Leap Wireless Postpones Shareholder Vote on AT&T Merger

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Leap Wireless disclosed it is postponing a shareholder vote on the company's proposed merger with AT&T [1]. The vote, originally scheduled for Oct. 24, has been rescheduled for Oct. 30.

In a filing with the SEC, Leap indicated the postponement is intended to give the company time to file amendments to its 10-K for 2012 and a pair of 10-Qs for 2013. The amendment will address a "classification error" in the presentation of certain capital expenditures that affected the consolidated statements of cash flows [2].

In an SEC filing from Oct. 21, Leap said that its management had concluded that a "material weakness in internal controls over financial reporting existed during each of the affected periods and that the Company's disclosure controls and procedures and internal control over financial reporting for such periods were therefore not effective."

Leap indicated in that filing that it did not anticipate the error to affect its proposed $1.2 billion merger with AT&T but at the time made no mention of postponing the shareholder vote.

During AT&T's earnings call yesterday, CFO John Stephens said closing his company's deal with Leap was crucial to AT&T's ability to address low-end and prepaid markets [3].

"When we get Leap closed in the first quarter...we'll have another channel...to challenge that low end of the market."

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