholesale 4G Usage Increased 50% Year Over Year in Second Quarter 2012***
- ***Expands China Mobile Relationship with MOU for First International TDD-LTE Roaming Arrangement and Further Advances Global TDD-LTE Ecosystem with Qualcomm and Sequans***

BELLEVUE, Wash., July 26, 2012 (GLOBE NEWSWIRE) -- Clearwire Corporation (Nasdaq:CLWR), a leading provider of 4G wireless broadband services in the U.S., today reported its financial and operating results for second quarter 2012.

"Every day wireless users become increasingly dependent on their highly capable 4G devices at a time when many in our industry are questioning whether their 4G networks can keep pace," said Erik Prusch, President and CEO of Clearwire. "Network congestion and capacity issues have already forced most major operators to curb usage through data caps or speed limits, and the 4G boom has only just begun. We believe Clearwire's unmatched spectrum portfolio and LTE roadmap are keys to unlocking the value of our deep capacity resources and uniquely position us to meet the short and long term needs of consumers and wholesale carrier partners."

"Clearwire is able to operate on a single bandwidth in approximately 160Mhz of spectrum on average in top 100 markets where capacity constraints are most likely to emerge [for other carriers]," said John Byrne, Research Director for Wireless Infrastructure at IDC. "As a result, Clearwire has the capability to offer greater capacity and better network performance by virtue of a significantly fatter pipe. With several Tier One operators already seeing a point in the not too distant future at which their existing LTE capacity is fully loaded, wholesale partnerships provide the ability to augment capacity in the most constrained markets."

Second quarter 2012 revenue declined slightly year over year to $316.9 million primarily due to a year over year decline in wholesale revenue. Second quarter 2012 wholesale revenue of $117.6 million, was sequentially flat as compared to first quarter 2012 wholesale revenue of $117.8 million, and down (11)% year over year despite a 50% increase in wholesale usage over the same period, primarily due to prior period wholesale revenue adjustments in second quarter 2011 which resulted from the April 2011 Sprint agreement. As compared to pro forma second quarter 2011 revenue of $293.7 million, which excludes the impact of these prior period adjustments, second quarter 2012 revenue increased 8% reflecting the fixed wholesale WiMAX revenue terms of the November 2011 Sprint agreement which took effect in 2012. Retail and other revenue increased 4% year over year to $199.4 million in second quarter 2012. Retail ARPU for second quarter 2012 was $46.12, representing a $(1.47) year over year decline as compared to $47.59 in second quarter 2011 primarily due to lower equipment lease and activation revenue under the new no-contract offering as well as a one-time benefit recognized in the prior year period, offset partially by fewer promotional discounts in second quarter 2012 as compared to the prior year period.

Clearwire ended second quarter 2012 with approximately 11.0 million total subscribers, up 43% from 7.6 million subscribers in second quarter 2011. The subscriber base consists of 1.3 million retail subscribers and 9.6 million wholesale subscribers, reflecting 8,000 retail and 34,000 wholesale net subscriber losses during second quarter 2012. Wholesale subscribers consist primarily of Sprint 3G/4G smartphone customers.

Second quarter 2012 aggregate network usage by wholesale customers increased 50% compared to second quarter 2011, driven primarily by growth in aggregate smartphone usage, which increased 101% over the same period.

Retail cost per gross addition (CPGA) was $226 in second quarter 2012 compared to $313 in second quarter 2011. The year over year improvement is primarily due to lower retail selling expenses associated with our recently launched no-contract offering as well as a lower cost structure resulting from our cost cutting initiatives in 2011. Retail churn was 4.4% in second quarter 2012, up from 3.9% in second quarter 2011. The increase in churn is primarily due to an increase in subscribers on no-contract plans, which were fully launched in first quarter 2012.

Adjusted EBITDA in second quarter 2012 was a loss of $(34.4) million, representing a $45.2 million improvement when compared to second quarter 2011 Adjusted EBITDA loss of $(79.6) million.

Second quarter 2012 reported net loss from continuing operations attributable to Clearwire was $(143.2) million, or $(0.28) per basic share as compared to $(160.5) million, or $(0.65) per basic share, respectively in the prior year period. Including the

effects of discontinued operations, second quarter 2012 reported net loss attributable to Clearwire was $(145.8) million, or $(0.29) per basic share as compared to $(168.7) million or $(0.68), respectively in the prior year period.

At the end of second quarter 2012, Clearwire operated networks in the U.S. covering areas where approximately 136 million people reside, including approximately 134 million people in markets where we provide 4G services, slightly higher than the prior year period when the networks covered areas where approximately 135 million people resided, including approximately 132 million people in 4G markets.

**2012 Revenue and Adjusted EBITDA Outlook**

For full year 2012 Clearwire expects total revenue of $1.20 to $1.30 billion, representing a $50 million increase (at the midpoints) to previous guidance of $1.15 to $1.25 billion. The company also expects 2012 Adjusted EBITDA loss of approximately $(175) to $(225) million, representing a $100 million improvement (at the midpoints) to previous guidance of $(250) to $(350) million.

**Global TDD-LTE Ecosystem Continues Expanding with China Mobile, Qualcomm, Sequans**

Clearwire continues to be a leader in the development of the global TDD-LTE ecosystem, which the company expects to offer important competitive advantages in the years ahead. Clearwire announced last week that the company has signed a memorandum of understanding with China Mobile that will lay the foundation for TDD-LTE roaming between two of the largest wireless markets in the world, China and the United States.

In addition, during the second quarter Clearwire announced plans with Qualcomm and Sequans to add support of TDD-LTE in future LTE products from both companies.

**Results of Continuing Operations**

Cost of goods and services and network costs (COGS) in second quarter 2012 decreased 48% to $224.4 million compared to $433.4 million for second quarter 2011. These amounts include non-cash charges for network equipment reserves and other write-downs of $11.1 million and $214.6 million in second quarters 2012 and 2011, respectively, and other non-cash network-related charges of $39.8 million and $37.8 million in second quarters 2012 and 2011, respectively. The decrease in non-cash charges for network equipment reserves in second quarter 2012 was primarily due to a decline in write-downs of network equipment no longer required for deployment or sparing as we solidified our LTE network plans. Excluding non-cash expenses, COGS decreased 4% year over year primarily due to a decrease in the number of tower leases resulting from cost savings actions taken in 2011.

Selling, general and administrative (SG&A) expense in second quarter 2012 decreased 23% to $137.7 million compared to $178.2 million in second quarter 2011. The decrease is primarily attributable to actions taken in conjunction with Clearwire's cost cutting initiative in 2011 including lower employee-related expenses resulting from headcount reductions and outsourcing of the customer care function, reduced marketing spend, as well as decreased selling commission expense associated with our recently introduced no-contract product offering.

Second quarter 2012 capital expenditures of $24.0 million related primarily to ongoing maintenance of Clearwire's mobile WiMAX network and the deployment of our LTE network, and was essentially flat as compared to $23.0 million in first quarter 2012, but less than $56.0 million capital expenditures in second quarter 2011.

The company ended second quarter 2012 with cash and investments of approximately $1.2 billion invested primarily in U.S. Treasury securities.

**CLEARWIRE CORPORATION**

**SUMMARY OF FINANCIAL DATA FROM CONTINUING OPERATIONS**

**(In thousands)**

**(Unaudited)**

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | Actual | | | Pro forma [1] | Actual |
| | June 30, 2012 | March 31, 2012 | December 31, 2011 | June 30, 2011 | June 30, 2011 |
| REVENUES: | | | | | |
| Retail revenue | $ 199,156 | $ 204,810 | $ 197,640 | $ 190,583 | $ 190,583 |

| | | | | | |
|---|---|---|---|---|---|
| Wholesale revenue | 117,560 | 117,821 | 164,082 | 102,624 | 131,522 |
| Other revenue | 216 | 8 | 148 | 506 | 506 |
| Total revenues | 316,932 | 322,639 | 361,870 | 293,713 | 322,611 |
| OPERATING EXPENSES: | | | | | |
| Cost of goods and services and network costs (exclusive of items shown separately below) | 224,426 | 263,790 | 293,999 | 433,363 | 433,363 |
| Selling, general and administrative expense | 137,693 | 142,655 | 128,502 | 178,232 | 178,232 |
| Depreciation and amortization | 184,566 | 177,973 | 169,962 | 169,640 | 169,640 |
| Spectrum lease expense | 81,190 | 79,708 | 79,556 | 76,620 | 76,620 |
| Loss from abandonment of network and other assets | 317 | 80,400 | 123,000 | 376,350 | 376,350 |
| Total operating expenses | 628,192 | 744,526 | 795,019 | 1,234,205 | 1,234,205 |
| OPERATING LOSS | (311,260) | (421,887) | (433,149) | (940,492) | (911,594) |
| | | | | | |
| LESS NON-CASH ITEMS: | | | | | |
| Non-cash expenses | 77,893 | 66,664 | 156,308 | 71,388 | 71,388 |
| Non-cash write-downs | 14,369 | 139,056 | 129,358 | 590,948 | 590,948 |
| Depreciation and amortization | 184,566 | 177,973 | 169,962 | 169,640 | 169,640 |
| Total non-cash items | 276,828 | 383,693 | 455,628 | 831,976 | 831,976 |
| Adjusted EBITDA | $ (34,432) | $ (38,194) | $ 22,479 | $ (108,516) | $ (79,618) |
| Adjusted EBITDA margin | (11%) | (12%) | 6 % | (37%) | (25%) |
| | | | | | |
| KEY OPERATING METRICS (k for '000's, MM for '000,000's) | | | | | |
| Total net subscriber additions | (41)k | 586k | 873k | 1,543k | 1,543k |
| Wholesale | (34)k | 537k | 904k | 1,504k | 1,504k |
| Retail | (8)k | 49k | (31)k | 39k | 39k |
| Total subscribers | 10,957k | 11,000k | 10,414k | 7,648k | 7,648k |
| Wholesale(2) | 9,625k | 9,659k | 9,122k | 6,360k | 6,360k |
| Retail | 1,333k | 1,341k | 1,292k | 1,288k | 1,288k |
| Retail ARPU | $46.12 | $46.83 | $46.69 | $47.59 | $47.59 |
| Churn | | | | | |
| Wholesale | 3.6 % | 3.0 % | 2.9 % | 1.3 % | 1.3 % |
| Retail | 4.4 % | 3.7 % | 3.9 % | 3.9 % | 3.9 % |
| Retail CPGA | $226 | $242 | $259 | $313 | $313 |
| Capital expenditures | $24MM | $23MM | $23MM | $56MM | $56MM |
| Domestic 4G covered POPS | 134MM | 132MM | 132MM | 132MM | 132MM |
| Cash, cash equivalents and investments | $1,210MM | $1,433MM | $1,108MM | $848MM | $848MM |

(1) Pro forma revenue includes the impact of approximately $16.1 million of wholesale revenue related to Q1 2011 that was recorded in Q2 2011 and approximately $12.8 million of wholesale revenue recorded in Q2 2011 to settle disputes related to prior usage.

(2) Includes non-launched markets. Based on the terms of the November 2011 Amended MVNO Agreement between Clearwire and Sprint, which provides for unlimited WiMAX service to Sprint retail customers in exchange for fixed payments in 2012 and 2013, fluctuations in the wholesale subscriber base will not necessarily correlate to wholesale revenue.

Management Webcast Clearwire executives will host a conference call and simultaneous webcast to discuss the company's second quarter 2012 financial results at 4:30 p.m. Eastern Time today. A live broadcast of the conference call will be available online on the company's investor relations website located at http://investors.clearwire.com.

Interested parties can access the conference call by dialing 1-877-392-9886, or from outside the U.S. by dialing 1-707-287-9329, at least five minutes prior to the start time. A replay of the call will be available beginning at approximately 7:30 p.m. Eastern Time on July 26, through Thursday, August 2, by calling 1-855-859-2056, or from outside the U.S. by dialing 1-404-537-3406. The passcode for the replay is 97768505.

**About Clearwire**

Clearwire Corporation (Nasdaq:CLWR), through its operating subsidiaries, is a leading provider of 4G wireless broadband services offering services in areas of the U.S. where more than 130 million people live. The company holds the deepest portfolio of wireless spectrum available for data services in the U.S. Clearwire serves retail customers through its own CLEAR® brand as well as through wholesale relationships with some of the leading companies in the retail, technology and telecommunications industries, including Sprint and NetZero. The company is constructing a next-generation 4G LTE Advanced-ready network to address the capacity needs of the market, and is also working closely with the Global TDD-LTE Initiative and China Mobile to further the TDD-LTE ecosystem. Clearwire is headquartered in Bellevue, Wash. Additional information is available at http://www.clearwire.com.

***Forward-Looking Statements***

*This release, and other written and oral statements made by Clearwire from time to time, contain forward-looking statements which are based on management's current expectations and beliefs, as well as on a number of assumptions concerning future events made with information that is currently available. Forward-looking statements may include, without limitation, management's expectations regarding future financial and operating performance and financial condition; proposed transactions; network development and market launch plans; strategic plans and objectives; industry conditions; the strength of the balance sheet; and liquidity and financing needs. The words "will," "would," "may," "should," "estimate," "project," "forecast," "intend," "expect," "believe," "target," "designed," "plan" and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are outside of Clearwire's control, which could cause actual results to differ materially and adversely from such statements. Some factors that could cause actual results to differ are:*

- *We have a history of operating losses and we expect to continue to realize significant net losses for the foreseeable future.*
- *If our business fails to perform as we expect or if we incur unforeseen expenses in the near term, we may require additional capital to fund our current business. Also, we will need substantial additional capital over the long-term. Such additional capital may not be available on acceptable terms or at all. If we fail to obtain additional capital, our business prospects, financial condition and results of operations will likely be materially and adversely affected, and we will be forced to consider all available alternatives.*
- *Our current plans and projections are based on a number of assumptions about our future performance, which may prove to be inaccurate, such as our ability to substantially expand our wholesale business and the expected timing and costs of deploying LTE on our wireless broadband network.*
- *Our business has become increasingly dependent on our wholesale partners, and Sprint in particular. If we do not receive the amount of revenues we expect from existing wholesale partners or if we are unable to enter into new agreements with additional wholesale partners for significant new wholesale commitments, our business prospects, results of operations and financial condition could be adversely affected, or we could be forced to consider all available alternatives.*
- *We regularly evaluate our plans, and we may elect to pursue new or alternative strategies which we believe would be beneficial to our business, including among other things, expanding our network coverage to new markets, augmenting our network coverage in existing markets, changing our sales and marketing strategy and/or acquiring additional spectrum. Such modifications to our plans could significantly change our capital requirements.*
- *We plan to deploy LTE on our wireless broadband network, alongside mobile WiMAX, and we will incur significant costs to deploy such technology. Additionally, LTE technology, or other alternative technologies that we may consider, may not perform as we expect on our network and deploying such technologies would result in additional risks to the company, including uncertainty regarding our ability to successfully add a new technology to our current network and to operate dual technology networks without disruptions to customer service, as well as our ability to generate new wholesale customers for the new network.*
- *We currently depend on our commercial partners to develop and deliver the equipment for our legacy and mobile WiMAX networks, and will be dependent on commercial partners to deliver equipment and devices for our planned LTE network as well.*
- *Many of our competitors for our retail business are better established and have significantly greater resources, and may subsidize their competitive offerings with other products and services.*
- *Our substantial indebtedness and restrictive debt covenants could limit our financing options and liquidity position and may limit our ability to grow our business.*
- *Sprint owns just less than a majority of our common shares, is our largest shareholder, and may have, or may develop in the future, interests that may diverge from other stockholders.*
- *Future sales of large blocks of our common stock may adversely impact our stock price.*

*For a more detailed description of the factors that could cause such a difference, please refer to Clearwire's filings with the Securities and Exchange Commission, including the information under the heading "Risk Factors" in our Annual Report on Form 10-K filed on February 16, 2012, and subsequent Form 10-Q filings. Clearwire assumes no obligation to update or supplement such forward-looking statements.*

**CLEARWIRE CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**(In thousands, except par value)**

**(Unaudited)**

| | June 30, 2012 | December 31, 2011 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 238,542 | $ 891,929 |
| Short-term investments | 971,603 | 215,655 |
| Restricted cash | 2,178 | 1,000 |
| Accounts receivable, net of allowance $4,638 and $5,542 | 92,661 | 83,660 |
| Inventory, net | 18,320 | 23,832 |
| Prepaids and other assets | 84,399 | 71,083 |
| Total current assets | 1,407,703 | 1,287,159 |
| Property, plant and equipment, net | 2,546,440 | 3,014,277 |
| Restricted cash | 8,528 | 7,619 |
| Spectrum licenses, net | 4,270,531 | 4,298,254 |
| Other intangible assets, net | 32,765 | 40,850 |
| Other assets | 150,080 | 157,797 |
| Assets of discontinued operations | 23,772 | 36,696 |
| Total assets | $ 8,439,819 | $ 8,842,652 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | $ 156,979 | $ 157,172 |
| Other current liabilities | 206,350 | 122,756 |
| Total current liabilities | 363,329 | 279,928 |
| Long-term debt, net | 4,243,473 | 4,019,605 |
| Deferred tax liabilities, net | 143,128 | 152,182 |
| Other long-term liabilities | 879,314 | 719,703 |
| Liabilities of discontinued operations | 22,768 | 25,196 |
| Total liabilities | 5,652,012 | 5,196,614 |
| | | |
| Stockholders' equity: | | |
| Class A Common Stock, par value $0.0001, 2,000,000 shares authorized; 542,060 and 452,215 shares outstanding | 54 | 45 |
| Class B common stock, par value $0.0001, 1,400,000 shares authorized; 917,116 and 839,703 shares outstanding | 91 | 83 |
| Additional paid-in capital | 2,891,678 | 2,714,634 |
| Accumulated other comprehensive income | 2,077 | 2,793 |
| Accumulated deficit | (1,945,458) | (1,617,826) |
| Total Clearwire Corporation stockholders' equity | 948,442 | 1,099,729 |
| Non-controlling interests | 1,839,365 | 2,546,309 |
| Total stockholders' equity | 2,787,807 | 3,646,038 |
| Total liabilities and stockholders' equity | $ 8,439,819 | $ 8,842,652 |

**CLEARWIRE CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**(In thousands, except per share data)**

**(Unaudited)**

| | Three Months Ended June 30, | |
|---|---|---|
| | 2012 | 2011 |
| Revenues | $ 316,932 | $ 322,611 |
| Operating expenses: | | |
| Cost of goods and services and network costs (exclusive of items shown separately below) | 224,426 | 433,363 |
| Selling, general and administrative expense | 137,693 | 178,232 |
| Depreciation and amortization | 184,566 | 169,640 |
| Spectrum lease expense | 81,190 | 76,620 |
| Loss from abandonment of network and other assets | 317 | 376,350 |
| Total operating expenses | 628,192 | 1,234,205 |
| Operating loss | (311,260) | (911,594) |
| Other income (expense): | | |
| Interest income | 533 | 689 |
| Interest expense | (138,656) | (128,617) |
| Gain on derivative instruments | 10,663 | 115,279 |
| Other income (expense), net | (283) | 1,937 |
| Total other expense, net | (127,743) | (10,712) |
| Loss from continuing operations before income taxes | (439,003) | (922,306) |
| Income tax benefit (provision) | 7,976 | (17,464) |
| Net loss from continuing operations | (431,027) | (939,770) |
| Less: non-controlling interests in net loss from continuing operations of consolidated subsidiaries | 287,848 | 779,245 |
| Net loss from continuing operations attributable to Clearwire Corporation | (143,179) | (160,525) |
| Net loss from discontinued operations attributable to Clearwire Corporation | (2,630) | (8,213) |
| Net loss attributable to Clearwire Corporation | $ (145,809) | $ (168,738) |
| | | |
| Net loss from continuing operations attributable to Clearwire Corporation per Class A common share: | | |
| Basic | $ (0.28) | $ (0.65) |
| Diluted | $ (0.32) | $ (0.98) |
| | | |
| Net loss attributable to Clearwire Corporation per Class A common share: | | |
| Basic | $ (0.29) | $ (0.68) |
| Diluted | $ (0.33) | $ (1.01) |
| | | |
| Weighted average Class A common shares outstanding: | | |
| Basic | 507,927 | 246,631 |
| Diluted | 1,367,196 | 1,067,592 |

**CLEARWIRE CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**(In thousands, except per share data)**

**(Unaudited)**

| | Six Months Ended June 30, | |
|---|---|---|
| | 2012 | 2011 |

| | | |
|---|---|---|
| Revenues | $ 639,571 | $ 559,419 |
| Operating expenses: | | |
| Cost of goods and services and network costs (exclusive of items shown separately below) | 488,216 | 673,508 |
| Selling, general and administrative expense | 280,348 | 393,096 |
| Depreciation and amortization | 362,539 | 352,114 |
| Spectrum lease expense | 160,898 | 151,441 |
| Loss from abandonment of network and other assets | 80,717 | 548,212 |
| Total operating expenses | 1,372,718 | 2,118,371 |
| Operating loss | (733,147) | (1,558,952) |
| Other income (expense): | | |
| Interest income | 797 | 1,529 |
| Interest expense | (275,342) | (248,537) |
| Gain on derivative instruments | 5,801 | 88,498 |
| Other income (expense), net | (13,551) | 2,227 |
| Total other expense, net | (282,295) | (156,283) |
| Loss from continuing operations before income taxes | (1,015,442) | (1,715,235) |
| Income tax benefit (provision) | 23,389 | (17,695) |
| Net loss from continuing operations | (992,053) | (1,732,930) |
| Less: non-controlling interests in net loss from continuing operations of consolidated subsidiaries | 666,820 | 1,355,528 |
| Net loss from continuing operations attributable to Clearwire Corporation | (325,233) | (377,402) |
| Net loss from discontinued operations attributable to Clearwire Corporation | (2,399) | (18,291) |
| Net loss attributable to Clearwire Corporation | $ (327,632) | $ (395,693) |
| | | |
| Net loss from continuing operations attributable to Clearwire Corporation per Class A common share: | | |
| Basic | $ (0.67) | $ (1.53) |
| Diluted | $ (0.75) | $ (1.79) |
| | | |
| Net loss attributable to Clearwire Corporation per Class A common share: | | |
| Basic | $ (0.68) | $ (1.61) |
| Diluted | $ (0.76) | $ (1.87) |
| | | |
| Weighted average Class A common shares outstanding: | | |
| Basic | 483,377 | 245,516 |
| Diluted | 1,332,863 | 976,166 |

**CLEARWIRE CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

**(Unaudited)**

| | Six Months Ended June 30, | |
|---|---|---|
| | **2012** | **2011** |
| Cash flows from operating activities: | | |
| Net loss from continuing operations | $ (992,053) | $ (1,732,930) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Deferred income taxes | (24,289) | 17,047 |
| Non-cash gain on derivative instruments | (5,801) | (88,498) |
| Accretion of discount on debt | 20,167 | 20,854 |

| | | |
|---|---|---|
| Depreciation and amortization | 362,539 | 352,114 |
| Amortization of spectrum leases | 26,760 | 26,748 |
| Non-cash rent expense | 104,647 | 109,619 |
| Loss on property, plant and equipment | 153,425 | 769,273 |
| Other non-cash activities | 26,298 | 12,204 |
| Changes in assets and liabilities: | | |
| Inventory | 4,463 | 7,212 |
| Accounts receivable | (19,050) | (16,033) |
| Prepaids and other assets | 645 | (3,708) |
| Prepaid spectrum licenses | (2,283) | (3,942) |
| Deferred revenue | 155,406 | 61,352 |
| Accounts payable and other liabilities | 4,628 | (83,994) |
| Net cash used in operating activities of continuing operations | (184,498) | (552,682) |
| Net cash provided by (used in) operating activities of discontinued operations | 4,237 | (16,268) |
| Net cash used in operating activities | (180,261) | (568,950) |
| Cash flows from investing activities: | | |
| Payments to acquire property, plant and equipment | (47,540) | (335,212) |
| Purchases of available-for-sale investments | (1,247,147) | (857,035) |
| Disposition of available-for-sale investments | 492,953 | 607,222 |
| Other investing activities | (4,918) | 20,868 |
| Net cash used in investing activities of continuing operations | (806,652) | (564,157) |
| Net cash provided by (used in) investing activities of discontinued operations | 59 | (2,533) |
| Net cash used in investing activities | (806,593) | (566,690) |
| Cash flows from financing activities: | | |
| Principal payments on long-term debt | (12,867) | (17,439) |
| Proceeds from issuance of long-term debt | 300,000 | -- |
| Debt financing fees | (6,205) | (1,148) |
| Proceeds from issuance of common stock | 58,468 | 3,619 |
| Net cash provided by (used in) financing activities of continuing operations | 339,396 | (14,968) |
| Net cash provided by financing activities of discontinued operations | -- | -- |
| Net cash provided by (used in) financing activities | 339,396 | (14,968) |
| Effect of foreign currency exchange rates on cash and cash equivalents | (1,633) | (2,533) |
| Net decrease in cash and cash equivalents | (649,091) | (1,153,141) |
| Cash and cash equivalents: | | |
| Beginning of period | 893,744 | 1,233,562 |
| End of period | 244,653 | 80,421 |
| Less: cash and cash equivalents of discontinued operations at end of period | 6,111 | 1,656 |
| Cash and cash equivalents of continuing operations at end of period | $ 238,542 | $ 78,765 |

**Definitions of Terms and Reconciliations of Non-GAAP Financial Measures to Unaudited Condensed Consolidated Statements of Operations**

The company utilizes certain non-GAAP financial measures which are widely used in the telecommunications industry and are not calculated based on accounting principles generally accepted in the United States of America (GAAP). Other companies may calculate these measures differently.

**(1) Adjusted EBITDA** is a non-GAAP financial measure. Adjusted EBITDA is defined as consolidated operating loss less depreciation and amortization expenses, non-cash expenses related to operating leases (towers, spectrum leases and buildings), stock-based compensation expense, loss from abandonment of network and other assets, charges for differences between recorded amounts and the results of physical counts, and charges for excessive and obsolete network equipment and CPE inventory. A reconciliation of operating loss to Adjusted EBITDA is as follows:

| | Three months ended (Unaudited) | | | | |
|---|---|---|---|---|---|
| | Actual | | | Pro forma | Actual |
| | June 30, 2012 | March 31, 2012 | December 31, 2011 | June 30, 2011 | June 30, 2011 |
| (in thousands) | | | | | |
| Operating loss | $ (311,260) | $ (421,887) | $ (433,149) | $ (940,492) | $ (911,594) |
| Non-cash expenses: | | | | | |
| Spectrum lease expense | 32,341 | 36,415 | 37,228 | 28,519 | 28,519 |
| Building and network related rents* | 38,468 | 24,183 | 113,612 | 37,965 | 37,965 |
| Stock compensation and other* | 7,084 | 6,066 | 5,468 | 4,904 | 4,904 |
| Non-cash expenses | 77,893 | 66,664 | 156,308 | 71,388 | 71,388 |
| Non-cash write-downs: | | | | | |
| Loss from abandonment of network and other assets | 317 | 80,400 | 123,000 | 376,350 | 376,350 |
| Network equipment reserves and other write-downs* | 14,052 | 58,656 | 6,358 | 214,598 | 214,598 |
| Non-cash write-downs | 14,369 | 139,056 | 129,358 | 590,948 | 590,948 |
| Depreciation and amortization | 184,566 | 177,973 | 169,962 | 169,640 | 169,640 |
| Adjusted EBITDA | $ (34,432) | $ (38,194) | $ 22,479 | $ (108,516) | $ (79,618) |

*Amounts included in COGS and SG&A.

In a capital-intensive industry, management believes Adjusted EBITDA to be a meaningful measure of the company's operating performance. The company provides this non-GAAP measure as a supplemental performance measure because management believes it facilitates comparisons of the company's operating performance from period to period and comparisons of the company's operating performance to that of other companies by backing out potential differences caused by non-cash expenses related to long-term leases, share-based compensation and non-cash write-downs. Because this non-GAAP measure facilitates internal comparisons of the company's historical operating performance, management also uses this non-GAAP measure for business planning purposes and in measuring the company's performance relative to that of its competitors. In addition, Clearwire believes that Adjusted EBITDA and similar measures are widely used by investors, financial analysts and credit rating agencies as a measure of the company's financial performance over time and to compare the company's financial performance with that of other companies in the industry.

**(2) Retail ARPU** (Average Revenue Per User) is total revenue less wholesale revenue, the revenue generated from the sales of devices, shipping revenue, and other revenue; divided by the weighted average number of retail subscribers in the period, divided by the number of months in the period.

Management uses retail ARPU to identify average revenue per customer, to track changes in average retail customer revenues over time, to help evaluate how changes in the business, including changes in the company's service offerings and fees, affect average retail revenue per customer, and to assist in forecasting future service retail revenue. In addition, retail ARPU provides management with a useful measure to compare the company's customer retail revenue to that of other wireless communications providers. The company believes investors use retail ARPU primarily as a tool to track changes in the company's average retail revenue per customer and to compare Clearwire's per retail customer service revenues to those of other wireless communications providers.

| | Three months ended (unaudited) | | | |
|---|---|---|---|---|
| | June 30, 2012 | March 31, 2012 | December 31, 2011 | June 30, 2011 |
| (in thousands) | | | | |
| Retail ARPU | | | | |

| | | | | |
|---|---|---|---|---|
| Total revenues | $ 316,932 | $ 322,639 | $ 361,870 | $ 322,611 |
| Wholesale revenue | (117,560) | (117,821) | (164,082) | (131,522) |
| Device and other revenue | (14,694) | (20,718) | (14,540) | (9,509) |
| Retail ARPU revenue | 184,678 | 184,100 | 183,248 | 181,580 |
| Average retail customers | 1,335 | 1,310 | 1,308 | 1,272 |
| Months in period | 3 | 3 | 3 | 3 |
| Retail ARPU | $ 46.12 | $ 46.83 | $ 46.69 | $ 47.59 |

**(3) Pro Forma Reconciliation**

The unaudited pro forma condensed consolidated statements of operations that follow are presented for informational purposes only and should not be taken as representative of the future consolidated results of operations of the company. Management believes the unaudited pro forma condensed consolidated statements of operations are useful because they more accurately reflect the revenue-generating activities during the relevant periods and facilitate period to period comparisons of the company's operating performance.

The following unaudited pro forma condensed consolidated statements of operations for the three months ended June 30, 2011 were prepared using the unaudited condensed consolidated statement of operations of Clearwire for the three months ended June 30, 2011. The unaudited pro forma condensed consolidated statement of operations should be read in conjunction with the separate historical financial statements and accompanying notes thereto.

The pricing provisions in the April 2011 Sprint agreement were applicable as of January 1, 2011. However, in accordance with GAAP applicable to revenue recognition, Clearwire's first quarter 2011 results did not reflect additional revenues due to the company as a result of the amendments contained in the Sprint wholesale amendments being signed subsequent to the end of the period. As such, during second quarter 2011, Clearwire recognized revenue of approximately $16.1 million attributable to services provided in first quarter 2011.

On April 27, 2011 Clearwire received a cash payment of $28.2 million settlement amount in accordance with the Sprint wholesale amendments. In the second quarter of 2011, in addition to revenues earned during the second quarter, the company recorded the $16.1 million of revenue attributable to services provided in the first quarter, and $12.8 million of the $28.2 million of cash received related to services provided in periods prior to December 31, 2010.

Had the Sprint wholesale amendments been in effect as of March 31, 2011, and the portion of the settlement related to prior periods been recorded in the attributable service periods, Clearwire's pro forma revenues for the second quarter of 2011 would have decreased by $28.9 million and the pro forma net loss from continuing operations attributable to Clearwire Corporation would have increased by $6.5 million or $0.03 per basic share.

The following table reconciles as reported results to the pro forma results for the three months ended June 30, 2011 (in thousands):

| | Three Months Ended June 30, 2011 (Unaudited) | | |
|---|---|---|---|
| | **Amounts as reported** | **Adjustments (1)** | **Pro forma amounts** |
| Revenues: | | | |
| Retail revenue | $ 190,583 | $ -- | $ 190,583 |
| Wholesale revenue | 131,522 | (28,898) | 102,624 |
| Other revenue | 506 | -- | 506 |
| Total revenues | 322,611 | (28,898) | 293,713 |
| Total expenses | (1,262,381) | -- | (1,262,381) |
| Net loss from continuing operations | (939,770) | (28,898) | (968,668) |
| Less: non-controlling interests in net loss from continuing operations of consolidated subsidiaries | 779,245 | 22,382 | 801,627 |

| | | | |
|---|---|---|---|
| Net loss from continuing operations attributable to Clearwire Corporation | (160,525) | (6,516) | (167,041) |
| Net loss from discontinued operations attributable to Clearwire Corporation | (8,213) | -- | (8,213) |
| Net loss attributable to Clearwire Corporation | $ (168,738) | $ (6,516) | $ (175,254) |
| Net loss from continuing operations attributable to Clearwire Corporation per Class A Common Share: | | | |
| Basic | $ (0.65) | | $ (0.68) |
| Diluted | $ (0.98) | | $ (1.00) |
| Net loss attributable to Clearwire Corporation per Class A Common Share: | | | |
| Basic | $ (0.68) | | $ (0.71) |
| Diluted | $ (1.01) | | $ (1.03) |

(1) Pro forma revenue includes the impact of approximately $16.1 million of wholesale revenue related to Q1 2011 that was recorded in Q2 2011 and approximately $12.8 million of wholesale revenue recorded in Q2 2011 to settle disputes related to prior usage.

**(4) Churn,** which measures customer turnover, is calculated as the number of subscribers that terminate service in a given month divided by the average number of subscribers in that month using the actual number of subscribers. Subscribers that discontinue service in the first 30 days of service for any reason, or in the first 90 days of service under certain circumstances, are deducted from the company's gross customer additions and therefore not included in any of the churn calculations. Wholesale churn is calculated as the wholesale subscriber deactivations during the reporting period divided by the weighted average wholesale subscriber base for the period divided by the number of months in the period. Retail churn is calculated as the retail subscriber deactivations during the reporting period divided by the weighted average retail subscriber base for the period divided by the number of months in the period. Management uses churn to measure retention of the company's subscribers, to measure changes in customer retention over time, and to help evaluate how changes in the business affect customer retention. The company believes investors use churn primarily as a tool to track changes in the company's customer retention. Other companies may calculate this measure differently.

**(5) Retail CPGA** (Cost per Gross Addition) is selling, general and administrative costs, less general and administrative costs and acquired businesses costs (costs from entities that were acquired by Clearwire's predecessor entity) plus device equipment subsidies, divided by gross retail customer additions in the period.

| | Three months ended (Unaudited) | | | |
|---|---|---|---|---|
| | **June 30, 2012** | **March 31, 2012** | **December 31, 2011** | **June 30, 2011** |
| *(in thousands)* | | | | |
| Retail CPGA | | | | |
| Selling, general and administrative | $ 137,693 | $ 142,655 | $ 128,502 | $ 178,232 |
| G&A and other | (99,719) | (95,143) | (96,469) | (120,033) |
| Total selling expense | 37,974 | 47,512 | 32,033 | 58,199 |
| Total gross adds | 168 | 196 | 124 | 186 |
| Total retail CPGA | $ 226 | $ 242 | $ 259 | $ 313 |

Management uses retail CPGA to measure the efficiency of the company's customer acquisition efforts, to track changes in Clearwire's average cost of acquiring new subscribers over time, and to help evaluate how changes in the company's sales and distribution strategies affect the cost-efficiency of the company's customer acquisition efforts. Clearwire believes investors use retail CPGA primarily as a tool to track changes in the company's average cost of acquiring new subscribers.

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