

AT&T to buy carrier Leap Wireless (Update)

July 12 2013

AT&T announced plans Friday to buy mobile carrier Leap Wireless in a deal worth at least \$4 billion, giving the telecom giant more spectrum and the Cricket prepaid phone franchise.

AT&T said it was paying \$15 a share, around \$1.2 billion, and would assume the smaller carrier's \$2.8 billion in debt. It will acquire the five million customers now using Leap.

Leap shareholders will also receive proceeds from the sale of a portion of spectrum after the initial deal.

Under the agreement, AT&T will acquire all of Leap's stock and wireless properties, including licenses, network assets, retail stores and subscribers.

AT&T said it will retain the Cricket brand name, and expand Cricket's presence to more US cities, which "will jump start AT&T's expansion into the highly competitive prepaid segment."

"The result will be increased competition, better device choices, improved customer care and a significantly enhanced mobile Internet experience for consumers seeking low-cost prepaid wireless plans," a company statement said.

But the deal quickly drew fire from Harold Feld at the digital advocacy group Public Knowledge, who called the deal anti-competitive.

"AT&T already has more wireless capacity than it needs to serve its customers, and it should focus on using what it has rather than continuing to try to buy out competitors," Feld said in a statement.

"If AT&T is allowed to remove Leap from the market, the customers it serves, particularly minority and low-income communities, will be disproportionately affected, and might have nowhere else to go."

The acquisition includes spectrum covering 137 million people and is largely complementary to AT&T's existing holdings. AT&T said it would sell one block of spectrum in Chicago, which Leap purchased for \$204 million in 2012.

The statement said owners of 29.8 percent of Leap's outstanding shares have approved the plan, which is subject to regulatory approval. In 2011, AT&T tried to buy T-Mobile but dropped the plan after regulatory opposition.

Leap, which has around 3,400 employees, has a network covering 96 million Americans. Revenues last year were \$3.1 billion but the company has been weighed down by its hefty debts.

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