

Update: AT&T Completes Acquisition of Leap Wireless

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The FCC [signed off on AT&T's \\$1.2 billion bid to buy Leap Wireless](#) [1], the parent company of Cricket Wireless, and just hours later, AT&T [announced the deal was officially done](#) [2].

In addition to receiving \$15 per share, Leap shareholders retain a contingent right to the net proceeds from the sale of Leap's 700 MHz A Block spectrum covering Chicago. Leap in 2012 bought those licenses for \$204 million.

Through the transaction, AT&T will inherit 4.6 million prepaid customers as well Leap assets including spectrum and network equipment. AT&T will gain access to Leap's spectrum licenses in 1900 PCS and 1700 MHz and 2100 MHz AWS.

AT&T intends to retain the Cricket Wireless brand and integrate its existing Aio Wireless prepaid brand. AT&T CEO Randall Stephenson hopes to shake up the prepaid market.

"All of the sudden overnight, Cricket is going to have nationwide coverage," Stephenson said. "We're going to see if we can be a little bit disruptive at that end of the market."

Leap Wireless shareholders last year [approved the merger](#) [3].

Though the FCC has given its blessing, the Commission indicated in a filing that "remain[s] concerned about the potential for the proposed transaction to result in certain public interest harms."

AT&T has agreed to certain caveats in order to cool the FCC's lingering skepticism. AT&T has agreed to the divestiture of some of Leap's spectrum assets in some markets to ensure competitors have access to spectrum. AT&T has also agreed to a 90 days to 12 months timetable from the date of closure for deploying LTE services on Leap's unused spectrum. AT&T additionally agreed to build out LTE coverage for six markets in south Texas within 18 months of closing the deal.

On top of that, AT&T has agreed to offer lower rates for value-conscious and Lifeline customers, device trade-in credits prior to shutting down Leap's CDMA network and to honor existing CDMA roaming agreements. AT&T also plans to sell off Leap's interest in Flat Wireless and not exercise any shareholder rights within that company before the stake is sold.

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Links:

[1] http://transition.fcc.gov/Daily_Releases/Daily_Business/2014/db0313/DA-14-349A1.pdf

[2] http://www.businesswire.com/news/home/20140313006537/en/ATT-Completes-Acquisition-Leap-Wireless#.UyL_8fldWVN

[3] <http://www.wirelessweek.com/news/2013/10/leap-wireless-shareholders-overwhelmingly-approve-t-acquisition>