FINAL TRANSCRIPT

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LEAP - Q4 2006 Leap Wireless International Earnings Conference Call

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the fourth quarter 2006 Leap Wireless International earnings conference call.

[OPERATOR INSTRUCTIONS].

As a reminder, this conference is being recorded for replay purposes. I would now like to turn the presentation over to Mr. Jim Seines. Please proceed, sir.

Jim Seines - *Leap Wireless International - Director of Investor Relations*

Thank you, Chantelay. Good afternoon, and welcome to Leap's fourth quarter 2006 conference call.

This call is being recorded and will be available for play back in the U.S. through close of business March 8th by calling 1-888-286-8010. Callers from outside the U.S. will need to dial 1-617-801-6888. The pass code for both calls is 50249066. This conference call is also being webcast live and will be available for replay on the Investor Relations section of our website at www.LeapWireless.com through March 27th.

Joining me on the call today, to discuss our fourth quarter and full year results, are Doug Hutcheson, President and Chief Executive Officer; Amin Khalifa, Executive Vice President and Chief Financial Officer; Al Moschner, Executive Vice President and Chief Marketing Officer; and Glenn Umetsu, Executive Vice President and Chief Technical Officer. Following our prepared remarks, Chantelay will come back online with instructions for the question and answer portion of the call.

The data we will discuss today including customer information reflects the consolidated results of Leap, its subsidiaries and its non-controlled joint ventures, Alaska Native Broadband 1, LLC, LCW Wireless LLC and Denali Spectrum LLC for the periods indicated. Also, as used in today's conference call, existing markets refers to the Company's markets in operation as of 12/31/05. New markets refer to those markets launched or acquired after 12/31/05 but does not include any Auction 66 markets.

Also, please note that it has come to our attention that there was a bracketed loss in our press release that should have been a gain. The other expense of $2.461 million shown in our income statement for 4Q '06 should have been an other income of $2.461 million. We plan on sending out an amendment to our press release after this call. During our call today we will discuss non-GAAP financial measures including estimated, existing market adjusted OIBDA. For a GAAP reconciliation of non-GAAP financial measures including estimated existing market adjusted OIBDA, please see the financial reports page of the investor relations section of Leap's website.

Statements made today that are not historical in nature including statements about future events and performance and statements including words like expect, plan, intend, and similar terms are forward-looking statements. Our actual results could differ materially from those stated or implied by such forward-looking statements.

Factors that could cause actual results to differ from our forward-looking statements are detailed in the section entitled Risk Factors included in our annual report on Form 10-K for the year-end December 31, 2006, which we expect to file shortly, and in our other publicly filed reports including our Form 10-Q for the quarter ended September 30, 2006.

With that, I would now like to turn call over to Doug.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Thank you, for joining us this afternoon.

We know it's been a tough day in the market. We hope you are as pleased with our progress as we are. Today we're reporting on a year of strong execution and growth where we delivered solid existing market growth, through both increased customers and ARPU improvement.

We successfully launched 14 new Cricket markets on time and within budget which helped up surpass 2 million customers. We purchased Spectrum covering approximately 110 million new licensed POPs, the basis for our continued expansion and we enhanced our capital structure to enable our next phase of growth. It was an important year as we nearly doubled the size of the business while remaining centered on our unlimited value proposition. We also made great headway in our market clustering strategy and network upgrades to enhance the services we can provide to our customers in the coming year.

For the fourth quarter our overall performance was solid. We added 262,000 net new customers, exceeding the high end of our expectations. We achieved fourth quarter adjusted OIBDA of approximately $59 million, even as we absorbed costs associated with our new market launches and invested in adding customers efficiently.

Our existing markets achieved an estimated adjusted OIBDA margin of 37% based on service revenues, up 4 percentage points from the previous year. I am again pleased with our Calculated Contribution Per User, a measure of subscriber economics that demonstrates the net expected margin we realize per customer each month. Our Calculated Contribution Per User for the fourth quarter was $17.05 including $1.29 of negative impact from the new market launches.

Our performance on this measure improved by approximately $2.45 from the fourth quarter last year, even as we supported the cost associated with expanding and optimizing the Company's footprint. 2006 was a big year for Leap, made possible by the hard work and dedication of employees in every market and across all roles. I recognize their efforts and thank them for their contributions to our success.

During today's call, Amin will provide a review of the Company's financial results for the quarter and year. Al will continue with an update on our customer and marketing progress followed by Glenn, who will review our operational performance and build out progress. I will conclude the prepared portion of today's call with a wrap-up on 2006 and expectations for 2007.

With that, I would now like the call over to Amin.

Amin Khalifa - *Leap Wireless International - EVP & CFO*

Thank you, Doug, and good afternoon.

The Company completed the year with another quarter of sound result. With the number of markets launched at the high end of our expectations, the Company continued to accelerate customer additions. This drove sizable improvements in our revenues and as anticipated had a near term dilutive impact on our margins. These are positive developments for the business and we made adjustments to our 2007 outlook that reflect this progress.

Leap delivered strong operating results in the fourth quarter with revenues of $315 million, up 37% driven by a 43% increase in service revenues, compared to the same quarter last year. These increases were due to two factors. First, a 27% increase in weighted average customers, from new market launches and existing market improvements. Second, a $4.94 increase in ARPU, due to strong uptake in our higher end rate plan and our return to pay in advance billing for new customers.

Equipment revenues for the quarter increased by $3 million compared to the same quarter last year. A 96% increase in handset sales volume was largely offset by the elimination of activation fees for new customers purchasing equipment and increased promotional activity. Cost of equipment for the quarter increased by $32 million over the fourth quarter of 2005, due to the increase in handset sales volume, partially offset by reductions in costs to support our handset replacement program for existing customers.

As expected, cost of service and sales and marketing expenses in the aggregate increased by 6% as a percentage of service revenues over the fourth quarter of 2005. These expenses reached an expected peak impact from the launch of new markets.

However, general and administrative expenses, excluding stock-based compensation expense decreased by 2% of service revenues to cost reductions and the benefits of scale. We believe that further benefits of scale should evolve throughout the year as the business expands and is optimized.

Stock-based compensation expense was $5.5 million for the fourth quarter of 2006 compared to $2.4 million for the fourth quarter of the prior year. We achieved our OIBDA outlook for the quarter producing $59 million of adjusted OIBDA despite the initial cost of higher than expected gross customer additions. Adjusted OIBDA also reflects approximately $28 million of negative contribution from our new markets.

The estimated adjusted OIBDA for existing markets was $87 million, an increase of 34% compared to the prior year quarter demonstrating continued improvement that we are seeing from the enhancements we have made to the business. Our net loss was $39.4 million for the quarter or $0.60 per diluted share, compared to net income of $5 million or $0.08 per diluted share for the fourth quarter of 2005. As expected, we incurred a net loss primarily due to new market launches, interest expenses associated with our [inaudible] and income tax expense of $12.2 million.

Our income tax expense for the fourth quarter consisted primarily of the deferred tax effect of the amortization of wireless licenses and good will. Note that in the third quarter net income was positive because of the gain on the sale of wireless licenses and operating assets in our Toledo and Sandusky, Ohio markets. Capital expenditures were $246 million for the fourth quarter, due to data network upgrade, market launches during the quarter and preparation from markets launching in 2007.

Turning to full year 2006 performance, service revenues were up $209 million or 27% from 2005 reflecting a higher average number of total customers, a larger percentage of customers subscribing to our higher end rate plan and the positive contribution associated with our return to pay in advance. Equipment revenues increased by $13 million or 9% and cost of equipment increased by $70 million or 36%.

Cost of service sales and marketing expenses and general and administrative expenses in the aggregate increased by 3.3 points as a percentage of service revenues. This was driven primarily by increases in sales and marketing costs including media, advertising and labor.

Adjusted OIBDA for the full year was $276 million or 28% of service revenue, approximately flat with adjusted OIBDA reported for 2005, despite the effect of approximately $81 million of initial operating losses associated with new market launch activities. Interest expense for the year was $61 million compared to $30 million in the prior year due mainly to the increased debt associated with Auction 66 purchases and to a lesser extent, higher interest rates on our debt.

Net loss for the year was $4.1 million, less than expected due to several special items that had a net positive effect of $14.2 million. These included gains of $22.1 million from the sale of wireless licenses and operating assets, partially offset by $7.9 million of impairment charges related to certain non-operating licenses.

Capital expenditures for the year were $591 million, just above the high end of our previous guidance reflecting our success in accelerating the launch of the remaining Auction 58 markets and shipping some capital expenditures into 2006 that were originally slated for 2007. As of December 31, 2006, total unrestricted cash, cash equivalents, and short term investments exceeded $441 million. Our cash balances benefited from a $78 million increase in accounts payable during the fourth quarter of 2006, which is anticipated to reverse in the first quarter of 2007.

With our successful bidding in Auction 66, during the year, and our announced first phase of Auction 66 market build outs, our near term potential for cover of POPs is about $75 million. Currently about one third of our covered POPs are in our existing markets where we are generating strong and growing adjusted OIBDA. About another third of our covered POPs are part of our optimization and expansion programs which includes the 14 markets launched in 2006 and our Rochester and Carolina markets which are planned to launch by mid-2007.

Together, these new markets reached their expected peak negative contribution to OIBDA in the later half of 2006. We expect they will make a substantial positive contribution to OIBDA in 2007. Once they cross the threshold to an aggregate positive OIBDA contribution, these markets will be rolled into our definition of existing markets. We anticipate this to occur by the third quarter of 2007.

We expect to begin reporting on the new Auction 66 markets in a similar manner. We plan to commence the physical build out of infrastructure in these markets in 2007 and continuing through 2009. Based on our current view of launch timing we anticipate the first of the launch 66 markets will start turning OIBDA positive in late 2008 or the beginning of 2009.

We currently believe capital expenditures for the build out and launch of the first 24 million covered POPs to be $28 or less per covered POP. The Company may consider accelerating its launch schedule and if it does this might require additional funding. We may also need additional funding depending on the timing and scope of future Auction 66 launch phases. Based on the outlook we have provided today we expect leverage free cash flow will be at or near break even for the full year of 2007 before any significant Auction 66 launch expenses.

There are two additional items I want to note. In January 2007 ANB exercised its option to sell its entire membership interest in ANB 1 to Cricket. This approximately $7 million transaction was recently approved by the FCC and is expected to close in the near future.

Also, the Company previously identified material weaknesses in its internal controls related to staffing and the accounting and tax functions and accounting for income taxes. We have worked hard to clear these issues, and I am pleased to report that we have remediated these material weaknesses.

I would now like to turn the call over the Al to discuss operational highlights. Al?

Albin Moschner - *Leap Wireless International - EVP & CMO*

Thank you, Amin, and good afternoon, all of you who have joined us today.

As Doug indicated at the beginning of the call, 2006 was an important year for Leap. Our achievements this past year reinforced the value of our unlimited service offerings, providing differentiation in a competitive wireless marketplace and affirming the power of our business model.

We started 2006 with new market launches in Colorado Springs, El Paso, and Los Cruces, the beginning of the year marked by expansion. By the end of the second quarter, El Paso and Los Cruces were the first to break even. This was soon followed by Colorado Springs, just one quarter later as it too started contributing to OIBDA at the market level less than six months after launch.

Houston, our largest market to date, was OIBDA positive for the fourth quarter. These successes paved the way for more. As we moved through the year with the succession of new market launches, we introduced the Cricket unlimited value proposition to new regions and added new market clusters, giving us the ability to provide a greater depth of service to existing customers while attracting new ones each quarter.

As a result of this activity, we saw a dramatic increase in the number of Cricket subscribers. In the fourth quarter, just over 262,000 net customers joined our Cricket and Jump Mobile services, a huge increase over the 46,000 net customers added fourth quarter of 2005. This brings total additions for the full year to over 592,000 net customers, approximately five times the 117,000 net customers recorded for fiscal year 2005.

These net additions are primarily attributable to the launch of 14 new markets during 2006, but also reflect a solid demand for Cricket products and services in existing markets, which contributed more than 50,000 net new customers in the fourth quarter and 143,000 for the full year. As we look to 2007, we expect to see total net customer additions of between 260,000 and 320,000 for the first quarter. This reflects both sequential and year-over-year improvements in customer growth.

However, we remind our investors to be aware of the seasonal rhythms that our business follows. Churn for the fourth quarter was 4.1%. This is equal to that reported for the same quarter of 2005. Bringing total churn for 2006 to just under 3.9%, similar to 2005.

Our churn outlook for the first quarter is expected to fall between 3.3% and 3.6%, which reflects typical seasonal declines, but also anticipates the effects of two activities that will apply upward pressure and churn for the quarter and possibly the entire year. First, with the move to pay in advance billing and our increased use of handset promotions in response to competitive activity, some customers are choosing to upgrade their handsets by disconnecting their service, buying a new handset and activating a new account.

This activity is recorded as an increase to both gross additions and churn. We believe this type of customer upgrade adds value to the business and may extend further into this year.

The second source of upward pressure on churn is coming from the second--strong growth over the last few quarters in our new markets that has shifted the profile of our customer base toward less tenured customers who typically demonstrate higher churn rates early in their life cycle. We expect this to moderate as the new customer base matures.

Our 2006 growth strategy included efforts to build on our existing product offerings by adding more data driven services with the launch of our WAP portal, store front and feature rich rate plans. On November 1st, we launched a new $50 service offering, combining the unlimited attributes of our popular $45 offer, with unlimited web access, plus in network unlimited calling, expanding home service areas by including all Cricket markets across the country.

Customer migration to the higher $45 and $50 rate plans along with the Company's return to pay in advance customer billing, played large roles in improvements to average revenue per user. We experienced a substantial increase in ARPU in the fourth quarter, reaching $44.68 compared to $39.74 in the fourth quarter of 2005, almost a $5 improvement over prior year quarter. For the total year, ARPU grew to $43.55, an improvement of almost $4 over 2005.

In the first quarter of 2007, we expect additional strengthening in ARPU as customers continue to move to our higher rate plans and use our data--new data rich services. Specifically for the first quarter of 2007, we expect ARPU to be around $45.

Looking at the trend in customer acquisition expenses, CPGA for the fourth quarter was $179, right on top of our outlook. As we move to the first quarter of 2007, we expect CPGA to be around $170. This outlook represents a $40 year-over-year increase in acquisition expense.

About $25 of the increase is attributable to the elimination of activation fees, the remainder is primarily due to increases in incentives for our higher end handsets to help move customers to our more feature-rich rich rate plans and a changing mix of distribution toward premier dealers which results in slightly higher acquisition costs.

In late 2005, we initiated the premier dealer program, an exclusive third party channel to distribute Cricket. Since then we have added approximately 700 locations system wide. These doors increase our effectiveness in translating consumer interest in the brand to sales. Especially as we see increased competitive activity.

In the fourth quarter, for example, as competitors increased their dealer incentives, our ad spending remained effective in driving traffic to our exclusive channels which minimized customer selection of competitive products. As a result, net customer additions increased 22% for all of 2006 in our existing markets.

In 15 months, we have transitioned about a third of our gross ads through this exclusive channel in our existing markets. If we include our company owned stores, close to two thirds of our volume is now sold in exclusive channels. This slightly raises our acquisition costs but greatly increases our ability to close a sale.

Looking toward the future, we believe our business is well prepared for further expansion and development. We will spend 2007 optimizing all elements of what we do, driving growth through new markets with new customers, products and services, and finding new opportunities to add value with our cost conscious approach to fostering growth.

We are starting the year with specific initiatives in mind, in each key area of our operations. From networks to handsets from products to pricing.

One area of optimization is in prepay. We have been in the prepaid space with Jump Mobile for over a year. As we mentioned in our last conference all, we expect Jump to represent a low single digit percentage of our overall subscriber base at year-end. In fact, we achieved just over 2%. We experienced a divergence of results by market and observed a variety of customer behaviors that provided insight into prepay--into the prepaid area.

Based on these experiences and observations, in the second quarter of 2007 we expect to introduce new prepaid products which will incorporate our learnings. These products will launch in distribution channels established for Jump Mobile.

As we add more value to our product offerings and improve the customer experience with new plans, products, services and enhanced functionality, we believe we will strengthen our competitive position in the marketplace. Overall, I am pleased with our progress and energized by the opportunities that lie ahead.

I would now like to turn the call over to Glenn.

Glenn Umetsu - *Leap Wireless International - EVP & CTO*

Thank you, Al.

In the fourth quarter of 2006, we successfully completed our new market launches while managing costs and maintaining quality in our existing markets. We achieved a cash cost per user or CCU of $20.21 for the fourth quarter which included the contribution of approximately $1.33 in operating costs associated with new market development.

CCU for both new and existing markets showed a quarter-over-quarter improvement. On a year-over-year basis, CCU in our existing markets was essentially flat, even though we provided significantly more services to our customers that led to an increase of nearly $5 in ARPU.

We expect our CCU in coming quarters to benefit from the advantages of scale from newly launched markets and implementation of new technologies, offset by the costs associated with increased customer use of roaming and other value added services. We expect CCU to be about $21 for the first quarter of 2007.

Leap's focus on technology is geared toward creating value for our customer base, while maintaining our strong cost leadership position. We look to deploy established, proven technology in new and thoughtful ways. Recognizing that we have essentially doubled in size in the last year, and will likely double once again through Auction 66 markets, Leap made two strategic investments in data technology.

First, we implemented a data super highway that provides highly reliable and scalable connectivity. The network was planned to support the addition of nodes and bandwidth as our new market launches and subscriber growth dictate. Over the past three years we have been building and enhancing our internal network to support cost effective, voice-over-IP transport. The super highway provides us the increased bandwidth necessary to effectively support the high levels of traffic our unlimited customers demand and to route their traffic to our internal systems and strategic external partners far more cost effectively than many other wireless carriers.

Second, during 2006, we completed the majority of our network upgrades to EVDO technology and we expect the network to be substantially ready to offer EVDO services in all eight markets by the end of the second quarter in 2007. Actual launches of commercial services are tentatively scheduled in the second half of the year.

Operationally our focus will be on delivery of quality, wireless broadband functionality while maintaining and enhancing our brand promise of high value, unlimited services. During 2007 and 2008, we will also be testing and planning for EVDO support of a VoIP over the air interface.

While we currently utilize VoIP extensively on our core network to transport long distance and other services, this enhancement should enable convergence of data and voice services and increase our ability to efficiently utilize our network and spectrum. We will also focus our efforts on near term technology to enhance our existing network capacity.

As proven by our ability to offer unlimited voice services in spectrum limited markets, we have shown that we can engineer voice capacity better than most other carriers. We have invested significant time and effort with our vendor partners to ensure we continue to push the envelope on further enhancements to voice capacity. During 2007, we will look closely at key technologies that will enable further capacity improvements.

Fourth generation vocoder technology or EVRC B will become widely available during 2007. This technology could increase our current voice air link capacity by up to 40%, as handsets incorporating this technology become broadly available in the coming years. This initiative is important to us to maintain our industry leading network capacity utilization.

We will also begin testing fixed mobile convergence technology, which enables roaming of handsets between CDMA and Wi-Fi networks. While this technology holds great promise, we do not believe it will become widely available until 2008, mainly due to handset availability. Nevertheless, we want to insure Leap is positioned well to take advantage of this technology, should it prove to be strategically important.

Since our last earnings call, we and our partners successfully launched the San Diego and Portland markets, bringing our total 2006 launch POPs to almost 20 million. Our launch of San Diego in the fourth quarter of last year introduced a wide scale deployment of fiber fed distributed antenna systems, referred to as DAS. Although DAS is an established proven technology, we are among the first to deploy it on a wide scale.

In doing so, we were able to accelerate the launch timetable of a challenging market to build by three to six months and provide quality service to areas of San Diego that many other carriers--that many other carriers do not. As you are aware, time to market is a critical determinant of profitability, along with a highly experienced launch organization, DAS was one of the tools that allowed us to launch markets on time, within budget and with an average of 82% of planned sites on air at launch as compared to a goal of 75%.

As discussed at our last earnings call, we are in the planning stages for the build out of our Auction 66 spectrum. We believe we will have to expand the capacity of our billing customer care and sales systems to accommodate our expected growth. The vendor who provides general billing services to us has a contract to provide services until 2010 but the vendor's new billing product is substantially behind schedule and the vendor has missed significant development milestones.

As a result, we will closely monitor this vendor's development activities and will consider the use of alternative vendors if the existing vendor's progress on its new building product impacts our abilities to support our expanding business. We are also accomplishing RF planning and negotiating with vendors to provide infrastructure handsets and tower space. That covers our progress on network and technology.

Now, back to Doug.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Thank you, Glenn.

As we've covered today, 2006 was a tremendous year of execution across our business. The existing business grew at a robust rate through the year, adding new customers at higher ARPUs and increasing adjusted OIBDA by 34% year-over-year. Further, the new market launches were accomplished ahead of our expectations as we took steps to expand and accelerate launches to nearly 20 million POPs within the year.

Our participation in Auction 66 was not only disciplined, but provides the Company an attractive runway for further growth, not only by adding additional new markets that reflect the characteristics of our better performing mature markets, but also within our existing markets as we develop new services that will utilize the deeper spectrum positions that we have gained. Lastly, the Company had an active year in the capital markets as we completed four major transactions to facilitate the Company's participation in Auction 66, while maintaining a thoughtful utilization of our balance sheet.

That said, the Company is now fully focused on 2007 and the many opportunities and challenges we will face. An exciting by product of our successful prior year is that we operate a business that will soon be nearly double in size from where we started in 2006. What goes along with growth is a host of opportunities to fine tune, improve and optimize the business we have built.

For the past several quarters, we have discussed the benefits of scale we expect to come with our expansion. This year we will focus on capturing those benefits to provide additional value to our customers to drive our growth, enhancing operating margins, or an appropriate distribution between these two alternatives.

Clearly, the past 24 months have focused on evolving our footprint. When we complete our current expansion the first half of the year, over 60% of our footprint will be within a market cluster that was not present when we started this effort. We're headed in the right direction and will seek additional opportunities to make our footprints more relevant to meet our customers' needs.

Through our market launches, clustering and acquisitions, we've considerably improved our market quality. We've added substantial new acre cities with attractive densities and market characteristics. Along with our progress on market clusters I believe that our overall improvement in footprint quality is likely to be one of the most significant elements of our future continued success.

As this process evolves the business is actively preparing to launch Auction 66 markets. In our last call we discussed that once the federal government was able to work with carriers on Auction 66 spectrum clearing activities, we would be able to provide additional detail surrounding our plans for the new markets.

The government is behind schedule in providing spectrum clearing information. However, this delay is not currently in our critical path to accomplish some initial launches. Therefore, we're moving ahead to launch up to 4 million new Auction 66 POPs later this year or early next year.

The larger overall launch effort is still in the planning phase and will be completed in due course after the government is able to provide carriers with additional spectrum clearing information. The Company has updated its outlook for full year 2007 and has provided our outlook for the first quarter.

As we look forward, the first quarter should be another quarter of strong net customer additions and solid adjusted OIBDA performance in the range of $80 to $90 million. We expect the negative contribution associated with the new markets will drop to approximately $10 million. We also increased our full year adjusted OIBDA guidance on both the low and the high ends because of the continued strength we see in our business.

Therefore, the Company full year adjusted OIBDA outlook is $400 to $470 million. The Company anticipates 2007 capital expenditures to be between $280 and $320 million, not including capitalized interest or significant capital costs associated with the development of our new Auction 66 market.

This forecast includes ongoing capital expenditures in our existing markets, the completion of the remaining build activities on our recently launched markets and the launch of approximately 3 million covered POPs in the Carolinas and Rochester, New York by mid-year. In addition, this forecast includes implementation of our plans to add incremental sales sites in some of our markets to enhance our market footprint with anticipated delivery dates in 2007 and 2008.

We will update you on our Auction 66 capital expenditures outlook in the coming quarters as our plans develop, however, we currently expect this year's Auction 66 capital spending to be less than $100 million, excluding capitalized interest. In all, we're building a business to deliver what we believe is the best value proposition in the wireless market while always retaining our focus on cost. I believe we're well positioned for consistent sustained growth through 2007 and beyond. We look forward to updating you as we execute upon the opportunities that lay ahead on our next quarterly call.

I will now turn the call--our conference call over to Chantelay. Would you please come back on the line to review the instructions and open the call for Q&A?

QUESTIONS AND ANSWERS

Operator

Yes, sir.

[OPERATOR INSTRUCTIONS]

And your first question comes from the line of Tom Lee of JP Morgan. Please proceed, sir.

Thomas Lee - *JPMorgan Chase & Co. - Analyst*

Hi, good morning, guys, and congratulations. I mean, I have to admit, I think this is one of the best quarters I've seen from any of the wireless companies this quarter because you had really strong net adds, obviously very good ARPU and really no sort of trade off on the EBITDA line.

One of the things I'm trying to understand better, though, relates to your guidance for first quarter. And specifically Al, you made a reference to being careful about seasonal factors and I know historically that meant first quarter generally is stronger and second and third quarter tend to be sort of lighter so you might have a really strong Q1 and then it drops off in Q2 and Q3, but I think kind of underpinning that normal seasonal effect is two other factors.

One, with the launch of San Diego and Portland, is there likely to be big contributors to Q1 growth? And then in the Q4 numbers and especially in a year ago you benefited from market launches. So I guess my question is, when we think about sort of normalizing the full year '07--and I know it's early--what kind of seasonal drop-off or drop-off could we see in the second and third quarter relative to your first quarter of expectations?

Thanks.

Albin Moschner - *Leap Wireless International - EVP & CMO*

Tom, thanks for the question.

I appreciate the positive comments. There's two factors going on here. We've got obviously our existing markets that have--that are mature. They've been with us for a number of years and that's part of what drives the seasonal aspects of our business.

Churn will continue to move. We're benefiting this quarter from our best churn quarter, the churn obviously will accelerate to higher numbers as we get into later in the year. So all of those factors are still in place but you're correct.

The second piece of this is that the new markets now are contributing considerably more than we have seen in the past. Clearly as markets launch, we get a burst of activity, that activity falls off over time. It takes obviously a few quarters for that to occur and so you have the integration of both of those effects. You've got the normal seasonal patterns that we see in our existing markets and the very positive contributions we're seeing from the markets launched in the second half of last year, and as you point out, the San Diego and Portland launch is very late last year as well.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Okay. Hey, Tom, the one piece, though, that to give Al and their team a little bit of credit on this, is that the growth that we're seeing seems to balanced. We're seeing improvements in growth in--all across our business. So a lot of this is also attributable to some of the programs, whether it's the distribution of the new products and services and some of the other things that we're--had been implementing. So there's some effect on the overall systemic things that we're doing to help us as well.

Thomas Lee - *JPMorgan Chase & Co. - Analyst*

Yes, and that's right. Because I know Al I think you mentioned that net adds on the same store basis or under your class markets were up 22%.

Albin Moschner - *Leap Wireless International - EVP & CMO*

That's correct.

Thomas Lee - *JPMorgan Chase & Co. - Analyst*

In '06 versus '05.

Albin Moschner - *Leap Wireless International - EVP & CMO*

That's correct.

Thomas Lee - *JPMorgan Chase & Co. - Analyst*

If I could just follow-up with that point, though. I may have misheard, but I got the sense that with the handset incentives being put into place and some of the upgrades that it's going to result not necessarily in lower churn but rather that your gross activity (technical difficulty)your net production might actually be the same, but there's going to be some tradeoff in cost per share and I'm curious is this A. partly in response to something that your competitors may be doing in particular, and I doubt this is the case, with the Sprint $120 unlimited plan, are these the kind of actions that are causing you guys to rethink some of the handset charging? Thanks.

Albin Moschner - *Leap Wireless International - EVP & CMO*

Tom, this is Al again.

There are a couple of things going in on the handset side. Clearly, what the competition is using as their competitive leverage in the marketplace is handset pricing. We have seen in the two years that I've been with Leap, I've seen that getting more aggressive as we go further into terminal penetration in our markets--I should say in our industry and so there is a factor that the competition is driving some of that.

The second piece as I mentioned in my script, we are also enticing and encouraging our consumers to buy higher handsets or higher priced handsets and we're offering incentives so that in fact they take advantage of the new features and functions that we offer, like unlimited web access and some of the WAP capability that we're adding in the marketplace. We're preparing them for EVDO and the launch of that new technology.

Obviously higher end handsets are important for that functionality to be delivered. Part of what we're doing is encouraging that behavior. As far as the unlimited package that you saw from Sprint, my commentary on that is that it really sort of demonstrates the amount of significant differentiation that we have in the marketplace.

I believe those price points were in the range of $120 to $150 offering what we today offer in the $45 to $50 range. I think it really sort of emphasizes the differentiation that we've positioned in the marketplace and enjoy with the cost structure that Glenn and his team continue to provide for us.

Thomas Lee - *JPMorgan Chase & Co. - Analyst*

Thank you, guys. Congratulations.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Thanks, Tom.

Operator

Your next question comes from the line of Ric Prentiss of Raymond James. Please proceed, sir.

Richard Prentiss - *Raymond James & Associates - Analyst*

Thank you, good afternoon, everybody.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Hey, Ric.

Richard Prentiss - *Raymond James & Associates - Analyst*

Hey, question I want to probe on--very interested in the strong ARPU side. It was encouraging to see it continuing to grow. Can you update a little bit on--you talked a little bit about the data, but what percent of customers are starting to take the higher end data plans on the gross ad side? What effect did the pay in advance change have to the ARPU? That's obviously a very nice trend.

The second part of the question has to do with CPGA. Can you remind us again what impact there might have been on CPGA from pay in advance changes and then where your long-term thoughts are as far as where CPGA trends go? Thanks.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Let me see if we got all of that, Ric. This is Doug.

First off, let me take some simple ones. Impact to ARPU on pay in advance was about $1.75 this quarter, up from about $1.00 last quarter--in the ballpark of $1.00 last quarter. I don't think you're going to see that trend up a lot more from here. So it's embedded in our numbers.

The--we continue to see nice attractive uptake on our higher value rate plans. The total base is well over 60%, around the $45 or higher plan. That would indicate to you that in the fourth quarter when we have those quarters of high uptake, that the actual percentage uptaking is quite high on that and what we've seen is we've driven more value at the base, at our customer base, that because they're younger, and more interested in these services that we've seen a nice uptake on it so we've been pleased with what we have seen.

From the long-term impact on CPGA from [PIA] roughly $25 of that is embedded, it's there to stay, and that was the elimination of the activation fee. The other piece that Al outlined was some of the other changes that we've made in having a dedicated distribution channel. What that has allowed us to do as we see those channels add higher long net present value customers. They tend towards buying better handsets and they tend towards buying better services and they tend towards staying longer with us.

So to spend a little bit of money up front is a very attractive decision for us to make, which is why in 2005 we launched the premier channel and we've continued to invest in it throughout the last year. As far as where CPGA goes in the future, the first quarter what we said it's in the $170 range so you'll see some decline. You typically would see more of a decline in the first quarter but we would expect new market launches would continue to put a little bit of pressure upward on that and we'll give a little bit more of a view on the longer term on CPGA as we get through the market launches towards the latter half of the year.

Richard Prentiss - *Raymond James & Associates - Analyst*

One follow-up question on the market launches then. I think I heard that the first quarter drag from new market launches is about $10 million in the guidance. Should we assume kind of that $5 per POP number with the 3 million POPs that you're going to be launching so maybe a $15 million drag in the second quarter or what are your thoughts kind of-- I know you said for the year substantially positive for all the new markets, but just thinking about first and second quarter drags?

Amin Khalifa - *Leap Wireless International - EVP & CFO*

This is Amin here. Actually, when you look at our second quarter, the expectation is we're going to be pretty close to a break even overall. So you're right, there will be a drag from the couple of new markets launching but the aggregate--in aggregate with all the other markets, many of them now turning positive, we should be at a relatively neutral position in Q2.

Richard Prentiss - *Raymond James & Associates - Analyst*

Great. Good luck, guys, sounds like exciting times.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Thanks, Ric.

Operator

And your next question comes from the line of Michael Rollins of CitiGroup. Please proceed, sir.

Michael Rollins - *Citigroup - Analyst*

Hi, good afternoon.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Hey, Mike, how are you?

Michael Rollins - *Citigroup - Analyst*

Good, good. Couple quick housekeeping items. I'm wondering if you have a cell site number and the amount that CPGA was impacted in the core markets, like you gave for the CCU disclosure?

And then just more of a broader question. As you look at the amount of spectrum that you're using in your markets and you look at the networks and moving to data, do you conceive of sort of more compartmentalized business model that you can attach onto the network for example maybe pursuing a broadband model that might be separate from the mobile of Cricket but something that uses the spectrum, the network that you've built in the market and maybe go after a different niche segment?

I'm just curious the ways that you're conceiving to maximize the network and the spectrum that you have and in the markets that you've already built out. Thanks.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Okay. Let me have Glenn answer the cell site number.

Glenn Umetsu - *Leap Wireless International - EVP & CTO*

Yes, the cell sites, we should have approximately right now in the area of 4,700 cell sites in service. If that was your question.

Michael Rollins - *Citigroup - Analyst*

Yes, thank you. And then on the CPGA?

Doug Hutcheson - *Leap Wireless International - President & CEO*

The CPGA is lower in our more mature markets. So there is--and in this quarter in aggregate on our CPGA, the new market launch impact is at less than $10 of that. We don't break it out specifically but all of the markets run--ran a little bit higher and--but clearly the new markets run--are the highest.

Then on the last, what we've done over the last year or so and Glenn I thought tried to do a nice job of explaining how capacity is going to move around in our business, is we basically moved our voice business in most markets where we had 10 megahertz into two channels or about two thirds of the spectrum and we've opened up one channel for the beginning of an EVDO business.

What we also highlighted is that the products that will come out of--will start to flow out of that in the second half of the year, clearly things like providing broadband access to a device, to a phone or to other things is something that the business model will get worked on and developed and we'll look forward to updating you whether it's moving content to handsets or what other alternatives that we will look at after we've trialed and developed those things.

So business is pretty active in that area. Expect to see that develop throughout the rest of this year. As things go, we also have 10 megahertz of AWS spectrum in almost all of our existing and the new markets that to the degree we get a business that continues to show promise and grow, that we'll be able to put that spectrum next to that business and grow it. While meanwhile the voice business gets over the next couple three years a 40% increase in the air link efficiency with the new vocoder.

So right now on spectrum we feel like we've got a shot to move nicely into some new areas and we'll develop those over the next year.

Michael Rollins - *Citigroup - Analyst*

Thanks very much.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Thank you.

Operator

And your next question comes from the line of Romeo Reyes of Jeffries & Company. Please proceed, sir.

Romeo Reyes - *Jefferies & Co. - Analyst*

Good afternoon. Can you hear me?

Doug Hutcheson - *Leap Wireless International - President & CEO*

Yes, Romeo. How are you?

Romeo Reyes - *Jefferies & Co. - Analyst*

I'm good, Doug, Amin. How are you guys?

Couple of questions. Amin, I wanted to ask you a little bit about the CapEx guidance and also the numbers you talked about on the drag from new markets. Does that contemplate the 4 million or so POP that Doug talked about for Auction 66 and does it contemplate also the Oregon or Carolina's POP that you expect to launch? That's the first one.

And then secondly, I don't know if you answered this. I might have missed it. But can you talk a little bit about the takeup rate of your $50 plan, netting your gross adds for November, December and then maybe the degree of migration that you're seeing to the $45 and $50 plan from lower plans?

And then lastly, for Glenn or Doug, we talked about the average CPU and the average CPGA. But we've never really got a good sense of the marginal CCPU and the marginal CPGA. The reason I'm trying to get a little bit of color here is because I think you guys over the last, say, 18 months or so have been able to double your costs but you've only increased your cost by about 50% .

So it seems like there should be a good operating leverage over the next two to three years. Can you give us a sense of what the marginal CCPU is and the marginal CPGA if you don't mind? Thanks.

Doug Hutcheson - *Leap Wireless International - President & CEO*

So why don't we start, Amin, do you want to talk a little bit about where we're at on CapEx in new markets?

Amin Khalifa - *Leap Wireless International - EVP & CFO*

Sure. So we--Romeo, we gave--Doug gave $280 million to $320 million as the guidance for 2007.

What that includes is a substantial amount of carry over from the markets that were built out in 2006. It includes the 3 million POPs in Rochester and the Carolinas that we expect to have completed before or around mid-year. And it also includes our normal 11% to 13% maintenance CapEx for all existing markets. And part of that, by the way, is the subset is this increasing footprints in some existing markets.

So if you do all those numbers, you get into the $280 to $320 million range. What it does not include is any Auction 66 activity which we've estimated could be spending of up to $100 million that could include the initial launches of up to 4 million covered POPs. As well as obviously some of the build out for future launches in 2008.

Doug Hutcheson - *Leap Wireless International - President & CEO*

The OIBDA guidance includes the effect of all of the above, so the 400 to 470, Romeo, includes not only the expectations that we have for the existing business, it includes the contribution for the new markets and it includes any drag associated with projected market launches that we would have on Auction 66 later this year.

So it's currently meant to be inclusive of what we currently see going on in the business. Al, you want to talk a little bit about rate plans?

Albin Moschner - *Leap Wireless International - EVP & CMO*

Sure. As Doug mentioned earlier, we've had good success with our high end rate plans and the number's been used is around 60% of it have been at the $45 level or higher.

What the $50 plan does for us, it integrates unlimited web access and also gives customers the opportunity now to have the power of unlimited in all of our existing Cricket markets and it's been well-received. That's a very good price point, it's a very competitive price point and our goal with that plan is to continue to drive that number up and we're seeing that occur.

I think as we have always said in the past, we always want to watch these trends over a couple of quarters, but the initial indications would suggest that our customers are quite interested in the new functionality and we're seeing good movement in that direction.

Doug Hutcheson - *Leap Wireless International - President & CEO*

For the last part, we don't give a lot of detail on marginal costs but I will tell you something that I look at and maybe, Romeo we can help get at a little bit of what you're looking at, and it's why I at the beginning of the call talk about this Calculated Contribution Per User.

So the overall, the business launched nearly doubled in size, not quite, during the year. And first off, the margin that we produced per subscriber including 80 some million of negative OIBDA, actually increased for the year, up--for the quarter, year-over-year quarter, $2.45.

On top of that, about $1.29 of drag was associated from the new markets. As Amin said we think we'll see that $10 million gap or drag we see in the first quarter move towards being more neutral in the second quarter and positive throughout the year, but the net of those is the business had about $3.70 of margin production increase on our existing business, against a little less than $5 of ARPU increase.

We moved just over $0.70 of each new dollar of ARPU in our existing business even though that carries all of the load--the administrative load of all of the business, and I know that's not exactly getting at your question, but that's something we're pretty pleased with, that we created an infrastructure that's allowed us to double the size of the business and we still were able to harvest about $0.72, $0.73 of each new $1.00 of service revenue we put through the business on our existing markets and move it to margin on a CCPU basis.

What should come, which we talked throughout that, is that because the OIBDA we'll report for the new markets is at the market level, those should come through break even and you should see them trend over time to produce a fair amount of margin production for us and continue to let that scale build into the business. So doesn't exactly answer a marginal cost question but it gives you a lot of idea about what's going on.

Romeo Reyes - *Jefferies & Co. - Analyst*

Thanks a lot, Doug.

Operator

And your next question comes from the line of Chris Larsen of Credit Suisse. Please proceed, sir.

Christopher Larsen - *Credit Suisse - Analyst*

Hi, thanks.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Hey, Chris, how are you?

Christopher Larsen - *Credit Suisse - Analyst*

I'm doing great. How are you guys doing? You must be feeling pretty good today I guess. Couple questions for you on the new markets, and then new versus old and then on 66.

New markets, when you first enter a market you talked about the 1% a month and sometimes higher penetration. Now you've had some new markets that have been new markets for coming up on a year. Can you give us an update on how that sort of trends throughout the year so we can sort of think about that? Also in the past you've given us a breakdown of net adds, new market versus--56 versus or 58 versus original market and maybe how San Diego is going.

And then lastly, Glenn, in the past you've said that the potential long pole in the tent, this was a year ago, could be the handsets for launching the Auction 66 markets. Can you give us an idea on where you think the availability of those might be and then if they're going to be 17, 1900 capable. Thanks.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Chris, on the first question, we'll start our answer, you may need to ask a couple clarifying questions.

Christopher Larsen - *Credit Suisse - Analyst*

Sure.

Doug Hutcheson - *Leap Wireless International - President & CEO*

On that to help us. We'll see if we can come up with the right answer.

First off, San Diego is performing as we've seen many of our markets perform so we're pleased and it continues to do well, just as our portfolio markets does. So we look forward to it continuing to progress.

I don't think the Company has ever released specifically month by month penetration data, but clearly you see when we launch a new market that there's an initial acceleration of fairly robust uptake of products--of new customers, excuse me, and then that curve starts to slow down a little bit in inflection as we go on and there was a question earlier that was asking about second and third quarter numbers and how all of this was going to work together and we will continue to watch the business emerge and try and fine tune our estimates for those quarters based on how those curves move.

We've clearly seen a lot of nice customer acceptance for the product and a lot of results from our efforts and we would expect to look forward to that evolving through the course of the year. However, we have a seasonal business. Certain parameters of our business seem to evolve during the year and we have a lot of of new markets and we'll determine how we think that's going to impact as we look ahead.

On the handsets, Glenn, do you want to take a shot at that?

Glenn Umetsu - *Leap Wireless International - EVP & CTO*

Absolutely, thanks for the question, Chris.

Relative to the handsets in AWS, yes, they are relatively the longer tent pole as we contemplate infrastructure, site acquisition, construction and infrastructure availability. So essentially handsets have improved from my perspective in terms of availability for the time frames that we're looking at.

They still are longer than infrastructure but I think that they're not a major concern at this point. And I guess I would be--well, currently it's not a major issue, the government I think released information on spectrum clearing is something that I would love to see cleared up sooner rather than later, but otherwise, things are progressing well for AWS build out.

Christopher Larsen - *Credit Suisse - Analyst*

Great. I guess, Doug would the breakdown I meant to ask for was the you giving out the nets for the quarter of what came from the new markets. I didn't mean per month. Sorry about that.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Yes, go ahead. Al will go through that for you.

Albin Moschner - *Leap Wireless International - EVP & CMO*

In the quarter we said that we had 50,000 net additions in our existing markets, and the remainder, 212 basically in the Auction 58.

Christopher Larsen - *Credit Suisse - Analyst*

Sorry, thanks, I missed that one.

Albin Moschner - *Leap Wireless International - EVP & CMO*

No problem.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Chris, to finish up your question on whether they would also be available for cellular and PCS spectrum, yes, the tips that are contemplated for this service at AWS would be triband.

Christopher Larsen - *Credit Suisse - Analyst*

Excellent. Thank you.

Operator

And your next question comes from the line of Ana Goshko of Banc of America Securities. Please proceed, ma'am.

Ana Goshko - *Banc of America Securities - Analyst*

Hi, thanks very much.

My question is on some of the data that you gave on the breakdown between the existing and the new markets on the net adds and also on the OIBDA. So first, on the existing markets, it seems like there's been a pretty radical uptick in net adds. In fact, the pattern this year in existing markets you had very good net adds in the existing markets in the first quarter.

Seems like they dropped off a cliff in the second and third quarter and then really ramped back up a lot in the fourth. I would think much more so than just a seasonal pattern. So would like some insights on what's been going on with the net additions this year in the existing markets.

And then on the OIBDA front, if I understood correctly in the fourth quarter the existing markets had 87 OIBDA contribution and the new markets had a negative 28 OIBDA contribution and then going into first quarter, the new markets are going to have a negative 10 contribution so that says to me that the existing markets implicitly are going to have a 70 to 80 which is a sequential decline.

So I want to make sure I'm thinking about that correctly, or if I'm not I want to understand that better.

Amin Khalifa - *Leap Wireless International - EVP & CFO*

Well, your numbers for the fourth quarter were correct. But I can't quite track how you're calculating Q1.

Ana Goshko - *Banc of America Securities - Analyst*

Well --

Doug Hutcheson - *Leap Wireless International - President & CEO*

I think the drag, we said the negative impact of the new markets was $10 million.

Ana Goshko - *Banc of America Securities - Analyst*

Right, and if the guidance for the quarter is 80 to 90, does that imply that you're expecting 70 to 80?

Amin Khalifa - *Leap Wireless International - EVP & CFO*

90 to 100 I think is how the math work.

Ana Goshko - *Banc of America Securities - Analyst*

You're right. That is correct. Okay.

Amin Khalifa - *Leap Wireless International - EVP & CFO*

So you see it is a sequential gain.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Al, you want to take a shot at the market or the net adds in the existing business?

Albin Moschner - *Leap Wireless International - EVP & CMO*

Sure. As we talked about in the call, we had about 143,000 total in our core markets, up about 22% year-over-year, so you are correct. We are seeing some acceleration in our core markets.

But it is truly seasonal. We obviously have typically in the fourth quarter with the Christmas holiday, we see an increased acceleration of our gross add activity. That really follows through in the first quarter as tax season provides additional discretionary cash to our customers. As that, if you will, incentive disappears and we get into the second and third quarter, we're--to some degree our gross adds moderate but what clearly happens is our churn accelerates and that's been very seasonal and very repeatable year-over-year and so you're correct.

I mean, the model is that the fourth and the first quarter tend to be very strong net add quarters and the second and third are clearly always challenging for us. But all in all, in essence if we do a quarter to quarter year-over-year comparison, we've been up 2006 over 2005.

Ana Goshko - *Banc of America Securities - Analyst*

Okay. Thank you.

Operator

And your next question comes from the line of [Todd Rethemeier] of Solo Securities. Please proceed, sir.

Todd Rethemeier - *Solo Securities - Analyst*

Thanks, good afternoon.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Hey, Todd, how are you?

Todd Rethemeier - *Solo Securities - Analyst*

I've been bullish on Leap and bearish on the markets so today's a pretty good day.

Just wondering, you've been in these new markets for eight or ten months now in some of them. I'm just wondering if you see any differences between the old and the new ones in terms of the demographics of your customers or the way that they're using their phones?

Albin Moschner - *Leap Wireless International - EVP & CMO*

Todd, this is Al. I would say that we did--the team did, I didn't do much of anything from my perspective but the team did a very good job in the acquisition of the Auction 58 markets. The demographics are very supportive of our products and services. We, as Doug mentioned now have been able to cluster a lot of our core markets with our new markets and so we have seen better results.

We have--the product cycle has been stronger. As we have now introduced new functions and features and capabilities. We're broadening our appeal to the consumers that have--that are finding Cricket of interest. So I would say net net is we are very pleased with the results and we're seeing a very satisfactory uptake of our products.

Doug Hutcheson - *Leap Wireless International - President & CEO*

Todd, are you there?

Todd Rethemeier - *Solo Securities - Analyst*

Yes. Great. Thank you.

Doug Hutcheson - *Leap Wireless International - President & CEO*

All right. Thank you, Todd.

Operator

And your next question comes from the line of [Philip Bay] of Cannon Capital. Please proceed, sir.

Philip Bay - *Cannon Capital - Analyst*

Hi, thank you very much. I just had a question about your comments relating to the third party vendor for your billing systems. I was hoping you could talk a little bit more about what's going on in the terms of, well, I mean, to how much longer you plan to give these guys for them to work out--iron out their issues. If worse should come to worse and you had to switch over to a new provider, do you anticipate that this would have significant, adverse impacts on your timing of the launch of the new markets and what your timing is in terms of when the outlook on this little--sort of problem is going to improve?

Doug Hutcheson - *Leap Wireless International - President & CEO*

Well, we've been working through this issue now for the last five or six quarters so it's been an area that we've had a chance to watch people's progress on this and try and make sure that we have thoughtful plans to not let it become a major disruption in our business, and I think that we are on-track with that. I think we're at the point where it's time for that--for people to deliver, and so we are working through that and if not, we believe that we could develop plans that will allow us to mitigate any negative impacts or limit them to the best of our degree.

So I think that's where we're at on it. We've talked to billing systems, they are a very component in wireless companies, it's one of your major systems and we've talked to you throughout the last year, year and-a-half about this and we think it's important to keep that--keep people updated where we are.

Philip Bay - *Cannon Capital - Analyst*

Thank you very much.

Doug Hutcheson - *Leap Wireless International - President & CEO*

With that, thank you for joining our call today. Before we part, I want to thank Jim Seines for more than seven years serving Wall Street on our behalf as Director of Investor Relations. We're moving Jim into a key strategic planning role, part of which will include guiding our Auction 66 efforts. Stepping into the Investor Relations role I would like to introduce Jeanie Herbert, a veteran IR and communications professional.

Jeanie Herbert - *Leap Wireless International - Investor Relations*

Thank you, Doug, and good afternoon, everyone.

Before we close, I want to note our attendance at some upcoming conferences. We plan to attend the Raymond James institutional investors conference in Orlando on March 6th. We will be back in Orlando March 27th through 28th at CPIA and plan to present at the Credit Suisse fourth annual wireless investor forum and attend other investor gatherings.

Right after CPIA, we plan to present at the Banc of America 2007 Media Telecom and Entertainment Conference in New York on March 29th. We hope to see some of you then. If you have any further questions about our year-end results or need additional clarification, please feel free to contact us 858-882-6084. Thank you for joining us.

Operator

Thank you for attending today's conference. This concludes the presentation. You may now disconnect. Good day.
