

Leap Wireless' Cricket hops on to national stage

August 4 2010, By PETER SVENSSON , AP Technology Writer

(AP) -- Leap Wireless International Inc. is taking its Cricket prepaid cellular service from a regional to a national player through a deal with Sprint Nextel Corp.

Leap has been selling Cricket where it has its own network, in cities including Houston, Cincinnati, Savannah, Ga., and Chattanooga, Tenn. It also has roaming agreements with other carriers, so subscribers could use their phones outside Leap's network.

In a new strategy announced Tuesday, Leap will now sell phones and service outside its network through big-box retailers. Sprint will provide service where Leap doesn't have it.

Investors reacted skeptically to the news, sending Leap's shares down \$1.64, or 14 percent, to close Wednesday at \$9.92, the lowest since the San Diego-based company emerged from [bankruptcy protection](#) in 2004.

Leap sells [prepaid service](#) with unlimited calls and no contracts, a product it and competitor MetroPCS Communications Inc. were almost alone to offer at a competitive price until last year, when Sprint dived into the market with a \$50-per-month offer. Since then, the prepaid market has grown increasingly competitive, and it now attracts more new subscribers than traditional, contract-based plans. Low-income households are the main target for the services, particularly the ones from Leap and MetroPCS.

Sanford Bernstein analyst Craig Moffett said the new strategy was prompted by "startlingly bad" results for the second quarter, also reported Tuesday. Leap said it lost 112,000 subscribers after many years of steady gains. It ended the quarter with 5.3 million customers.

Leap posted a net loss of \$19.3 million, or 24 cents per share, on \$633.5 million in revenue. In the same quarter last year, it lost \$61.2 million, or 89 cents per share, on \$597.4 million in revenue.

Moffett said he was skeptical about the new strategy, but that abandoning Leap's regional and low-income focus in favor of "being all things to all people" might help it improve results.

Sprint spokeswoman Jayne Wallace said that while the deal with Leap means more competition for Sprint's Boost and Virgin Mobile prepaid services, Sprint would rather gain Leap's business than see it go to another carrier.

Leap also revamped its pricing plans, raising prices by \$5 per month but eliminating added fees and taxes. It also announced an expanded line of smart phones such as the BlackBerry Curve.

The company is renaming itself Cricket in the next few months.

The Wall Street Journal reported in February that Leap was trying to find a buyer for the company. There has long been talk of a tie-up between Leap and MetroPCS Communications, which has a similar strategy and more subscribers.

Leap was spun off from wireless technology developer Qualcomm Inc. in 1998.

More information: <http://www.mycricket.com>

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