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## Leap Wireless International Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first call comes from David Barden – Bank of America.

#### David Barden – Bank of America

I think you probably know there's been a lot of focus on ARPU in the business model and its as people think about the longer term potential in the model about how ARPU moves and where it steadies out. You talked about a number of issues that are influencing ARPU; the increased take rate of \$50 plans but lower take rate of \$45.00 plans, the introduction of broadband the mid to \$30.00 level. For the sake of clarification it would be helpful if you could kind of give us a sense as to how you think these forces will balance out through the course of '09. And then lastly, based on the commentary you plant to be free cash flow break even around the end of '09 and you want to make decisions about how you're going to build out your next round of markets through 2010. Is this basically a statement that you need to go to the capital markets sometime between March and June and that will dictate how much you will really be able to build of the \$15 million incremental POP opportunity.

#### Albin Moschner

It's a good question. Let me just break your question apart in a couple of pieces, because there are a lot of moving parts. There's really two things going on in our business today. It is our voice business in our existing markets as you mentioned; we continue to position ourselves from a competitive point of view.

I don't know how long you've been following the company, but every year we do a refresh of our rate plans. We do it typically in April and we always assess where we are competitively, where we are with new product development and integration and we always try to balance ourselves in first, positioning ourselves versus competition and then also making sure that we've got value across the line, and so the point is that we feel very comfortable today that the lower end of our rate plans are quite competitive and you should expect to see us to continue to add more value in our higher price plans.

An example of that is the PEC roaming function that we talked about being added to \$50.00 and above. Doug mentioned about new products and functions coming. As an example, email, there are others that we will continue to add to the higher rate plans to ensure that the value proposition continues to be in balance.

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