LEAP WIRELESS INTERNATIONAL INC
Form S-1/A
August 08, 2006

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As filed with the Securities and Exchange Commission on August 8, 2006
Registration No. 333-134103

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
Form S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

LEAP WIRELESS INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**4812**	**33-0811062**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

10307 Pacific Center Court
San Diego, CA 92121
(858) 882-6000
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

S. Douglas Hutcheson
Chief Executive Officer
Leap Wireless International, Inc.
10307 Pacific Center Court
San Diego, CA 92121
(858) 882-6000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o __________

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o __________

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o __________

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Subject to Completion. Dated August 8, 2006.

5,600,000 Shares

Leap Wireless International, Inc.

Common Stock

We will enter into forward sale agreements with an affiliate of Goldman, Sachs & Co. and with an affiliate of Citigroup Global Markets Inc., which we refer to as the forward counterparties. The forward counterparties or their affiliates, at our request, will borrow and sell up to 5,600,000 shares of Leap common stock to hedge their obligations under the forward sale agreements. If either forward counterparty or its affiliate determines, in its commercially reasonable judgment, it is not able to borrow and deliver for sale all of the shares of common stock to be sold by it at less than a specified cost of borrow, we will sell the number of shares of common stock that such forward counterparty or affiliate does not borrow and sell. We will not initially receive any proceeds from the sale of shares of common stock borrowed and sold by the forward counterparties or affiliates. We may settle the forward sale agreements entirely by the physical delivery of shares of Leap common stock or, subject to certain conditions, we may elect cash or net stock settlement for all or a portion of our obligations under either forward sale agreement. We expect to settle the forward sale agreements on a date or dates specified by us within approximately twelve months of the date of this prospectus.

Leap common stock is quoted on the Nasdaq National Market under the symbol LEAP. The last reported sale price of Leap common stock on August 7, 2006 was $45.16 per share.

See Risk Factors on page 11 to read about factors you should consider before buying shares of Leap common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial price to public	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Leap Wireless International, Inc.(1)	$	$

(1) Depending on the price of our common stock at the time of settlement and the relevant settlement method, we may receive proceeds from the sale of Leap common stock upon settlement of the forward sale agreements within approximately one year of the date of this prospectus. For purposes of calculating the proceeds to us, we have assumed that the forward sale agreements are physically settled based upon the initial forward sale price of $ on the effective date of the forward sale agreements, which will be , 2006. The actual proceeds are subject to the final settlement of each forward sale agreement, which settlement is expected to occur by , 2007, but may occur earlier or later. See Underwriting for a description of the forward sale agreements.

The forward counterparties have granted to the underwriters an option to purchase up to 840,000 additional shares of Leap common stock at the public offering price, less the underwriting discounts and commissions, such option to be exercised within 30 days from the date of this prospectus. In connection with such option, we have agreed to increase the number of shares of our common stock under the forward sale agreements by an amount corresponding to the number of additional shares purchased by the underwriters if the underwriters option is exercised. If, in connection with the exercise of the underwriters option, either forward counterparty determines, in its commercially reasonable judgment, it is not able to borrow and deliver for sale all of the shares to be sold in connection with the option at less than a specified cost of borrow, we will sell the number of shares of common stock that such forward counterparty or its affiliate does not borrow and sell.

The underwriters expect to deliver the shares in New York, New York on or about , 2006.

Goldman, Sachs & Co. **Citigroup**

Banc of America Securities LLC **Deutsche Bank Securities** **Morgan Stanley**

Jefferies & Company

Prospectus dated , 2006.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus. Neither we nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus or additional information. We are offering to sell, and seeking offers to buy, shares of Leap common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of Leap common stock.

MARKET AND INDUSTRY DATA

This prospectus includes market and industry data and other statistical information, which are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some data are also based on our internal estimates, which are derived from our review of internal surveys as well as independent sources. We have not independently verified this information, or any of the data or analyses underlying such information, and cannot assure you of its accuracy and completeness in any respect. As a result, you should be aware that market and industry data set forth herein, and estimates and beliefs based on such data, may not be reliable. Unless otherwise specified, information relating to population and potential customers, or POPs, is based on 2006 population estimates provided by Claritas Inc.

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PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus and does not contain all the information that you should consider before buying shares in this offering. You should read the entire prospectus carefully, especially Risk Factors and the financial statements and notes, before deciding to invest in shares of Leap common stock. As used in this prospectus, the terms we, our, ours and us refer Leap Wireless International, Inc., a Delaware corporation, or Leap, and its wholly owned subsidiaries, unless the context suggests otherwise. Leap is a holding company and conducts operations only through its wholly owned subsidiary Cricket Communications, Inc., or Cricket, and Cricket s subsidiaries.

Overview of Our Business

Leap is a wireless communications carrier that offers digital wireless service in the United States under the Cricket® and Jump™ Mobile brands. Our Cricket service offers customers unlimited wireless service in their Cricket service area for a flat monthly rate without requiring a fixed-term contract or a credit check. Our new Jump Mobile service offers customers a per-minute prepaid service. Cricket and Jump Mobile services are also offered in certain markets by Alaska Native Broadband 1 License, LLC, or ANB 1 License, in which Leap owns an indirect 75% non-controlling interest, and by LCW Wireless, LLC, or LCW Wireless, in which Leap owns an indirect 72% non-controlling interest.

At June 30, 2006, Cricket and Jump Mobile services were offered in 20 states in the U.S. and had approximately 1,836,000 customers. As of June 30, 2006, we and ANB 1 License owned wireless licenses covering a total of 70.0 million potential customers, or POPs, in the aggregate, and our networks in our operating markets covered approximately 37.3 million POPs. We are currently building out and launching the new markets that we, ANB 1 License and LCW Wireless have acquired, and we anticipate that our combined network footprint will cover 47 million or more POPs by the end of 2006 or early 2007.

We believe that our business model is different from most other wireless companies. Our services primarily target market segments underserved by traditional communications companies: our customers tend to be younger, have lower incomes and include a greater percentage of ethnic minorities. We have designed the Cricket service to appeal to customers who value unlimited mobile calling with a predictable monthly bill and who make the majority of their calls from within their Cricket service area. Results from our internal customer surveys indicate that approximately 50% of our customers use our service as their sole phone service and 90% as their primary phone service. For the year ended December 31, 2005, our customers used our Cricket service for an average of 1,450 minutes per month, which we believe was substantially above the U.S. wireless national carrier customer average.

Our premium Cricket service plan, which is our most popular service plan, offers customers unlimited local and domestic long distance service from their Cricket service area combined with unlimited use of multiple calling features and messaging services for a flat rate of $45 per month. More than 60% of Cricket customers as of June 30, 2006 subscribed to this premium plan, and a substantially higher percentage of new Cricket customers in the quarter ended June 30, 2006 purchased this plan. We also offer a basic service plan which allows customers to make unlimited calls within their Cricket service area and receive unlimited calls from any area for $35 per month and an intermediate service plan which also includes unlimited long distance service for $40 per month. In 2005 we launched our first per-minute prepaid service, Jump Mobile, to bring Cricket s attractive value proposition to customers who prefer active control over their wireless usage and to better target the urban youth market.

The majority of existing wireless customers in the U.S. subscribe to post-pay services that require credit approval and a contractual commitment from the subscriber for a period of at least one year, and include overage charges for call volumes in excess of a specified maximum. According to International Data Corporation, or IDC, U.S. wireless penetration was approximately 75% at June 30, 2006. We believe that customers who require a significantly larger amount of voice usage than average, are price-sensitive, have lower credit scores or prefer not to enter into fixed-term contracts represent a large

portion of the remaining growth potential in the U.S. wireless market. We believe our services appeal strongly to these customer segments. We believe that we are able to serve these customers and generate significant OIBDA (operating income before depreciation and amortization) because of our high-quality networks and low customer acquisition and operating costs.

We sell our Cricket handsets and service primarily through two channels: Cricket s own retail locations and kiosks (the direct channel); and authorized dealers and distributors, including premier dealers, local market authorized dealers, national retail chains and other indirect distributors (the indirect channel). Premier dealers are independent dealers that sell Cricket products, usually exclusively, in stores that look and function similar to our company-owned stores, enhancing the in-store experience and level of service for our customers and expanding our brand presence within a market. As of June 30, 2006, we and ANB 1 License had 117 direct locations and 1,823 indirect distributors, including 450 premier dealers. Premier dealers tend to generate significantly more business than other indirect dealers, and we plan to continue to significantly expand the number of premier dealer locations in 2006. Our direct sales locations were responsible for approximately 32% of our gross customer additions in 2005. We place our direct and indirect retail locations strategically to focus on our target customer demographic and provide the most efficient market coverage while minimizing cost. As a result of our product design and cost-efficient distribution system, we believe that we have been able to achieve a cost per gross customer addition (CPGA), which measures the average cost of acquiring a new customer, that is significantly lower than most of our competitors.

We believe that our business model is scalable and can be expanded successfully into adjacent and new markets because we offer a differentiated service and an attractive value proposition to our customers at costs significantly lower than most of our competitors. By building or enhancing market clusters, we are able to increase the size of our unlimited Cricket service area for our customers, while leveraging our existing network investments to improve our economic returns. An example of our market-cluster strategy is the Fresno, California market we launched in 2005 to complement the adjacent Visalia and Modesto, California markets, which doubled the covered POPs in our Central Valley cluster. We are also strategically expanding into new markets that meet our internally developed customer demographics and population density criteria. An example of this strategy is the license for the San Diego, California market that we acquired in the Federal Communication Commission s, or FCC s, Auction #58. We believe that we will be able to offer Cricket service on a cost-competitive basis in this market and the other markets we have acquired. We, ANB 1 License and LCW Wireless have launched 11 markets in 2006, and we currently expect to launch additional markets by the end of 2006. In addition, we expect to participate (directly through a wholly owned subsidiary and indirectly through Denali Spectrum License, LLC, or Denali License, an entity in which we own an indirect 82.5% non-controlling interest) as a bidder in the FCC s upcoming auction for Advanced Wireless Services, or Auction #66.

Our Business Strengths

Simple, Yet Differentiated, Service. Our service plans are designed to attract customers by offering simple, predictable and affordable wireless services that are a competitive alternative to traditional wireless and wireline services. Unlike traditional wireless service providers, we offer high-quality service on a flat-rate, unlimited-usage basis, without requiring fixed-term contracts, early termination fees or credit checks, providing a high value/low price proposition for customers.

Proven Business Model. Our business model has enabled us to achieve significant growth in our subscriber numbers in our existing markets, allowing us to spread our fixed costs over a growing customer base. Over the last eighteen months, we also have experienced significant growth in our average revenue per user (ARPU), while maintaining customer acquisition and operation costs that are among the lowest in the industry. As a result, we are able to generate substantial cash flow in our existing markets.

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Low-Cost Provider. Our business model is designed to provide service to customers at a cost significantly lower than most of our competitors, enabling us to achieve attractive economics. We minimize capital costs by engineering our high-quality, efficient networks to cover only the areas of our markets where most of our potential customers live, work and play. We reduce general operating costs through our efficiently designed networks that focus on densely populated areas, lean overhead structure, fast follower approach that reduces development costs, streamlined billing procedures and control of customer care expenses. We maintain low customer acquisition costs through our focused sales and marketing, low handset subsidies and cost-effective distribution strategies.

Attractive Growth Prospects. We believe that our business model is highly scalable, with the potential to generate increased cash flow over time by increasing penetration in our existing markets, building and enhancing market clusters and selectively investing in new strategic markets that reflect our target customer demographics and other internal criteria for expansion.

High-Quality Networks. We have deployed in each of our markets a 100% Code Division Multiple Access radio transmission technology, or CDMA 1xRTT, network that delivers high capacity and outstanding quality at a low cost that can be easily upgraded to support enhanced capacity. We expect to deploy CDMA2000® 1xEV-DO technology in most existing and new markets to support next generation high-speed data services. Our networks have regularly been ranked by third party surveys commissioned by us as one of the top networks within the advertised coverage area in the markets Cricket serves.

Our Business Strategy

Target Underserved Customer Segments. Our services are targeted primarily toward market segments underserved by traditional communications companies. On average, our customers tend to be younger and have lower incomes than the customers of other wireless carriers. Moreover, our customer base also reflects a greater percentage of ethnic minorities than those of the national carriers. We believe these underserved market segments are among the fastest growing population segments in the U.S.

Continue to Develop and Evolve Products and Services. We continue to develop and evolve our product and service offerings to better meet the needs of our target customer segments. For example, during the last two years, we have added instant messaging, multimedia (picture) messaging, games and our Travel Time™ roaming option to our product portfolio. In 2006 we broadened, and expect to continue to broaden, our data product and service offerings to better meet the needs of our customers. With our deployment of 1xEV-DO technology, we believe we will be able to offer an expanded array of services to our customers, including high-demand wireless data services such as mobile content, location-based services and high-quality music downloads at speeds of up to 2.4 Megabits per second.

Build Our Brand and Strengthen Our Distribution. We are focused on building our brand awareness in our markets and improving the productivity of our distribution system. Since our target customer base is diversified geographically, ethnically and demographically, we have decentralized our marketing programs to support local customization while optimizing our advertising expenses. We have redesigned and re-merchandized our stores and introduced a new sales process aimed at improving both the customer experience and our revenue per user. We have also initiated our premier dealer program, and in 2006 we plan to enable our premier dealers and other indirect dealers to provide greater customer support services. We expect these changes will enhance the customer experience and improve customer satisfaction.

Enhance Market Clusters and Expand Into Attractive Strategic Markets. We intend to seek additional opportunities to enhance our current market clusters and expand into new geographic markets, by acquiring spectrum in FCC auctions, such as Auction #66, or in the spectrum aftermarket, or by participating in partnerships or joint ventures. Examples of our market-cluster strategy include the Fresno, California market we launched in 2005 to complement the adjacent Visalia and Modesto, California markets in our Central Valley cluster and the Oregon cluster we created by contributing our Salem and Eugene, Oregon markets to LCW Wireless, a joint venture which also owns a license for Portland, Oregon. Examples of our strategic market expansion include the five licenses in central Texas, including Houston, Austin and San Antonio, and the San Diego, California license that we and ANB 1 License acquired in Auction #58, all of which meet our internally developed criteria concerning customer demographics and population density.

Corporate Information

Leap was formed as a Delaware corporation in June 1998. Leap s shares began trading publicly in September 1998, and we launched our innovative Cricket service in March 1999. In April 2003, Leap, Cricket and substantially all of their subsidiaries filed voluntary petitions for relief under Chapter 11 in federal bankruptcy court. On August 16, 2004, our plan of reorganization became effective and we emerged from Chapter 11 bankruptcy. On that date, a new board of directors of Leap was appointed, Leap s previously existing stock, options and warrants were cancelled, Leap s long-term indebtedness was reduced substantially, and Leap issued 60 million shares of new Leap common stock to two classes of creditors. See Business Chapter 11 Proceedings Under the Bankruptcy Code. On June 29, 2005, Leap became listed on the Nasdaq National Market under the symbol LEAP.

Our principal executive offices are located at 10307 Pacific Center Court, San Diego, California 92121 and our telephone number at that address is (858) 882-6000. Our principal websites are located at www.leapwireless.com, www.mycricket.com and www.jumpmobile.com. The information contained in, or that can be accessed through, our websites is not part of this prospectus.

Leap is a U.S. registered trademark of Leap, and a trademark application for the Leap logo is pending. Cricket is a U.S. registered trademark of Cricket. In addition, the following are trademarks or service marks of Cricket: Unlimited Access, Unlimited Plus, Unlimited Classic, Jump, Travel Time, Cricket Clicks and the Cricket K.

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The Offering

Common stock offered	5,600,000 shares
Common stock to be outstanding after settlement of the forward sale agreements assuming physical settlement	66,854,519 shares
Use of proceeds	We will not receive any proceeds from the sale of the shares of common stock borrowed and sold by the forward counterparties (or their affiliates) pursuant to this prospectus. If the forward sale agreements are physically settled, then we will receive proceeds from the sale of common stock upon settlement of the forward sale agreements within approximately one year of the date of this prospectus. If the forward sale agreements are not physically settled, then, depending on the price of Leap common stock at the time of settlement and the relevant settlement method, we may receive no proceeds from, or we may incur obligations as a result of, the settlement of the forward sale agreements. See Underwriting for a description of the forward sale agreements. To the extent the forward counterparties (or their affiliates) do not borrow the full amount of common stock to be sold in this offering, we will sell and receive proceeds from such number of shares of common stock as part of this offering. We intend to use the net proceeds, if any, received upon the settlement of the forward sale agreements and from any sales by us in this offering for general corporate purposes and working capital, including the acquisition of wireless licenses (and/or the repayment of bridge loans used to acquire wireless licenses in Auction #66).
Accounting treatment of the transaction	The forward sale agreements allow us to elect to physically settle the transactions, or to issue shares of our common stock in satisfaction of our obligations under the forward sale agreements, in all circumstances (unless we have previously elected otherwise). As a result, it is expected that these forward sale agreements will be initially measured at fair value and reported in permanent equity. Subsequent changes in fair value will not be recognized provided that the forward sale agreements remain classified as equity.
Nasdaq National Market symbol	LEAP
Risk factors	See Risk Factors on page 11 and the other information in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in Leap common stock.

The number of shares of common stock to be outstanding after settlement of the forward sale agreements assuming physical settlement is based on our shares outstanding as of August 1, 2006, and this information excludes:

- 600,000 shares of common stock issuable upon the exercise of outstanding warrants at an exercise price of $16.83;

2,334,179 shares of common stock reserved for issuance upon the exercise of outstanding stock options at a weighted-average exercise price of $32.13;

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778,989 shares of common stock available for future issuance under our Employee Stock Purchase Plan;

an aggregate of 1,232,313 shares of common stock available for future issuance under our 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan; and

shares reserved for potential issuance to CSM Wireless, LLC, or CSM. Leap has reserved five percent of its outstanding common stock, which was 3,062,726 shares as of August 1, 2006, for potential issuance to CSM upon the exercise of CSM s option to put its entire equity interest in LCW Wireless to Cricket. Subject to certain conditions and restrictions in our senior secured credit facility, we will be obligated to satisfy the put price in cash or in shares of Leap common stock, or a combination of cash and common stock, in our sole discretion. See Business Arrangements with LCW Wireless.

In addition, except where we stated otherwise, the information we present in this prospectus assumes no exercise of the underwriters option to purchase additional shares.

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Summary Consolidated Financial Data

The following tables summarize the financial data for our business, which are derived from our consolidated financial statements and have been restated as of and for the five months ended December 31, 2004 and for the six months ended June 30, 2005 to reflect adjustments that are further discussed in Note 3 to the audited annual consolidated financial statements included elsewhere in this prospectus. For a more detailed explanation of our financial condition and operating results, you should read Selected Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus. References in these tables to Predecessor Company refer to Leap and its subsidiaries on or prior to July 31, 2004. References to Successor Company refer to Leap and its subsidiaries after July 31, 2004, after giving effect to the implementation of fresh-start reporting. The financial statements of the Successor Company are not comparable in many respects to the financial statements of the Predecessor Company because of the effects of the consummation of the plan of reorganization as well as the adjustments for fresh-start reporting.

	Predecessor Company				Successor Company			
	Year Ended December 31,			Seven Months Ended July 31,	Five Months Ended December 31,	Year Ended December 31,	Six Months Ended June 30,	
	2001	2002	2003	2004	2004	2005	2005	2006
					(As Restated)		(As Restated)	
	(in thousands, except per share data)							
Statement of Operations Data:								
Revenues:								
Service revenues	$ 215,917	$ 567,694	$ 643,566	$ 398,451	$ 285,647	$ 763,680	$ 375,685	$ 446,626
Equipment revenues	39,247	50,781	107,730	83,196	58,713	150,983	79,514	87,916
Total revenues	255,164	618,475	751,296	481,647	344,360	914,663	455,199	534,542
Operating expenses:								
Cost of service (exclusive of items shown separately below)	(94,510)	(181,404)	(199,987)	(113,988)	(79,148)	(200,430)	(99,805)	(115,459)

Cost of equipment	(202,355)	(252,344)	(172,235)	(97,160)	(82,402)	(192,205)	(91,977)	(110,967)
Selling and marketing	(115,222)	(122,092)	(86,223)	(51,997)	(39,938)	(100,042)	(47,805)	(65,044)
General and administrative	(152,051)	(185,915)	(162,378)	(81,514)	(57,110)	(159,249)	(78,458)	(96,158)
Depreciation and amortization	(119,177)	(287,942)	(300,243)	(178,120)	(75,324)	(195,462)	(95,385)	(107,373)
Impairment of indefinite-lived intangible assets		(26,919)	(171,140)			(12,043)	(11,354)	(3,211)
Loss on disposal of property and equipment		(16,323)	(24,054)					
Total operating expenses	(683,315)	(1,072,939)	(1,116,260)	(522,779)	(333,922)	(859,431)	(424,784)	(498,212)
Gain on sale of wireless licenses and operating assets	143,633	364	4,589	532		14,587		
Operating income (loss)	(284,518)	(454,100)	(360,375)	(40,600)	10,438	69,819	30,415	36,330
Equity in net loss of and write-down of investments in and loans receivable from unconsolidated wireless operating companies	(54,000)							
Minority interest in						(31)		(209)

loss of consolidated subsidiary								
Interest income	26,424	6,345	779		1,812	9,957	3,079	9,727
Interest expense	(178,067)	(229,740)	(83,371)	(4,195)	(16,594)	(30,051)	(16,689)	(15,854)
Foreign currency transaction losses, net	(1,257)							
Gain on sale of unconsolidated wireless operating company		39,518						
Other income (expense), net	8,443	(3,001)	(176)	(293)	(117)	1,423	(1,325)	(5,383)

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	Predecessor Company				Successor Company			
	Year Ended December 31,			Seven Months Ended July 31,	Five Months Ended December 31,	Year Ended December 31,	Six Months Ended June 30,	
	2001	2002	2003	2004	2004	2005	2005	2006
					(As Restated)		(As Restated)	
	(in thousands, except per share data)							
Income (loss) before reorganization items, income taxes and cumulative effect of change in accounting principle	(482,975)	(640,978)	(443,143)	(45,088)	(4,461)	51,117	15,480	24,611
Reorganization items, net			(146,242)	962,444				
Income (loss) before income taxes and cumulative effect of change in accounting principle	(482,975)	(640,978)	(589,385)	917,356	(4,461)	51,117	15,480	24,611
Income taxes	(322)	(23,821)	(8,052)	(4,166)	(3,930)	(21,151)	(6,861)	
Income (loss) before cumulative effect of change in accounting principle	(483,297)	(664,799)	(597,437)	913,190	(8,391)	29,966	8,619	24,611
Cumulative effect of								623

change in accounting principle								
Net income (loss)	$ (483,297)	$ (664,799)	$ (597,437)	$ 913,190	$ (8,391)	$ 29,966	$ 8,619	$ 25,234
Basic net income (loss) per share(1):								
Income (loss) before cumulative effect of change in accounting principle	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.50	$ 0.14	$ 0.41
Cumulative effect of change in accounting principle								0.01
Basic net income (loss) per share	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.50	$ 0.14	$ 0.42
Diluted net income (loss) per share(1):								
Income (loss) before cumulative effect of change in accounting principle	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.49	$ 0.14	$ 0.40
Cumulative effect of change in accounting principle								0.01
Diluted net income (loss) per share	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.49	$ 0.14	$ 0.41
Shares used in per share								

calculations(1):								
Basic	33,861	44,591	58,604	58,623	60,000	60,135	60,015	60,282
Diluted	33,861	44,591	58,604	58,623	60,000	61,003	60,234	61,651

	Predecessor Company			Successor Company		
	As of December 31,					
	2001	2002	2003	2004	2005	As of June 30, 2006
				(As Restated)		
			(in thousands)			
Balance Sheet Data:						
Cash and cash equivalents	$ 242,979	$ 100,860	$ 84,070	$ 141,141	$ 293,073	$ 553,038
Working capital (deficit)(2)	189,507	(2,144,420)	(2,254,809)	145,762	240,862	452,262
Restricted cash, cash equivalents and short-term investments(3)	40,755	25,922	55,954	31,427	13,759	9,758
Total assets	2,450,895	2,163,702	1,756,843	2,220,887	2,506,318	2,903,537
Long-term debt(2)	1,676,845			371,355	588,333	891,000
Total stockholders equity (deficit)	358,440	(296,786)	(893,356)	1,470,056	1,514,357	1,552,333

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	Three Months Ended							
	June 30, 2004	September 30, 2004(4)	December 31, 2004	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	March 31, 2006
	1,547,364	1,539,770	1,569,630	1,615,205	1,617,941	1,622,526	1,668,293	1,778,704
	9,133	(7,594)	29,860	45,575	2,736	23,298(6)	45,767	110,409
	$ 37.28	$ 36.97	$ 37.29	$ 39.03	$ 39.24	$ 40.22	$ 39.74	$ 41.87
	$ 141	$ 141	$ 159	$ 128	$ 138	$ 142	$ 158	$ 130
	$ 18.47	$ 18.38	$ 18.74	$ 18.94	$ 18.43	$ 19.52	$ 18.67	$ 19.57
	3.7%	4.5%	4.1%	3.3%	3.9%	4.4%	4.1%	3.3%

(1) Refer to Notes 3 and 6 to the audited annual consolidated financial statements included elsewhere in this prospectus for an explanation of the calculation of basic and diluted net income (loss) per common share.

(2) We have presented the principal and interest balances related to our outstanding debt obligations as current liabilities in the consolidated balance sheets as of December 31, 2002 and 2003, as a result of the then existing defaults under the underlying agreements.

(3) Restricted cash consists of cash held in reserve by Leap and funds set aside or pledged by Cricket to satisfy payments and administrative and priority claims against us following our emergence from Chapter 11 bankruptcy in August 2004, and cash restricted for other purposes.

(4) The financial data for the three months ended September 30, 2004 represents the combination of the Predecessor and Successor Companies results for that period.

(5) Includes subscribers and net customer additions for the Cricket and Jump Mobile services offered by Cricket and, commencing in the three months ended March 31, 2006, by ANB 1 License.

(6) Net customer additions for the three months ended September 30, 2005 exclude the effect of the transfer of approximately 19,000 customers as a result of the closing of the sale of our operating markets in Michigan in August 2005.

(7) ARPU is service revenue divided by the weighted-average number of customers, divided by the number of months during the period being measured. Management uses ARPU to identify average revenue per customer, to track changes in average customer revenues over time, to help evaluate how changes in our business, including changes in our service offerings and fees, affect average revenue per customer, and to forecast future service revenue. In addition, ARPU provides management with a useful measure to compare our subscriber revenue to that of other wireless communications providers. We believe investors use ARPU primarily as a tool to track changes in our average revenue per customer over time and to compare our per customer service revenues to those of other wireless

communications providers. Other companies may calculate this measure differently.

(8) CPGA is selling and marketing costs (excluding applicable share-based compensation expense included in selling and marketing expense), and equipment subsidy (generally defined as cost of equipment less equipment revenue), less the net loss on equipment transactions unrelated to initial customer acquisition, divided by the total number of gross new customer additions during the period being measured. The net loss on equipment transactions unrelated to initial customer acquisition includes the revenues and costs associated with the sale of handsets to existing customers as well as costs associated with handset replacements and repairs (other than warranty costs which are the responsibility of the handset manufacturers). We deduct customers who do not pay their first monthly bill from our gross customer additions, which tends to increase CPGA because we incur the costs associated with this customer without receiving the benefit of a gross customer addition. Management uses CPGA to measure the efficiency of our customer acquisition efforts, to track changes in our average cost of acquiring new subscribers over time, and to help evaluate how changes in our sales and distribution strategies affect the cost-efficiency of our customer acquisition efforts. In addition, CPGA provides management with a useful measure to compare our per customer acquisition costs with those of other wireless communications providers. We believe investors use CPGA primarily as a tool to track changes in our average cost of acquiring new customers over time and to compare our per customer acquisition costs to those of other wireless communications providers. Other companies may calculate this measure differently.

(9) CCU is cost of service and general and administrative costs (excluding applicable share-based compensation expense included in cost of service and general and administrative expense) plus net loss on equipment transactions unrelated to initial customer acquisition (which includes the gain or loss on sale of handsets to existing customers and costs associated with handset replacements and repairs (other than warranty costs which are the responsibility of the handset manufacturers)), divided by the weighted-average number of customers, divided by the number of months during the period being measured. CCU does not include any depreciation and amortization expense. Management uses CCU as a tool to evaluate the non-selling cash expenses associated with ongoing business operations on a per customer basis, to track changes in these non-selling cash costs over time, and to help evaluate how changes in our business operations affect non-selling cash costs per customer. In addition, CCU provides management with a useful measure to compare our non-selling cash costs per customer with those of other wireless communications providers. We believe investors use CCU primarily as a tool to track changes in our non-selling cash costs over time and to compare our non-selling cash costs to those of other wireless communications providers. Other companies may calculate this measure differently.

(10) Churn, which measures customer turnover, is calculated as the net number of customers that disconnect from our service divided by the weighted-average number of customers divided by the number of months during the period being measured. Customers who do not pay their first monthly bill are deducted from our gross customer additions in the month that they are disconnected; as a result, these customers are not included in churn. Management uses churn to measure our retention of customers, to measure changes in customer retention over time, and to help evaluate how changes in our business affect customer retention. In addition, churn provides management with a useful measure to compare our customer turnover activity to that of other wireless communications providers. We believe investors use churn primarily as a tool to track changes in our customer retention over time and to compare our customer retention to that of other wireless communications providers. Other companies may calculate this measure differently.

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Reconciliation of Non-GAAP Financial Measures

We utilize certain financial measures, as described above, that are not calculated based on GAAP. Certain of these financial measures are considered non-GAAP financial measures within the meaning of Item 10 of Regulation S-K promulgated by the SEC. For purposes of this discussion, the financial data for the three months ended September 30, 2004 presented below represents the combination of the Predecessor and Successor Companies results for that period.

CPGA The following tables reconcile total costs used in the calculation of CPGA to selling and marketing expense, which we consider to be the most directly comparable GAAP financial measure to CPGA (in thousands, except gross customer additions and CPGA):

	Three Months Ended								
	Jun. 30, 2004	**Sep. 30, 2004**	**Dec. 31, 2004**	**Mar. 31, 2005**	**Jun. 30, 2005**	**Sep. 30, 2005**	**Dec. 31, 2005**	**Mar. 31, 2006**	**Jun. 30, 2006**
Selling and marketing expense	$ 21,939	$ 23,574	$ 23,169	$ 22,995	$ 24,810	$ 25,535	$ 26,702	$ 29,102	$ 35,942
Less share-based compensation expense included in selling and marketing expense					(693)	(203)	(125)	(327)	(473)
Plus cost of equipment	40,635	44,153	51,019	49,178	42,799	49,576	50,652	58,886	52,081
Less equipment revenue	(33,676)	(36,521)	(33,941)	(42,389)	(37,125)	(36,852)	(34,617)	(50,848)	(37,068)
Less net loss on equipment transactions unrelated to initial customer acquisition	(3,453)	(2,971)	(5,090)	(4,012)	(3,484)	(4,917)	(3,775)	(521)	(412)
Total costs used in the calculation of CPGA	$ 25,445	$ 28,235	$ 35,157	$ 25,772	$ 26,307	$ 33,139	$ 38,837	$ 36,292	$ 50,070
Gross customer additions	180,128	200,315	220,484	201,467	191,288	233,699	245,817	278,370	253,033
CPGA	$ 141	$ 141	$ 159	$ 128	$ 138	$ 142	$ 158	$ 130	$ 198

CCU The following tables reconcile total costs used in the calculation of CCU to cost of service, which we consider to be the most directly comparable GAAP financial measure to CCU (in thousands, except weighted-average number of customers and CCU):

	Three Months Ended								
	Jun. 30, 2004	Sep. 30, 2004	Dec. 31, 2004	Mar. 31, 2005	Jun. 30, 2005	Sep. 30, 2005	Dec. 31, 2005	Mar. 31, 2006	Jun. 200
of ce	$ 47,827	$ 51,034	$ 46,275	$ 50,197	$ 49,608	$ 50,304	$ 50,321	$ 55,204	$ 60
eral and inistrative ense	33,922	30,689	35,403	36,035	42,423	41,306	39,485	49,582	46
e-based pensation ense ded in of ce and eral and inistrative ense					(6,436)	(2,518)	(2,270)	(4,399)	(4,
net on pment sactions lated to l omer isition	3,453	2,971	5,090	4,012	3,484	4,917	3,775	521	
al costs d in the culation CCU	$ 85,202	$ 84,694	$ 86,768	$ 90,244	$ 89,079	$ 94,009	$ 91,311	$ 100,908	$ 103
hted-average ber of omers	1,537,957	1,536,314	1,543,362	1,588,372	1,611,524	1,605,222	1,630,011	1,718,349	1,790
	$ 18.47	$ 18.38	$ 18.74	$ 18.94	$ 18.43	$ 19.52	$ 18.67	$ 19.57	$ 1

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RISK FACTORS

You should consider carefully the following information about the risks described below, together with the other information contained in this prospectus, before you decide to buy the common stock offered by this prospectus. If any of the following risks actually occurs, our business, financial condition, results of operations and future growth prospects would likely be materially and adversely affected. In these circumstances, the market price of Leap common stock could decline, and you may lose all or part of the money you paid to buy Leap common stock.

Risks Related to Our Business and Industry

We have experienced net losses, and we may not be profitable in the future.

We experienced net losses of $8.4 million and $49.3 million (excluding reorganization items, net) for the five months ended December 31, 2004 and the seven months ended July 31, 2004, respectively. In addition, we experienced net losses of $597.4 million for the year ended December 31, 2003, $664.8 million for the year ended December 31, 2002 and $483.3 million for the year ended December 31, 2001. Although we had net income of $30.0 million and $25.2 million for the year ended December 31, 2005 and the six months ended June 30, 2006, respectively, we may not generate profits in the future on a consistent basis, or at all. We expect net income to decrease in the subsequent quarters of 2006, and we may realize a net loss for fiscal 2006. If we fail to achieve consistent profitability, that failure could have a negative effect on our financial condition.

We may not be successful in increasing our customer base which would negatively affect our business plans and financial outlook.

Our growth on a quarter-by-quarter basis has varied substantially in the past. We believe that this uneven growth generally reflects seasonal trends in customer activity, promotional activity, the competition in the wireless telecommunications market, and varying national economic conditions. Our current business plans assume that we will increase our customer base over time, providing us with increased economies of scale. If we are unable to attract and retain a growing customer base, our current business plans and financial outlook may be harmed.

If we experience high rates of customer turnover, our ability to remain profitable will decrease.

Because we do not require customers to sign fixed-term contracts or pass a credit check, our service is available to a broader customer base than many other wireless providers and, as a result, some of our customers may be more likely to terminate service due to an inability to pay than the average industry customer, particularly during economic downturns or during periods of high gasoline prices. In addition, our rate of customer turnover may be affected by other factors, including the size of our calling areas, our handset or service offerings, customer care concerns, number portability and other competitive factors. Our strategies to address customer turnover may not be successful. A high rate of customer turnover would reduce revenues and increase the total marketing expenditures required to attract the minimum number of replacement customers required to sustain our business plan, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

We have made significant investment, and will continue to invest, in joint ventures that we do not control.

In November 2004, we acquired a 75% non-controlling interest in Alaska Native Broadband 1, LLC, or ANB 1, whose wholly owned subsidiary ANB 1 License was awarded certain licenses in Auction #58. In July 2006, we acquired a 72% non-controlling interest in LCW Wireless, which was awarded a wireless license for the Portland, Oregon market in Auction #58 and to which we contributed, among other things, two wireless licenses in Eugene and Salem, Oregon and related operating assets.

Both ANB 1 License and LCW Wireless hold their Auction #58 wireless licenses as very small business designated entities under FCC regulations. In July 2006, we acquired an 82.5% non-controlling interest in Denali Spectrum, LLC, or Denali, an entity which we expect to participate (through a wholly owned subsidiary) in Auction #66 as a very small business designated entity under FCC regulations. Our participation in these joint ventures is structured as a non-controlling interest in order to comply with FCC rules and regulations. We have agreements with our joint venture partners in ANB 1, LCW Wireless and Denali, and we plan to have similar agreements in connection with any future joint venture arrangements we may enter into, which are intended to allow us to actively participate to a limited extent in the development of the business through the joint venture. However, these agreements do not provide us with control over the business strategy, financial goals, build-out plans or other operational aspects of any such joint venture. The FCC s rules restrict our ability to acquire controlling interests in such entities during the period that such entities must maintain their eligibility as a designated entity, as defined by the FCC. The entities or persons that control the joint ventures may have interests and goals that are inconsistent or different from ours which could result in the joint venture taking actions that negatively impact our business or financial condition. In addition, if any of the other members of a joint venture files for bankruptcy or otherwise fails to perform its obligations or does not manage the joint venture effectively, we may lose our equity investment in, and any present or future opportunity to acquire the assets (including wireless licenses) of, such entity.

The FCC recently implemented rule changes aimed at addressing alleged abuses of its designated entity program, affirmed these changes on reconsideration and has sought comment on further rule changes. In that proceeding, the FCC has re-affirmed its goals of ensuring that only legitimate small businesses reap the benefits of the program, and that such small businesses are not controlled or manipulated by larger wireless carriers or other investors that do not meet the small business size tests. While we do not believe that the FCC s recent rule changes materially affect our current joint ventures with ANB 1, LCW Wireless and Denali, the scope and applicability of these rule changes to such current designated entity structures remains in flux, and parties have already sought further reconsideration or judicial review of these rule changes. In addition, we cannot predict how further rule changes or increased regulatory scrutiny by the FCC flowing from this proceeding will affect our current or future business ventures with designated entities or our participation with such entities in future FCC spectrum auctions.

We face increasing competition which could have a material adverse effect on demand for the Cricket service.

In general, the telecommunications industry is very competitive. Some competitors have announced rate plans substantially similar to Cricket s service plans (and have also introduced products that consumers perceive to be similar to Cricket s service plans) in markets in which we offer wireless service. In addition, the competitive pressures of the wireless telecommunications market have caused other carriers to offer service plans with large bundles of minutes of use at low prices which are competing with the predictable and unlimited Cricket calling plans. Some competitors also offer prepaid wireless plans that are being advertised heavily to demographic segments that are strongly represented in Cricket s customer base. These competitive offerings could adversely affect our ability to maintain our pricing and increase or maintain our market penetration. Our competitors may attract more customers because of their stronger market presence and geographic reach. Potential customers may perceive the Cricket service to be less appealing than other wireless plans, which offer more features and options. In addition, existing carriers and potential non-traditional carriers are exploring or have announced the launch of service using new technologies and/or alternative delivery plans.

In addition, some of our competitors are able to offer their customers roaming services on a nationwide basis and at lower rates. We currently offer roaming services on a prepaid basis. Many competitors have substantially greater financial and other resources than we have, and we may not be able to compete successfully. Because of their size and bargaining power, our larger competitors may be able to purchase equipment, supplies and services at lower prices and attract a larger number of dealers than we can. Prior to the launch of a large market in 2006, disruptions by a competitor interfered

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with our indirect dealer relationships, reducing the number of dealers offering Cricket service during the initial weeks of the launch. As consolidation in the industry creates even larger competitors, any purchasing advantages our competitors have may increase, as well as their bargaining power as wholesale providers of roaming services. For example, in connection with the offering of our Travel Time roaming service, we have encountered problems with certain large wireless carriers in negotiating terms for roaming arrangements that we believe are reasonable, and believe that consolidation has contributed significantly to such carriers control over the terms and conditions of wholesale roaming services.

We also compete as a wireless alternative to landline service providers in the telecommunications industry. Wireline carriers are also offering unlimited national calling plans and bundled offerings that include wireless and data services. We may not be successful in the long term, or continue to be successful, in our efforts to persuade potential customers to adopt our wireless service in addition to, or in replacement of, their current landline service.

The FCC is pursuing policies designed to increase the number of wireless licenses available in each of our markets. For example, the FCC has adopted rules that allow the partitioning, disaggregation and leasing of PCS and other wireless licenses, and continues to allocate and auction additional spectrum that can be used for wireless services, which may increase the number of our competitors.

We have identified material weaknesses in our internal control over financial reporting, and our business and stock price may be adversely affected if we do not remediate all of these material weaknesses, or if we have other material weaknesses in our internal control over financial reporting.

In connection with their evaluations of our disclosure controls and procedures, our CEO and CFO have concluded that certain material weaknesses in our internal control over financial reporting existed as of September 30, 2004, December 31, 2004, March 31, 2005, June 30, 2005, September 30, 2005, December 31, 2005, March 31, 2006 and June 30, 2006 with respect to turnover and staffing levels in our accounting, financial reporting and tax departments and the preparation of our income tax provision.

With respect to turnover and staffing, we did not maintain a sufficient complement of personnel with the appropriate skills, training and company-specific experience to identify and address the application of generally accepted accounting principles in complex or non-routine transactions. Specifically, we have experienced staff turnover and an associated loss of Leap-specific experience within our accounting, financial reporting and tax functions. This control deficiency contributed to the material weakness concerning the preparation of our income tax provision described below. Additionally, this control deficiency could result in a misstatement of accounts and disclosures that would result in a material misstatement to our interim or annual consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that this control deficiency constitutes a material weakness.

With respect to the preparation of our income tax provision, we did not maintain effective controls over our accounting for income taxes. Specifically, we did not have adequate controls designed and in place to ensure the completeness and accuracy of the deferred income tax provision and the related deferred tax assets and liabilities and the related goodwill in conformity with generally accepted accounting principles. This control deficiency resulted in the restatement of our consolidated financial statements for the five months ended December 31, 2004 and the condensed consolidated financial statements for the two months ended September 30, 2004 and the quarters ended March 31, 2005, June 30, 2005 and September 30, 2005, as well as audit adjustments to our 2005 annual consolidated financial statements. This control deficiency could result in a misstatement of accounts and disclosures that would result in a material misstatement to our interim or annual consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that this control deficiency constitutes a material weakness.

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In connection with their evaluations of our disclosure controls and procedures, our CEO and CFO also previously concluded that certain material weaknesses in our internal control over financial reporting existed as of December 31, 2004 and March 31, 2005 with respect to the application of lease-related accounting principles, fresh-start reporting oversight, and account reconciliation procedures. We believe we have adequately remediated the material weaknesses associated with lease accounting, fresh-start reporting oversight and account reconciliation procedures.

Although we are engaged in remediation efforts with respect to the material weaknesses related to turnover and staffing and income tax provision preparation, the existence of one or more material weaknesses could result in errors in our financial statements, and substantial costs and resources may be required to rectify these or other internal control deficiencies. If we cannot produce reliable financial reports, investors could lose confidence in our reported financial information, the market price of Leap s common stock could decline significantly, we may be unable to obtain additional financing to operate and expand our business, and our business and financial condition could be harmed. We cannot assure you that we will be able to remediate these material weaknesses in a timely manner.

Our internal control over financial reporting was not effective as of December 31, 2005, and our business may be adversely affected if we are not able to implement effective control over financial reporting.

Section 404 of the Sarbanes-Oxley Act of 2002 requires companies to do a comprehensive evaluation of their internal control over financial reporting. To comply with this statute, we are required to document and test our internal control over financial reporting; our management is required to assess and issue a report concerning our internal control over financial reporting; and our independent registered public accounting firm is required to attest to and report on management s assessment and the effectiveness of internal control over financial reporting. We were required to comply with Section 404 of the Sarbanes-Oxley Act in connection with the filing of our Annual Report on Form 10-K for the year ended December 31, 2005. We conducted a rigorous review of our internal control over financial reporting in order to become compliant with the requirements of Section 404. The standards that must be met for management to assess our internal control over financial reporting are new and require significant documentation and testing. Our assessment identified the need for remediation of some aspects of our internal control over financial reporting. As described above, our internal control over financial reporting has been subject to certain material weaknesses in the past and is currently subject to material weaknesses related to turnover and staffing and preparation of our income tax provision. Our management concluded and our independent registered public accounting firm has attested and reported that our internal control over financial reporting was not effective as of December 31, 2005. If we are unable to implement effective control over financial reporting, investors could lose confidence in our reported financial information and the market price of Leap s common stock could decline significantly, we may be unable to obtain additional financing to operate and expand our business and our business and financial condition could be harmed.

Our primary business strategy may not succeed in the long term.

A major element of our business strategy is to offer consumers service plans that allow unlimited calls for a flat monthly rate without entering into a fixed-term contract or passing a credit check. However, unlike national wireless carriers, we do not seek to provide ubiquitous coverage across the U.S. or all major metropolitan centers, and instead have a smaller network footprint covering only the principal population centers of our various markets. This strategy may not prove to be successful in the long term. From time to time, we also evaluate our service offerings and the demands of our target customers and may modify, change or adjust our service offerings or offer new services. We cannot assure you that these service offerings will be successful or prove to be profitable.

We expect to incur substantial costs in connection with the build-out of our new markets, and any delays or cost increases in the build-out of our new markets could adversely affect our business.

Our ability to achieve our strategic objectives will depend in part on the successful, timely and cost-effective build-out of the networks associated with newly acquired FCC licenses, including those owned by ANB 1 License and LCW Wireless and any licenses we or Denali License may acquire in Auction #66 or from third parties. Large scale construction projects such as the build-out of our new markets will require significant capital expenditures and may suffer cost-overruns. In addition, we will experience higher operating expenses as we build out and after we launch our service in new markets. Any significant capital expenditures or increased operating expenses, including in connection with the build-out and launch of markets for any licenses that we or Denali License may acquire in Auction #66, would negatively impact our earnings and free cash flow for those periods in which we incur such capital expenditures or increased operating expenses. In addition, the build-out of the networks may be delayed or adversely affected by a variety of factors, uncertainties and contingencies, such as natural disasters, difficulties in obtaining zoning permits or other regulatory approvals, our relationships with our joint venture partners, and the timely performance by third parties of their contractual obligations to construct portions of the networks.

The spectrum that will be licensed in Auction #66 currently is used by U.S. federal government and/or incumbent commercial licensees. FCC rules require winning bidders to avoid interfering with these existing users or to clear the incumbent users from the spectrum through specified relocation procedures. We have considered the estimated cost and time frame required to clear the spectrum on which we intend to bid in the auction. However, the actual cost of clearing the spectrum may exceed our estimated costs. Furthermore, delays in the provision of federal funds to relocate government users, or difficulties in negotiating with incumbent commercial licensees, may extend the date by which the auctioned spectrum can be cleared of existing operations, and thus may also delay the date on which we can launch commercial services using such licensed spectrum. In addition, certain existing government operations are using the spectrum that is being auctioned at classified geographic locations that have not yet been identified to bidders, which creates additional uncertainty about the time at which such spectrum will be available for commercial use.

Any failure to complete the build-out of our new markets on budget or on time could delay the implementation of our clustering and strategic expansion strategies, and could have a material adverse effect on our results of operations and financial condition.

If we are unable to manage our planned growth, our operations could be adversely impacted.

We have experienced growth in a relatively short period of time and expect to continue to experience growth in the future in our existing and new markets. The management of such growth will require, among other things, continued development of our financial and management controls and management information systems, stringent control of costs, diligent management of our network infrastructure and its growth, increased spending associated with marketing activities and acquisition of new customers, the ability to attract and retain qualified management personnel and the training of new personnel. Failure to successfully manage our expected growth and development could have a material adverse effect on our business, financial condition and results of operations.

Our indebtedness could adversely affect our financial health.

We have now and will continue to have a significant amount of indebtedness. As of June 30, 2006, our total outstanding indebtedness under our amended and restated senior secured credit agreement, referred to in this prospectus as the Credit Agreement, was $900 million, and we also had a $200 million undrawn revolving credit facility (which forms part of our secured credit facility). We plan to raise additional funds in the future, and we expect to obtain much of such capital through debt financing. The existing indebtedness under our secured credit facility bears interest at a variable rate,

but we have entered into interest rate swap agreements with respect to $355 million of our indebtedness.

Our substantial indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy our debt obligations;
- increase our vulnerability to general adverse economic and industry conditions;
- impair our ability to obtain additional financing in the future for working capital needs, capital expenditures, building out our network, acquisitions and general corporate purposes;
- require us to dedicate a substantial portion of our cash flows from operations to the payment of principal and interest on our indebtedness, thereby reducing the availability of our cash flows to fund working capital needs, capital expenditures, acquisitions and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a disadvantage compared to our competitors that have less indebtedness; and
- expose us to higher interest expense in the event of increases in interest rates because our indebtedness under our secured credit facility bears, and indebtedness under our proposed new bridge loan facility would bear, interest at a variable rate. For a description of our secured credit facility, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Senior Secured Credit Facility below.

Despite current indebtedness levels, we may incur substantially more indebtedness. This could further increase the risks associated with our leverage.

We may incur substantial additional indebtedness in the future. We are negotiating definitive loan documents for an $850 million bridge loan which would allow us to borrow additional capital, as needed, to finance the purchase of licenses in Auction #66 and a portion of the related build-out and initial operating costs of such licenses. However, depending on the prices of licenses in the auction, especially if license prices are attractive, we may seek additional capital to purchase licenses by expanding the bridge loan, which we expect will allow us to obtain additional commitments of up to $350 million in the aggregate. There can be no assurance that the bridge loan will close or that we will have access to additional commitments. Following the completion of Auction #66, when the capital requirements associated with our auction activity will be clearer, we expect to repay the bridge loan with proceeds from one or more offerings of unsecured debt securities, convertible debt securities and/or equity securities (which may include proceeds, if any, received upon settlement of the forward equity sale agreements) although we cannot assure you that such financings will be available to us on acceptable terms or at all.

Depending on which licenses, if any, we ultimately acquire in Auction #66, we may require significant additional capital in the future to finance the build-out and initial operating costs associated with such licenses. However, we generally do not intend to commence the build-out of any individual license until we have sufficient funds available to us to pay for all of the related build-out and initial operating costs associated with such license.

If new indebtedness is added to our current levels of indebtedness, the related risks that we now face could intensify. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources below. Furthermore, any licenses that we acquire in Auction #66 and the subsequent build-out of the networks covered by those licenses may significantly reduce our free cash flow, increasing the risk that we may not be able to service our indebtedness.

To service our indebtedness and fund our working capital and capital expenditures, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on our indebtedness will depend upon our future operating performance and on our ability to generate cash flow in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings, including borrowings under our revolving credit facility or bridge loan facility, will be available to us or available in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. If the cash flow from our operating activities is insufficient, we may take actions, such as delaying or reducing capital expenditures (including expenditures to build out our newly acquired wireless licenses), attempting to restructure or refinance our indebtedness prior to maturity, selling assets or operations or seeking additional equity capital. Any or all of these actions may be insufficient to allow us to service our debt obligations. Further, we may be unable to take any of these actions on commercially reasonable terms, or at all.

Covenants in our senior secured Credit Agreement and other credit agreements or indentures that we may enter into in the future may limit our ability to operate our business.

Under our Credit Agreement, we are subject to certain limitations, including limitations on our ability to: incur additional debt or sell assets, with restrictions on the use of proceeds; make certain investments and acquisitions; grant liens; and pay dividends and make certain other restricted payments. In addition, we will be required to pay down the facilities under certain circumstances if we issue debt, sell assets or property, receive certain extraordinary receipts or generate excess cash flow (as defined in the Credit Agreement). We are also subject to financial covenants with respect to a maximum consolidated senior secured leverage ratio and, if a revolving credit loan or uncollateralized letter of credit is outstanding, with respect to a minimum consolidated interest coverage ratio, a maximum consolidated leverage ratio and a minimum consolidated fixed charge ratio. The restrictions in our Credit Agreement or the bridge loan agreement that we intend to enter into could limit our ability to make borrowings under our proposed new bridge loan facility or our existing revolving credit facility, obtain debt financing, repurchase stock, refinance or pay principal or interest on our outstanding indebtedness, complete acquisitions for cash or debt or react to changes in our operating environment. Any credit agreement or indenture that we may enter into in the future may have similar restrictions.

If we default under the Credit Agreement because of a covenant breach or otherwise, all outstanding amounts could become immediately due and payable. Our failure to timely file our Annual Report on Form 10-K for fiscal year ended December 31, 2004 and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2005 constituted defaults under our previous credit agreement, and the restatement of certain of the historical consolidated financial information contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2005 may have constituted a default under our previous credit agreement. Although we were able to obtain limited waivers under our previous credit agreement with respect to these events, we cannot assure you that we will be able to obtain a waiver in the future should a default occur.

Rises in interest rates could adversely affect our financial condition.

An increase in prevailing interest rates would have an immediate effect on the interest rates charged on our variable rate debt, which rise and fall upon changes in prevailing interest rates. As of June 30, 2006, we estimate that approximately 60% of our debt was variable rate debt after considering the effect of our interest rate swap agreements. If prevailing interest rates or other factors result in higher interest rates on our variable rate debt, the increased interest expense would adversely affect our cash flow and our ability to service our debt.

The wireless industry is experiencing rapid technological change, and we may lose customers if we fail to keep up with these changes.

The wireless communications industry is experiencing significant technological change, as evidenced by the ongoing improvements in the capacity and quality of digital technology, the development and commercial acceptance of wireless data services, shorter development cycles for new products and enhancements and changes in end-user requirements and preferences. In the future, competitors may seek to provide competing wireless telecommunications service through the use of developing technologies such as Wi-Fi, Wi-Max, and Voice over Internet Protocol, or VoIP. The cost of implementing or competing against future technological innovations may be prohibitive to us, and we may lose customers if we fail to keep up with these changes.

For example, we have committed a substantial amount of capital to upgrade our network with 1xEV-DO technology to offer advanced data services. However, if such upgrades, technologies or services do not become commercially accepted, our revenues and competitive position could be materially and adversely affected. We cannot assure you that there will be widespread demand for advanced data services or that this demand will develop at a level that will allow us to earn a reasonable return on our investment.

The loss of key personnel and difficulty attracting and retaining qualified personnel could harm our business.

We believe our success depends heavily on the contributions of our employees and on attracting, motivating and retaining our officers and other management and technical personnel. We do not, however, generally provide employment contracts to our employees. If we are unable to attract and retain the qualified employees that we need, our business may be harmed.

We have experienced higher than normal employee turnover in the past, in part because of our bankruptcy, including turnover of individuals at the most senior management levels. We may have difficulty attracting and retaining key personnel in future periods, particularly if we were to experience poor operating or financial performance. The loss of key individuals in the future may have a material adverse impact on our ability to effectively manage and operate our business.

Risks associated with wireless handsets could pose product liability, health and safety risks that could adversely affect our business.

We do not manufacture handsets or other equipment sold by us and generally rely on our suppliers to provide us with safe equipment. Our suppliers are required by applicable law to manufacture their handsets to meet certain governmentally imposed safety criteria. However, even if the handsets we sell meet the regulatory safety criteria, we could be held liable with the equipment manufacturers and suppliers for any harm caused by products we sell if such products are later found to have design or manufacturing defects. We generally have indemnification agreements with the manufacturers who supply us with handsets to protect us from direct losses associated with product liability, but we cannot guarantee that we will be fully protected against all losses associated with a product that is found to be defective.

Media reports have suggested that the use of wireless handsets may be linked to various health concerns, including cancer, and may interfere with various electronic medical devices, including hearing aids and pacemakers. Certain class action lawsuits have been filed in the industry claiming damages for alleged health problems arising from the use of wireless handsets. In addition, interest groups have requested that the FCC investigate claims that wireless technologies pose health concerns and cause interference with airbags, hearing aids and other medical devices. The media has also reported incidents of handset battery malfunction, including reports of batteries that have overheated. Malfunctions have caused at least one major handset manufacturer to recall certain batteries used in its handsets, including batteries in a handset sold by Cricket and other wireless providers.

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Concerns over radio frequency emissions and defective products may discourage the use of wireless handsets, which could decrease demand for our services. In addition, if one or more Cricket customers were harmed by a defective product provided to us by the manufacturer and subsequently sold in connection with our services, our ability to add and maintain customers for Cricket service could be materially adversely affected by negative public reactions.

There also are some safety risks associated with the use of wireless handsets while driving. Concerns over these safety risks and the effect of any legislation that has been and may be adopted in response to these risks could limit our ability to sell our wireless service.

We rely heavily on third parties to provide specialized services; a failure by such parties to provide the agreed services could materially adversely affect our business, results of operations and financial condition.

We depend heavily on suppliers and contractors with specialized expertise in order for us to efficiently operate our business. In the past, our suppliers, contractors and third-party retailers have not always performed at the levels we expect or at the levels required by their contracts. If key suppliers, contractors or third-party retailers fail to comply with their contracts, fail to meet our performance expectations or refuse or are unable to supply us in the future, our business could be severely disrupted. Generally, there are multiple sources for the types of products we purchase. However, some suppliers, including software suppliers, are the exclusive sources of their specific products. In addition, we currently purchase a substantial majority of the handsets we sell from one supplier. Because of the costs and time lags that can be associated with transitioning from one supplier to another, our business could be substantially disrupted if we were required to replace the products or services of one or more major suppliers with products or services from another source, especially if the replacement became necessary on short notice. Any such disruption could have a material adverse affect on our business, results of operations and financial condition.

System failures could result in higher churn, reduced revenue and increased costs, and could harm our reputation.

Our technical infrastructure (including our network infrastructure and ancillary functions supporting our networks such as billing and customer care) is vulnerable to damage or interruption from technology failures, power loss, floods, windstorms, fires, human error, terrorism, intentional wrongdoing, or similar events. Unanticipated problems at our facilities, system failures, hardware or software failures, computer viruses or hacker attacks could affect the quality of our services and cause service interruptions. In addition, we are in the process of upgrading some of our systems, including our billing system, and we cannot assure you that we will not experience delays or interruptions while we transition our data and existing systems onto our new systems. If any of the above events were to occur, we could experience higher churn, reduced revenues and increased costs, any of which could harm our reputation and have a material adverse effect on our business.

We may not be successful in protecting and enforcing our intellectual property rights.

We rely on a combination of patent, service mark, trademark, and trade secret laws and contractual restrictions to establish and protect our proprietary rights, all of which only offer limited protection. We endeavor to enter into agreements with our employees and contractors and agreements with parties with whom we do business in order to limit access to and disclosure of our proprietary information. Despite our efforts, the steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary rights. Moreover, others may independently develop processes and technologies that are competitive to ours. The enforcement of our intellectual property rights may depend on any legal actions that we undertake against such infringers being successful, but we cannot be sure that any such actions will be successful, even when our rights have been infringed.

We cannot assure you that our pending, or any future, patent applications will be granted, that any existing or future patents will not be challenged, invalidated or circumvented, that any existing or future patents will be enforceable, or that the rights granted under any patent that may issue will provide competitive advantages to us. For example, on June 14, 2006, we sued MetroPCS Communications, Inc., or MetroPCS, in the United States District Court for the Eastern District of Texas, Marshall Division, Case No. 2:06-cv-00240-TJW, for infringement of U.S. Patent No. 6,813,497 *Improved Method for Providing Wireless Communication Services and Network and System for Delivering of Same System and Method for Providing Wireless Communication Services,* issued to us. Our complaint seeks damages and an injunction against continued infringement. On August 3, 2006, MetroPCS (i) answered the complaint, (ii) raised a number of affirmative defenses, and (iii) together with two related entities (referred to in this prospectus, collectively with MetroPCS, as the MetroPCS entities), counterclaimed against Leap, Cricket, numerous Cricket subsidiaries, ANB 1 License, Denali License, and current and former employees of Leap and Cricket, including Leap CEO Doug Hutcheson. The countersuit alleges claims for breach of contract, misappropriation, conversion and disclosure of trade secrets, misappropriation of confidential information and breach of confidential relationship, relating to information provided by MetroPCS to such employees, including prior to their employment by Leap, and asks the court to award damages, including punitive damages, impose an injunction enjoining us from participating in Auction #66, impose a constructive trust on our business and assets for the benefit of MetroPCS, and declare that the MetroPCS entities have not infringed U.S. Patent No. 6,813,497 and that such patent is invalid. MetroPCS s claims allege that we and the other counterclaim defendants improperly obtained, used and disclosed trade secrets and confidential information of the MetroPCS entities and breached confidentiality agreements with the MetroPCS entities. Based upon our preliminary review of the counterclaims, we believe that we have meritorious defenses and intend to vigorously defend against the counterclaims. If the MetroPCS entities were to prevail in their counterclaims, it could have a material adverse effect on our business, financial condition and results of operations.

On August 3, 2006, MetroPCS filed a separate action in the United States District Court for the Northern District of Texas, Dallas Division, Case No. 3-06CV1399-D, seeking a declaratory judgment that our U.S. Patent No. 6,959,183 *Improved Operations Method for Providing Wireless Communication Services and Network and System for Delivering Same* (a different patent from the one that is the subject of our infringement action against MetroPCS) is invalid and is not being infringed by MetroPCS and its affiliates.

Similarly, we cannot assure you that any trademark or service mark registrations will be issued with respect to pending or future applications or that any registered trademarks or service marks will be enforceable or provide adequate protection of our brands.

We may be subject to claims of infringement regarding telecommunications technologies that are protected by patents and other intellectual property rights.

Telecommunications technologies are protected by a wide array of patents and other intellectual property rights. As a result, third parties may assert infringement claims against us from time to time based on our general business operations or the specific operation of our wireless network. We generally have indemnification agreements with the manufacturers and suppliers who provide us with the equipment and technology that we use in our business to protect us against possible infringement claims, but we cannot guarantee that we will be fully protected against all losses associated with infringement claims. Whether or not an infringement claim was valid or successful, it could adversely affect our business by diverting management attention, involving us in costly and time-consuming litigation, requiring us to enter into royalty or licensing agreements (which may not be available on acceptable terms, or at all), or requiring us to redesign our business operations or systems to avoid claims of infringement. See Business Legal Proceedings Patent Litigation below.

A third party with a large patent portfolio has contacted us and suggested that we need to obtain a license under a number of its patents in connection with our current business operations. We understand that the third party has raised similar issues with other telecommunications companies, and has obtained

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license agreements from one or more of such companies. If we cannot reach a mutually agreeable resolution with the third party, we may be forced to enter into a licensing or royalty agreement with the third party. We do not currently expect that such an agreement would materially adversely affect our business, but we cannot provide assurance to our investors about the effect of any such license.

Regulation by government agencies may increase our costs of providing service or require us to change our services.

The FCC regulates the licensing, construction, modification, operation, ownership, sale and interconnection of wireless communications systems, as do some state and local regulatory agencies. We cannot assure you that the FCC or any state or local agencies having jurisdiction over our business will not adopt regulations or take other enforcement or other actions that would adversely affect our business, impose new costs or require changes in current or planned operations. In particular, state regulatory agencies are increasingly focused on the quality of service and support that wireless carriers provide to their customers and several agencies have proposed or enacted new and potentially burdensome regulations in this area.

In addition, we cannot assure you that the Communications Act of 1934, as amended, or the Communications Act, from which the FCC obtains its authority, will not be further amended in a manner that could be adverse to us. The FCC recently implemented rule changes and sought comment on further rule changes focused on addressing alleged abuses of its designated entity program, which gives certain categories of small businesses preferential treatment in FCC spectrum auctions based on size. In that proceeding, the FCC has re-affirmed its goals of ensuring that only legitimate small businesses benefit from the program, and that such small businesses are not controlled or manipulated by larger wireless carriers or other investors that do not meet the small business size tests. We cannot predict the degree to which rule changes or increased regulatory scrutiny that may follow from this proceeding will affect our current or future business ventures or our participation in future FCC spectrum auctions.

Our operations are subject to various other regulations, including those regulations promulgated by the Federal Trade Commission, the Federal Aviation Administration, the Environmental Protection Agency, the Occupational Safety and Health Administration and state and local regulatory agencies and legislative bodies. Adverse decisions or regulations of these regulatory bodies could negatively impact our operations and costs of doing business. Because of our smaller size, governmental regulations and orders can significantly increase our costs and affect our competitive position compared to other larger telecommunications providers. We are unable to predict the scope, pace or financial impact of regulations and other policy changes that could be adopted by the various governmental entities that oversee portions of our business.

If call volume under our Cricket and Jump Mobile services exceeds our expectations, our costs of providing service could increase, which could have a material adverse effect on our competitive position.

During the year ended December 31, 2005, Cricket customers used their handsets approximately 1,450 minutes per month, and some markets were experiencing substantially higher call volumes. Our Cricket service plans bundle certain features, long distance and unlimited local service for a fixed monthly fee to more effectively compete with other telecommunications providers. In addition, call volumes under our Jump Mobile services have been significantly higher than expected. If customers exceed expected usage, we could face capacity problems and our costs of providing the services could increase. Although we own less spectrum in many of our markets than our competitors, we seek to design our network to accommodate our expected high call volume, and we consistently assess and try to implement technological improvements to increase the efficiency of our wireless spectrum. However, if future wireless use by Cricket and Jump Mobile customers exceeds the capacity of our network, service quality may suffer. We may be forced to raise the price of Cricket and Jump Mobile service to reduce volume or otherwise limit the number of new customers, or incur substantial capital expenditures to improve network capacity.

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We may be unable to acquire additional spectrum in the future at a reasonable cost or on a timely basis.

Because we offer unlimited calling services for a fixed fee, our customers average minutes of use per month is substantially above the U.S. wireless customer average. We intend to meet this demand by utilizing spectrum efficient technologies. There may come a point where we need to acquire additional spectrum in order to maintain an acceptable grade of service or provide new services to meet increasing customer demands. We also intend to acquire additional spectrum in order to enter new strategic markets. However, we cannot assure you that we will be able to acquire additional spectrum at auction, including at Auction #66, or in the after-market at a reasonable cost, or that additional spectrum would be made available by the FCC on a timely basis. If such additional spectrum is not available to us at that time or at a reasonable cost, our results of operations could be adversely affected. In addition, although we are seeking to have access to additional capital for Auction #66 through a bridge loan, we cannot assure you that additional capital will be available to us on acceptable terms, or at all.

Our wireless licenses are subject to renewal and potential revocation in the event that we violate applicable laws.

Our wireless licenses are subject to renewal upon the expiration of the 10-year period for which they are granted, commencing for some of our wireless licenses in 2006. The FCC will award a renewal expectancy to a wireless licensee that has provided substantial service during its past license term and has substantially complied with applicable FCC rules and policies and the Communications Act. The FCC has routinely renewed wireless licenses in the past. However, the Communications Act provides that licenses may be revoked for cause and license renewal applications denied if the FCC determines that a renewal would not serve the public interest. FCC rules provide that applications competing with a license renewal application may be considered in comparative hearings, and establish the qualifications for competing applications and the standards to be applied in hearings. We cannot assure you that the FCC will renew our wireless licenses upon their expiration.

Future declines in the fair value of our wireless licenses could result in future impairment charges.

During the three months ended June 30, 2003, we recorded an impairment charge of $171.1 million to reduce the carrying value of our wireless licenses to their estimated fair value. However, as a result of our adoption of fresh-start reporting under American Institute of Certified Public Accountants Statement of Position 90-7, Financial Reporting by Entities in Reorganization under the Bankruptcy Code, or SOP 90-7, we increased the carrying value of our wireless licenses to $652.6 million at July 31, 2004, the fair value estimated by management based in part on information provided by an independent valuation consultant. During the six months ended June 30, 2006, we recorded impairment charges of $3.2 million. During the year ended December 31, 2005, we recorded impairment charges of $12.0 million.

The market values of wireless licenses have varied dramatically over the last several years, and may vary significantly in the future. In particular, valuation swings could occur if:

- consolidation in the wireless industry allows or requires carriers to sell significant portions of their wireless spectrum holdings;
- a sudden large sale of spectrum by one or more wireless providers occurs; or
- market prices decline as a result of the sales prices in upcoming FCC auctions, including Auction #66.

In addition, the price of wireless licenses could decline as a result of the FCC s pursuit of policies designed to increase the number of wireless licenses available in each of our markets. For example, the FCC has announced that it intends to auction an additional 90 MHz of spectrum in the 1700 MHz to 2100 MHz band in Auction #66 and additional spectrum in the 700 MHz and 2.5 GHz bands in subsequent auctions. If the market value of wireless licenses were to decline significantly, the value of our wireless licenses could be subject to non-cash impairment charges. A significant impairment loss could have a material adverse effect on our operating income and on the carrying value of our wireless licenses on our balance sheet.

Declines in our operating performance could ultimately result in an impairment of our indefinite-lived assets, including goodwill, or our long-lived assets, including property and equipment.

We assess potential impairments to our long-lived assets, including property and equipment and certain intangible assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. We assess potential impairments to indefinite-lived intangible assets, including goodwill and wireless licenses, annually and when there is evidence that events or changes in circumstances indicate that an impairment condition may exist. If we do not achieve our planned operating results, this may ultimately result in a non-cash impairment charge related to our long-lived and/or our indefinite-lived intangible assets. A significant impairment loss could have a material adverse effect on our operating results and on the carrying value of our goodwill or wireless licenses and/or our long-lived assets on our balance sheet.

We may incur higher than anticipated intercarrier compensation costs.

When our customers use our service to call customers of other carriers, we are required under the current intercarrier compensation scheme to pay the carrier that serves the called party. Similarly, when a customer of another carrier calls one of our customers, that carrier is required to pay us. While in most cases we have been successful in negotiating agreements with other carriers that impose reasonable reciprocal compensation arrangements, some carriers have claimed a right to unilaterally impose what we believe to be unreasonably high charges on us. The FCC is actively considering possible regulatory approaches to address this situation but we cannot assure you that the FCC rulings will be beneficial to us. An adverse ruling or FCC inaction could result in carriers successfully collecting higher intercarrier fees from us, which could adversely affect our business.

The FCC also is considering making various significant changes to the intercarrier compensation scheme to which we are subject. We cannot predict with any certainty the likely outcome of this FCC proceeding. Some of the alternatives that are under active consideration by the FCC could severely increase the interconnection costs we pay. If we are unable to cost-effectively provide our products and services to customers, our competitive position and business prospects could be materially adversely affected.

Because our consolidated financial statements reflect fresh-start reporting adjustments made upon our emergence from bankruptcy, financial information in our current and future financial statements will not be comparable to our financial information for periods prior to our emergence from bankruptcy.

As a result of adopting fresh-start reporting on July 31, 2004, the carrying values of our wireless licenses and our property and equipment, and the related depreciation and amortization expense, among other things, changed considerably from that reflected in our historical consolidated financial statements. Thus, our current and future balance sheets and results of operations will not be comparable in many respects to our balance sheets and consolidated statements of operations data for periods prior to our adoption of fresh-start reporting. You are not able to compare information reflecting our post-emergence balance sheet data, results of operations and changes in financial condition to information for periods prior to our emergence from bankruptcy without making adjustments for fresh-start reporting.

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If we experience high rates of credit card, subscription or dealer fraud, our ability to become profitable will decrease.

Our operating costs can increase substantially as a result of customer credit card, subscription or dealer fraud. We have implemented a number of strategies and processes to detect and prevent efforts to defraud us, and we believe that our efforts have substantially reduced the types of fraud we have identified. However, if our strategies are not successful in detecting and controlling fraud in the future, it could have a material adverse impact on our financial condition and results of operations.

Risks Related to this Offering and Ownership of Leap Common Stock

Settlement provisions contained in the forward sale agreements subject us to certain risks.

Each forward counterparty will have the right to require us to physically settle its forward sale agreement on a date specified by such forward counterparty in certain events, including if (a) the average of the closing bid and offer price or, if available, the closing sale price of Leap common stock is less than or equal to $15 per share on any trading day, (b) if our board of directors votes to approve a transaction that, if consummated, would result in a merger, share transfer or other takeover event of Leap, (c) we declare certain dividends on shares of Leap common stock, (d) a tender offer or issuer tender offer is commenced for our equity securities or (e) the cost of borrowing the common stock has increased above a specified amount or sufficient shares are not available for borrowing. In the event that early settlement of the forward sale agreements occurs as a result of any of the foregoing events, we will be required to physically settle such forward sale agreement by delivering shares of Leap common stock. Each forward counterparty also will have the right to require us to physically settle such forward sale agreement on a date specified by such forward counterparty if a nationalization, insolvency, insolvency filing, delisting or change in law occurs, each as defined in the forward sale agreements, or in connection with certain events of default and termination events under the master agreement governing such forward sale agreement, including, among other things, any material misrepresentation made in connection with entering into that agreement. Each forward counterparty s decision to exercise its right to require us to settle its forward sale agreement will be made irrespective of our need for capital. In the event that we elect, or are required, to settle either forward sale agreement with shares of Leap common stock, delivery of such shares would likely result in dilution to our earnings per share and return on equity.

Except under the circumstances described above, we have the right to elect physical, cash or net stock settlement under the forward sale agreements (subject to certain conditions relating to securities law compliance and, in the case of net stock settlement, to our share price). If we elect cash or net stock settlement, we would expect each forward counterparty under its forward sale agreement (or one of its affiliates) to purchase in the open market the number of shares necessary, based upon the portion of such forward sale agreement that we have elected to so settle, to return to share lenders the shares of Leap common stock that such forward counterparty (or its affiliate) has borrowed in connection with the sale of Leap common stock under this prospectus and, if applicable in connection with net stock settlement, to deliver shares to us. If the market value of Leap common stock at the time of these purchases is above the forward sale price, we would pay, or deliver, as the case may be, to each forward counterparty under its forward sale agreement an amount of cash, or common stock with a value, equal to this difference. Any such difference could be significant. If the market value of Leap common stock at the time of the purchases is below the forward sale price, we would be paid this difference in cash by, or we would receive the value of this difference in common stock from, each forward counterparty (or its affiliate) under its forward sale agreement, as the case may be. In addition, if a proceeding under the Bankruptcy Code commences with respect to Leap on or prior to the final settlement date under the forward sale agreements, the forward sale agreements shall immediately terminate without the necessity of any notice, payment or other action by Leap or the forward counterparties (except for any liability arising from pre-existing breaches of the agreements). See Underwriting.

Our stock price may be volatile, and you may lose all or some of your investment.

The trading prices of the securities of telecommunications companies have been highly volatile. Accordingly, the trading price of Leap common stock is likely to be subject to wide fluctuations. Factors affecting the trading price of Leap common stock may include, among other things:

- variations in our operating results;
- announcements of technological innovations, new services or service enhancements, strategic alliances or significant agreements by us or by our competitors;
- recruitment or departure of key personnel;
- changes in the estimates of our operating results or changes in recommendations by any securities analysts that elect to follow Leap common stock; and
- market conditions in our industry and the economy as a whole.

The 16,860,077 shares of Leap common stock registered for resale by our shelf Registration Statement may adversely affect the market price of Leap s common stock.

As of August 1, 2006, 61,254,519 shares of Leap common stock were issued and outstanding. Our resale shelf Registration Statement, as amended, registers for resale 16,860,077 shares, or approximately 27.5% of Leap s outstanding common stock. We are unable to predict the potential effect that sales into the market of any material portion of such shares may have on the then prevailing market price of Leap s common stock. If any of Leap s stockholders cause a large number of securities to be sold in the public market, these sales could reduce the trading price of Leap s common stock. These sales also could impede our ability to raise future capital.

Your ownership interest in Leap will be diluted upon issuance of shares we have reserved for future issuances, and future issuances or sales of such shares may adversely affect the market price of Leap s common stock.

As of August 1, 2006, 61,254,519 shares of Leap common stock were issued and outstanding, and 4,945,481 additional shares of Leap common stock were reserved for issuance, including 3,566,492 shares reserved for issuance upon exercise of awards granted or available for grant under Leap s 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan, 778,989 shares reserved for issuance under Leap s Employee Stock Purchase Plan, and 600,000 shares reserved for issuance upon exercise of outstanding warrants. Leap will also reserve shares equal to the number of shares it is obligated to issue upon physical settlement of the forward sale agreements.

In addition, Leap has reserved five percent of its outstanding shares, which was 3,062,726 shares as of August 1, 2006, for potential issuance to CSM upon the exercise of CSM s option to put its entire equity interest in LCW Wireless to Cricket. Under the amended and restated limited liability company agreement with CSM and WLPCS Management, LLC, or WLPCS, which is referred to in this prospectus as the LCW LLC Agreement, the purchase price for CSM s equity interest is calculated on a pro rata basis using either the appraised value of LCW Wireless or a multiple of Leap s enterprise value divided by its adjusted EBITDA and applied to LCW Wireless adjusted EBITDA to impute an enterprise value and equity value for LCW Wireless. Cricket may satisfy the put price either in cash or in Leap common stock, or a combination thereof, as determined by Cricket in its discretion. However, the covenants in Cricket s $1.1 billion senior secured credit facility do not permit Cricket to satisfy any substantial portion of its put obligations to CSM in cash. If Cricket elects to satisfy its put obligations to CSM with Leap common stock, the obligations of the parties are conditioned upon the block of Leap common stock issuable to CSM not constituting more than five percent of Leap s outstanding common stock at the time of issuance. Dilution of the outstanding number of shares of Leap s common stock could adversely affect prevailing market prices for Leap s common stock.

We have agreed to prepare and file a resale shelf registration statement for any shares of Leap common stock issued to CSM in connection with the put, and to use our reasonable efforts to cause such registration statement to be declared effective by the SEC. In addition, we have registered all shares of common stock that we may issue under our stock option, restricted stock and deferred stock unit plan and under our employee stock purchase plan. When we issue shares under these stock plans, they can be freely sold in the public market. If any of Leap s stockholders cause a large number of securities to be sold in the public market, these sales could reduce the trading price of Leap s common stock. These sales also could impede our ability to raise future capital. See Business Arrangements with LCW Wireless below.

Our directors and affiliated entities have substantial influence over our affairs.

Our directors and entities affiliated with them beneficially owned in the aggregate approximately 27.2% of Leap common stock as of August 1, 2006. These stockholders have the ability to exert substantial influence over all matters requiring approval by our stockholders. These stockholders will be able to influence the election and removal of directors and any merger, consolidation or sale of all or substantially all of Leap s assets and other matters. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control or impeding a merger or consolidation, takeover or other business combination.

Provisions in our amended and restated certificate of incorporation and bylaws or Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of Leap common stock.

Our amended and restated certificate of incorporation and bylaws contain provisions that could depress the trading price of Leap common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that our stockholders may deem advantageous. These provisions:

- require super-majority voting to amend some provisions in our amended and restated certificate of incorporation and bylaws;
- authorize the issuance of blank check preferred stock that our board of directors could issue to increase the number of outstanding shares to discourage a takeover attempt;
- prohibit stockholder action by written consent, and require that all stockholder actions be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws; and
- establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Additionally, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder and which may discourage, delay or prevent a change in control of our company.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, this prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management s current forecast of certain aspects of Leap s future. You can identify most forward-looking statements by forward-looking words such as believe, think, may, could, will, estimat continue, anticipate, intend, seek, plan, expect, should, would and similar expressions in this p Such statements are based on currently available operating, financial and competitive information and are subject to various risks, uncertainties and assumptions that could cause actual results to differ materially from those anticipated or implied in our forward-looking statements. Such risks, uncertainties and assumptions include, among other things:

- our ability to attract and retain customers in an extremely competitive marketplace;
- changes in economic conditions that could adversely affect the market for wireless services;
- the impact of competitors initiatives;
- our ability to successfully implement product offerings and execute market expansion plans;
- our ability to attract, motivate and retain an experienced workforce;
- our ability to comply with the covenants in our senior secured credit facilities and any future credit agreement, bridge loan, indenture or similar instrument;
- failure of network or information technology systems to perform according to expectations; and
- other factors detailed in the section entitled Risk Factors commencing on page 11 of this prospectus.

All forward-looking statements in this prospectus should be considered in the context of these risk factors. Except as required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Accordingly, users of this prospectus are cautioned not to place undue reliance on the forward-looking statements.

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USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares of common stock borrowed and sold by the forward counterparties (or their affiliates) pursuant to this prospectus. If the forward sale agreements are physically settled, then we will receive proceeds of approximately $ from the sale of common stock upon settlement of the forward agreements within approximately one year of , 2006. If the forward sale agreements are not physically settled, then depending on the price of Leap common stock at the time of settlement and the relevant settlement method, we may receive no proceeds from, or we may incur obligations as a result of, the settlement of the forward sale agreements. To the extent the forward counterparties (or their affiliates) do not borrow the full amount of common stock to be sold in this offering, we will sell and receive proceeds from such number of shares of common stock that the forward counterparties (or their affiliates) do not borrow and sell. For purposes of calculating the gross proceeds to us, we have assumed that the forward sale agreements are physically settled based upon a price of $ per share (which is the public offering price of Leap common stock after deducting the applicable underwriting discount but before deducting expenses) on the effective date of the forward sale agreements, which will be , 2006. The actual proceeds, if any, are subject to the final settlement of each forward sale agreement which is expected to occur by , 2007 but may occur earlier or later.

We intend to use the net proceeds, if any, received upon the settlement of the forward sale agreements and from any sales by us in this offering for general corporate purposes and working capital, including the acquisition of wireless licenses (and/or the repayment of bridge loans used to acquire wireless licenses in Auction #66). Pending these uses, we plan to invest the net proceeds, if any, received upon the settlement of the forward sale agreements and from any sales by us in this offering in short- and medium-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

As of the date of this prospectus, we cannot specify with certainty whether we will elect to settle the forward sale agreements entirely by the physical delivery of shares of Leap common stock, or elect cash or net stock settlement for all or a portion of our obligations under the forward sale agreements. We also cannot specify with certainty all of the particular uses for the net proceeds, if any, to be received upon the settlement of the forward sale agreements and from any sales by us in this offering. The method, timing and amount of settlements, and the nature, timing and amount of our expenditures of any net proceeds, will depend on several factors, including the outcome of Auction #66. Our management will have broad discretion in electing physical, cash or net stock settlement (or a combination thereof) and in determining the application of the net proceeds, if any, received upon the settlement of the forward sales agreements and from any sales by us in this offering. Accordingly, investors will be relying on the judgment of our management regarding the exercise of this discretion. We reserve the right to change the use of these proceeds, if any, as a result of certain contingencies such as our results of operations, purchase of additional wireless licenses, expansion into new markets, competitive developments and other factors.

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PRICE RANGE OF LEAP COMMON STOCK

Leap common stock traded on the OTC Bulletin Board until August 16, 2004 under the symbol LWINQ. When we emerged from our Chapter 11 proceedings on August 16, 2004, all of our formerly outstanding common stock was cancelled in accordance with our plan of reorganization and our former common stockholders ceased to have any ownership interest in us. The new shares of Leap common stock issued under our plan of reorganization traded on the OTC Bulletin Board under the symbol LEAP. Commencing on June 29, 2005, Leap common stock became listed for trading on the Nasdaq National Market under the symbol LEAP.

Because the value of one share of our new common stock bears no relation to the value of one share of our old common stock, the trading prices of our new common stock are set forth separately from the trading prices of our old common stock.

The following table sets forth the high and low prices per share of Leap common stock for the quarterly periods indicated, which correspond to our quarterly fiscal periods for financial reporting purposes. Prices for our old common stock are bid quotations on the OTC Bulletin Board through August 16, 2004. Prices for our new common stock are bid quotations on the OTC Bulletin Board from August 17, 2004 through June 28, 2005 and sales prices on the Nasdaq National Market on and after June 29, 2005. Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	High($)	Low($)
Old Common Stock:		
Calendar Year 2004		
First Quarter	0.06	0.03
Second Quarter	0.04	0.01
Third Quarter through August 16, 2004	0.02	0.01
New Common Stock:		
Third Quarter beginning August 17, 2004	27.80	19.75
Fourth Quarter	28.10	19.00
Calendar Year 2005		
First Quarter	29.87	25.01
Second Quarter	28.90	23.00
Third Quarter	37.47	25.87
Fourth Quarter	39.45	31.15
Calendar Year 2006		
First Quarter	44.69	34.54
Second Quarter	49.20	39.59
Third Quarter through August 7, 2006	49.47	40.57

On August 7, 2006, the last reported sale price of Leap s common stock on the Nasdaq National Market was $45.16 per share. As of August 1, 2006, there were 61,254,519 shares of common stock outstanding held by approximately 183 holders of record.

DIVIDEND POLICY

Leap has never paid or declared any cash dividends on its common stock and we do not anticipate paying any cash dividends on Leap common stock in the foreseeable future. The terms of our senior secured credit facilities restrict, and the terms of our proposed new bridge loan facility would restrict, our ability to declare or pay dividends. We intend to retain future earnings, if any, to fund our growth. Any future payment of dividends to our stockholders will depend on decisions that will be made by our board of directors and will depend on then existing conditions, including our financial condition, contractual restrictions, capital requirements and business prospects.

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CAPITALIZATION

The following table sets forth our cash, cash equivalents and short-term investments and our capitalization as of June 30, 2006:

- on an actual basis; and
- on an as-adjusted basis assuming physical settlement of the forward sales agreements, as described under Use of Proceeds.

You should read the following table together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.

	June 30, 2006	
	Actual	As Adjusted(3)
	(in thousands)	
Cash and cash equivalents	$ 553,038	$
Short-term investments	57,382	57,382
Restricted cash, cash equivalents and short-term investments(1)	9,758	9,758
Total cash and cash equivalents, short-term investments and restricted cash	$ 620,178	$
Senior secured credit facility(2)	$ 900,000	$ 900,000
Total debt	900,000	900,000
Shareholders Equity:		
Preferred stock authorized 10,000,000 shares, $.0001 par value; no shares issued and outstanding		
Common stock authorized 160,000,000 shares, $.0001 par value; 61,256,800 shares issued and outstanding at June 30, 2006	6	7
Additional paid-in capital	1,500,154	
Retained earnings	46,809	46,809
Accumulated other comprehensive income	5,364	5,364
Total stockholders equity	1,552,333	
Total capitalization	$ 2,452,333	$

(1) Restricted cash consists of cash held in reserve by Leap and funds set aside or pledged by Cricket to satisfy payments and administrative and priority claims against us following our emergence from Chapter 11 bankruptcy in August 2004, and cash restricted for other purposes.

(2) The senior secured credit facility consisted of (a) a $900 million term loan and (b) a $200 million revolving credit facility. As of June 30, 2006, we had no borrowings outstanding under our revolving credit facility. We are also in negotiations to obtain an $850 million bridge loan. See Management s Discussion and Analysis of Financial

Condition and Results of Operations Liquidity and Capital Resources below.

(3) The As Adjusted column reflects our capitalization assuming physical settlement of the forward sale agreements at the public offering price, less the applicable underwriting discount but before deducting expenses, for the common stock offered in connection with the forward sale agreements (excluding any exercise of the over-allotment option). Whether we elect to settle the forward sale agreements entirely by the physical delivery of shares of Leap common stock, or elect cash or net stock settlement for all or a portion of our obligations under the forward sale agreements, will depend on several factors, including the outcome of Auction #66. See Use of Proceeds above.

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The number of shares in the table above excludes:

600,000 shares of common stock issuable upon the exercise of outstanding warrants at an exercise price of $16.83;

2,229,850 shares of common stock reserved for issuance upon the exercise of outstanding stock options at a weighted-average exercise price of $31.44;

778,989 shares of common stock available for future issuance under our Employee Stock Purchase Plan;

an aggregate of 1,334,361 shares of common stock available for future issuance under our 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan; and

shares reserved for potential issuance to CSM. Leap has reserved five percent of its outstanding common stock, which was 3,062,840 shares as of June 30, 2006, for potential issuance to CSM upon the exercise of CSM s option to put its entire equity interest in LCW Wireless to Cricket. Subject to certain conditions and restrictions in our senior secured credit facility, we will be obligated to satisfy the put price in cash, or in shares of Leap common stock, or a combination of cash and common stock, in our sole discretion. See Business Arrangements with LCW Wireless.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following selected financial data are derived from our consolidated financial statements and have been restated as of and for the five months ended December 31, 2004 and for the six months ended June 30, 2005 to reflect adjustments that are further discussed in Note 3 to the audited annual consolidated financial statements included elsewhere in this prospectus. These tables should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements included elsewhere in this prospectus. References in these tables to Predecessor Company refer to Leap and its subsidiaries on or prior to July 31, 2004. References to Successor Company refer to Leap and its subsidiaries after July 31, 2004, after giving effect to the implementation of fresh-start reporting. The financial statements of the Successor Company are not comparable in many respects to the financial statements of the Predecessor Company because of the effects of the consummation of the plan of reorganization as well as the adjustments for fresh-start reporting. For a description of fresh-start reporting, see Note 2 to the audited annual consolidated financial statements included elsewhere in this prospectus.

	Predecessor Company				Successor Company			
	Year Ended December 31,			Seven Months Ended July 31,	Five Months Ended December 31,	Year Ended December 31,	Six Months Ended June 30,	
	2001	2002	2003	2004	2004	2005	2005	2006
					(As Restated)		(As Restated)	
	(in thousands, except per share data)							
Statement of Operations Data:								
Revenues:								
Service revenues	$ 215,917	$ 567,694	$ 643,566	$ 398,451	$ 285,647	$ 763,680	$ 375,685	$ 446,626
Equipment revenues	39,247	50,781	107,730	83,196	58,713	150,983	79,514	87,916
Total revenues	255,164	618,475	751,296	481,647	344,360	914,663	455,199	534,542
Operating expenses:								
Cost of service (exclusive of items shown separately below)	(94,510)	(181,404)	(199,987)	(113,988)	(79,148)	(200,430)	(99,805)	(115,459)

Cost of equipment	(202,355)	(252,344)	(172,235)	(97,160)	(82,402)	(192,205)	(91,977)	(110,967)
Selling and marketing	(115,222)	(122,092)	(86,223)	(51,997)	(39,938)	(100,042)	(47,805)	(65,044)
General and administrative	(152,051)	(185,915)	(162,378)	(81,514)	(57,110)	(159,249)	(78,458)	(96,158)
Depreciation and amortization	(119,177)	(287,942)	(300,243)	(178,120)	(75,324)	(195,462)	(95,385)	(107,373)
Impairment of indefinite-lived intangible assets		(26,919)	(171,140)			(12,043)	(11,354)	(3,211)
Loss on disposal of property and equipment		(16,323)	(24,054)					
Total operating expenses	(683,315)	(1,072,939)	(1,116,260)	(522,779)	(333,922)	(859,431)	(424,784)	(498,212)
Gain on sale of wireless licenses and operating assets	143,633	364	4,589	532		14,587		
Operating income (loss)	(284,518)	(454,100)	(360,375)	(40,600)	10,438	69,819	30,415	36,330
Equity in net loss of and write-down of investments in and loans receivable from unconsolidated wireless operating companies	(54,000)							
Minority interest in						(31)		(209)

loss of consolidated subsidiary								
Interest income	26,424	6,345	779		1,812	9,957	3,079	9,727
Interest expense	(178,067)	(229,740)	(83,371)	(4,195)	(16,594)	(30,051)	(16,689)	(15,854)
Foreign currency transaction losses, net	(1,257)							
Gain on sale of unconsolidated wireless operating company		39,518						
Other income (expense), net	8,443	(3,001)	(176)	(293)	(117)	1,423	(1,325)	(5,383)
Income (loss) before reorganization items, income taxes and cumulative effect of change in accounting principle	(482,975)	(640,978)	(443,143)	(45,088)	(4,461)	51,117	15,480	24,611

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	Predecessor Company				Successor Company			
	Year Ended December 31,			Seven Months Ended July 31,	Five Months Ended December 31,	Year Ended December 31,	Six Months Ended June 30,	
	2001	2002	2003	2004	2004	2005	2005	2006
					(As Restated)		(As Restated)	
	(in thousands, except per share data)							
Reorganization items, net			(146,242)	962,444				
Income (loss) before income taxes	(482,975)	(640,978)	(589,385)	917,356	(4,461)	51,117	15,480	24,611
Income taxes	(322)	(23,821)	(8,052)	(4,166)	(3,930)	(21,151)	(6,861)	
Income (loss) before cumulative effect of change in accounting principle	(483,297)	(664,799)	(597,437)	913,190	(8,391)	29,966	8,619	24,611
Cumulative effect of change in accounting principle								623
Net income (loss)	$ (483,297)	$ (664,799)	$ (597,437)	$ 913,190	$ (8,391)	$ 29,966	$ 8,619	$ 23,234
Basic net income (loss) per share(1):								
Income (loss) before cumulative effect of change in accounting principle	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.50	$ 0.14	$ 0.41

Cumulative effect of change in accounting principle								0.01
Basic net income (loss) per share	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.50	$ 0.14	$ 0.42
Diluted net income (loss) per share(1):								
Income (loss) before cumulative effect of change in accounting principle	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.49	$ 0.14	$ 0.40
Cumulative effect of change in accounting principle								0.01
Diluted net income (loss) per share	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.49	$ 0.14	$ 0.41
Shares used in per share calculations(1):								
Basic	33,861	44,591	58,604	58,623	60,000	60,135	60,015	60,282
Diluted	33,861	44,591	58,604	58,623	60,000	61,003	60,234	61,651

	Predecessor Company				Successor Company	
	As of December 31,					
	2001	2002	2003	2004	2005	As of June 30, 2006
				(As Restated)		
	(in thousands)					

Balance Sheet Data:						
Cash and cash equivalents	$ 242,979	$ 100,860	$ 84,070	$ 141,141	$ 293,073	$ 553,038
Working capital (deficit)(2)	189,507	(2,144,420)	(2,254,809)	145,762	240,862	452,262
Restricted cash, cash equivalents and short-term investments(3)	40,755	25,922	55,954	31,427	13,759	9,758
Total assets	2,450,895	2,163,702	1,756,843	2,220,887	2,506,318	2,903,537
Long-term debt(2)	1,676,845			371,355	588,333	891,000
Total stockholders equity (deficit)	358,440	(296,786)	(893,356)	1,470,056	1,514,357	1,552,333

(1) Refer to Notes 3 and 6 to the audited annual consolidated financial statements included elsewhere in this prospectus for an explanation of the calculation of basic and diluted net income (loss) per common share.

(2) We have presented the principal and interest balances related to our outstanding debt obligations as current liabilities in the consolidated balance sheets as of December 31, 2002 and 2003, as a result of the then existing defaults under the underlying agreements.

(3) Restricted cash consists of cash held in reserve by Leap and funds set aside or pledged by Cricket to satisfy payments and administrative and priority claims against us following our emergence from Chapter 11 bankruptcy in August 2004, and cash restricted for other purposes.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under the section entitled Risk Factors and elsewhere in this prospectus, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

Restatement of Previously Reported Audited Annual and Unaudited Interim Consolidated Financial Information. The accompanying Management s Discussion and Analysis of Financial Condition and Results of Operations gives effect to certain restatement adjustments made to the previously reported consolidated financial statements for the five months ended December 31, 2004 and consolidated financial information for the interim period ended September 30, 2004 and the quarterly periods ended March 31, 2005, June 30, 2005 and September 30, 2005. See Note 3 to the audited annual consolidated financial statements included elsewhere in this prospectus for additional information.

Our Business. We, ANB 1 License, and LCW Wireless offer wireless voice and data services in the U.S. under the Cricket and Jump Mobile brands. Our Cricket service offers customers unlimited wireless service in their Cricket service area for a flat monthly rate without requiring a fixed-term contract or credit check, and our new Jump Mobile service offers customers a per-minute prepaid service. At June 30, 2006, Cricket and Jump Mobile services were offered in 20 states in the U.S. and had approximately 1,836,000 customers. As of June 30, 2006, we and ANB 1 License owned wireless licenses covering a total of 70.0 million POPs, in the aggregate, and our networks in our operating markets covered approximately 37.3 million POPs. We are currently building out and launching the new markets that we, ANB 1 License and LCW Wireless have acquired, and we anticipate that our combined network footprint will cover 47 million or more POPs by the end of 2006 or early 2007.

Our premium Cricket service plan, which is our most popular service plan, offers customers unlimited local and domestic long distance service from their Cricket service area combined with unlimited use of multiple calling features and messaging services for a flat rate of $45 per month. More than 60% of Cricket customers as of June 30, 2006 subscribed to this premium plan, and a substantially higher percentage of new Cricket customers in the quarter ended June 30, 2006 purchased this plan. We also offer a basic service plan which allows customers to make unlimited calls within their Cricket service area and receive unlimited calls from any area for $35 per month and an intermediate service plan which also includes unlimited long distance service for $40 per month. In 2005 we launched our first per-minute prepaid service, Jump Mobile, to bring Cricket s attractive value proposition to customers who prefer active control over their wireless usage and to better target the urban youth market. During the last two years, we have added instant messaging, multimedia (picture) messaging, games and our Travel Time roaming option to our product portfolio. In 2006, we broadened, and expect to continue to broaden, our data product and service offerings to better meet the needs of our customers.

We believe that our business model can be expanded successfully into adjacent and new markets because we offer a differentiated service and attractive value proposition to our customers at costs significantly lower than most of our competitors. For example:

- In 2005, we acquired four wireless licenses in the FCC s Auction #58 covering 11.3 million POPs and ANB 1 License acquired nine licenses covering 10.2 million POPs.

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In August 2005, we launched service in our newly acquired Fresno, California market to form a cluster with our existing Modesto and Visalia, California markets, which doubled our Central Valley network footprint to 2.4 million POPs.

In March 2006, we entered into an agreement with a debtor-in-possession for the purchase of 13 wireless licenses in North Carolina and South Carolina for an aggregate purchase price of $31.8 million. Completion of this transaction is subject to customary closing conditions, including FCC approval and the receipt of an FCC order agreeing to extend certain build-out requirements with respect to certain of the licenses.

In July 2006, we acquired a 72% non-controlling interest in LCW Wireless, which holds a license for the Portland, Oregon market and to which we contributed, among other things, our existing Eugene and Salem, Oregon markets to create a new Oregon cluster of licenses covering 3.2 million POPs.

In August 2006, we exchanged our wireless license in Grand Rapids, Michigan for a wireless license in Rochester, New York to form a new market cluster with our existing Buffalo and Syracuse markets in upstate New York. These three licenses cover 3.1 million POPs.

We, ANB 1 License and LCW Wireless have launched 11 markets in 2006, and we currently expect to launch additional markets by the end of 2006.

We are seeking additional opportunities to enhance our current market clusters and expand into new geographic markets by participating in FCC spectrum auctions (including the upcoming Auction #66), by acquiring spectrum and related assets from third parties, or by participating in new partnerships or joint ventures. In July 2006, we invested approximately $7.6 million in a new joint venture, Denali, in which we own an 82.5% non-controlling interest, to participate in Auction #66 (through its wholly owned subsidiary Denali License) as a very small business designated entity under FCC regulations. We have also agreed to loan Denali License up to $203.8 million to finance the purchase of wireless licenses in Auction #66 and an additional amount to finance a portion of the costs of the construction and operation of wireless networks using such licenses.

Any large scale construction projects for the build-out of our new markets will require significant capital expenditures and may suffer cost-overruns. In addition, we will experience higher operating expenses as we build out and after we launch our service in new markets. Any significant capital expenditures or increased operating expenses, including in connection with the build-out and launch of markets for any licenses that we may acquire in Auction #66, would negatively impact our earnings, OIBDA and free cash flow for those periods in which we incur such capital expenditures and increased operating expenses.

Our principal sources of liquidity are our existing unrestricted cash, cash equivalents and short-term investments, cash generated from operations, and cash available from borrowings under our $200 million revolving credit facility (which was undrawn at June 30, 2006). From time to time, we may also generate additional liquidity through the sale of assets that are not material to or are not required for the ongoing operation of our business. We also intend to generate additional liquidity in connection with Auction #66. See Liquidity and Capital Resources below.

Critical Accounting Policies and Estimates

Our discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America. These principles require us to make estimates and judgments that affect our reported amounts of assets and liabilities, our disclosure of contingent assets and liabilities, and our reported amounts of revenues and expenses. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition and the valuation of deferred tax assets, long-lived assets and indefinite-lived intangible assets. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results may differ from our estimates.

We believe that the following significant accounting policies and estimates involve a higher degree of judgment and complexity than others.

Principles of Consolidation

The consolidated financial statements include the accounts of Leap and its wholly owned subsidiaries as well as the accounts of ANB 1 and its wholly owned subsidiary ANB 1 License. We own a 75% non-controlling interest in ANB 1. We consolidate our interest in ANB 1 in accordance with FASB Interpretation No. 46-R, Consolidation of Variable Interest Entities, because ANB 1 is a variable interest entity and we will absorb a majority of ANB 1 s expected losses. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Revenues and Cost of Revenues

Cricket s business revenues principally arise from the sale of wireless services, handsets and accessories. Wireless services are generally provided on a month-to-month basis. Amounts received in advance for wireless services from customers who pay in advance of their billing cycle are initially recorded as deferred revenues and are recognized as service revenues as services are rendered. Service revenues for customers who pay in arrears are recognized only after the service has been rendered and payment has been received. This is because we do not require any of our customers to sign fixed-term service commitments or submit to a credit check, and therefore some of our customers may be more likely to terminate service for inability to pay than the customers of other wireless providers. We also charge customers for service plan changes, activation fees and other service fees. Revenues from service plan change fees are deferred and recorded to revenue over the estimated customer relationship period, and other service fees are recognized when received. Activation fees for new customers who purchase handsets from us are allocated to the separate units of accounting of the multiple element arrangement (including service and equipment) on a relative fair value basis. Because the fair values of our handsets are higher than the total consideration received for the handsets and activation fees combined, we allocate the activation fees entirely to equipment revenues and recognize the activation fees when received. Activation fees included in equipment revenues during the three months ended June 30, 2006 and 2005 totaled $1.5 million and $4.3 million, respectively. Activation fees included in equipment revenues during the six months ended June 30, 2006 and 2005 totaled $7.7 million and $8.9 million, respectively. Starting in May 2006, all new and reactivating customers pay for their service in advance, and we no longer charge activation fees to new customers who purchase handsets from us. Direct costs associated with customer activations are expensed as incurred.

Equipment revenues arise from the sale of handsets and accessories, and activation fees as described above. Revenues and related costs from the sale of handsets are recognized when service is activated by customers. Revenues and related costs from the sale of accessories are recognized at the point of sale. The costs of handsets and accessories sold are recorded in cost of equipment. Sales of handsets to third-party dealers and distributors are recognized as equipment revenues when service is activated by customers, as we do not have sufficient relevant historical experience to establish reliable estimates of returns by such dealers and distributors. Handsets sold by third-party dealers and distributors are recorded as inventory until they are sold to and activated by customers. Once we believe we have sufficient relevant historical experience from which to establish reliable estimates of returns, we will begin to recognize equipment revenues upon sale to third-party dealers and distributors.

Sales incentives offered without charge to customers and volume-based incentives paid to our third-party dealers and distributors are recognized as a reduction of revenue and as a liability when the

related service or equipment revenue is recognized. Customers have limited rights to return handsets and accessories based on time and/or usage. Customer returns of handsets and accessories have historically been insignificant.

Wireless Licenses

Wireless licenses are initially recorded at cost and are not amortized. Wireless licenses are considered to be indefinite-lived intangible assets because we expect to continue to provide wireless service using the relevant licenses for the foreseeable future and the wireless licenses may be renewed every ten years for a nominal fee. Wireless licenses to be disposed of by sale are carried at the lower of carrying value or fair value less costs to sell.

Goodwill and Other Intangible Assets

Goodwill represents the excess of reorganization value over the fair value of identified tangible and intangible assets recorded in connection with fresh-start reporting. Other intangible assets were recorded upon adoption of fresh-start reporting and consist of customer relationships and trademarks, which are being amortized on a straight-line basis over their estimated useful lives of four and fourteen years, respectively.

Impairment of Long-Lived Assets

We assess potential impairments to our long-lived assets, including property and equipment and certain intangible assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss may be required to be recognized when the undiscounted cash flows expected to be generated by a long-lived asset (or group of such assets) is less than its carrying value. Any required impairment loss would be measured as the amount by which the asset s carrying value exceeds its fair value and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations.

Impairment of Indefinite-Lived Intangible Assets

We assess potential impairments to our indefinite-lived intangible assets, including goodwill and wireless licenses, annually and when there is evidence that events or changes in circumstances indicate that an impairment condition may exist. Our wireless licenses in our operating markets are combined into a single unit of accounting for purposes of testing impairment because management believes that these wireless licenses as a group represent the highest and best use of the assets and the value of the wireless licenses would not be significantly impacted by a sale of one or a portion of the wireless licenses, among other factors. An impairment loss is recognized when the fair value of the asset is less than its carrying value, and would be measured as the amount by which the asset s carrying value exceeds its fair value. Any required impairment loss would be recorded as a reduction in the carrying value of the related asset and charged to results of operations. We conduct our annual tests for impairment during the third quarter of each year. Estimates of the fair value of our wireless licenses are based primarily on available market prices, including successful bid prices in FCC auctions and selling prices observed in wireless license transactions.

Share-Based Payments

We account for share-based awards exchanged for employee services in accordance with Statement of Financial Accounting Standards No. 123R (SFAS 123R), Share-Based Payment. Under SFAS 123R, share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee s requisite service period. We adopted SFAS 123R, as required, on January 1, 2006. Prior to fiscal 2006, we recognized compensation expense for employee share-based awards based on their intrinsic value on the date of grant pursuant to Accounting Principles Board Opinion No. 25 (APB 25), Accounting for Stock Issued to

Employees and provided the required pro forma disclosures of Statement of Financial Accounting Standards No. 123 (SFAS 123), Accounting for Stock-Based Compensation.

We adopted SFAS 123R using a modified prospective approach. Under the modified prospective approach, prior periods are not revised for comparative purposes. The valuation provisions of SFAS 123R apply to new awards and to awards that are outstanding on the effective date and subsequently modified or cancelled. Compensation expense, net of estimated forfeitures, for awards outstanding at the effective date is recognized over the remaining service period using the compensation cost calculated in prior periods.

We have granted nonqualified stock options, restricted stock awards and deferred stock units under the 2004 Plan. Most of our stock options and restricted stock awards include both a service condition and a performance condition that relates only to vesting. The stock options and restricted stock awards generally vest in full three or five years from the grant date with no interim time-based vesting. In addition, the stock options and restricted stock awards generally provide for the possibility of annual accelerated performance-based vesting of a portion of the awards if we achieve specified performance conditions. Compensation expense is amortized on a straight-line basis over the requisite service period for the entire award, which is generally the maximum vesting period of the award.

The determination of the fair value of stock options using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. The methods used to determine these variables are generally similar to the methods used prior to fiscal 2006 for purposes of our pro forma information under SFAS 123. The volatility assumption is based on a combination of the historical volatility of our common stock and the volatilities of similar companies over a period of time equal to the expected term of the stock options. The volatilities of similar companies are used in conjunction with our historical volatility because of the lack of sufficient relevant history equal to the expected term. The expected term of employee stock options represents the weighted-average period the stock options are expected to remain outstanding. The expected term assumption is estimated based primarily on the options vesting terms and remaining contractual life and employees expected exercise and post-vesting employment termination behavior. The risk-free interest rate assumption is based upon observed interest rates on the grant date appropriate for the term of the employee stock options. The dividend yield assumption is based on the expectation of no future dividend payouts by us.

As share-based compensation expense under SFAS 123R is based on awards ultimately expected to vest, it is reduced for estimated forfeitures. SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Income Taxes

We estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating the actual current tax liability together with assessing temporary differences resulting from differing treatments of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities. Deferred tax assets are also established for the expected future tax benefit to be derived from tax loss and tax credit carryforwards. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income. To the extent that we believe it is more likely than not that our deferred tax assets will not be recovered, we must establish a valuation allowance. Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against net deferred tax assets. We have recorded a full valuation allowance on our net deferred tax assets for all periods presented because of uncertainties related to the utilization of the deferred tax assets. At such time as it is determined that it is more likely than not that the deferred tax assets are realizable, the valuation allowance will be reduced. Pursuant to SOP 90-7, future decreases in the valuation allowance established in fresh-start

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reporting are accounted for as a reduction in goodwill rather than as a reduction of tax expense. Tax rate changes are reflected in income in the period such changes are enacted.

The provision for income taxes during interim quarterly reporting periods is based on our estimate of the annual effective tax rate for the full fiscal year. We determine the annual effective tax rate based upon our estimated ordinary income (loss), which is our annual income (loss) from continuing operations before tax, excluding unusual or infrequently occurring items. Significant management judgment is required in projecting our annual income and determining our annual effective tax rate.

Subscriber Recognition and Disconnect Policies

We recognize a new customer as a gross addition in the month that he or she activates service. The customer must pay his or her monthly service amount by the payment due date or his or her handset will be disabled after a grace period of up to three days. When a handset is disabled, the customer is suspended and will not be able to make or receive calls. Any call attempted by a suspended customer is routed directly to our customer service center in order to arrange payment. In order to re-establish service, a customer may be required to pay a $15 reconnection charge in addition to the amount past due to re-establish service. If a new customer does not pay all amounts due on his or her first bill within 30 days of the due date, the account is disconnected and deducted from gross customer additions during the month in which the customer s service was discontinued. If a customer has made payment on his or her first bill and in a subsequent month does not pay all amounts due within 30 days of the due date, the account is disconnected and counted as churn.

Customer turnover, frequently referred to as churn, is an important business metric in the telecommunications industry because it can have significant financial effects. Because we do not require customers to sign fixed-term contracts or pass a credit check, our service is available to a broader customer base than many other wireless providers and, as a result, some of our customers may be more likely to have their service terminated due to an inability to pay than the average industry customer.

Costs and Expenses

Our other costs and expenses include:

Cost of Service. The major components of cost of service are: charges from other communications companies for long distance, roaming and content download services provided to our customers; charges from other communications companies for their transport and termination of calls originated by our customers and destined for customers of other networks; and expenses for the rent of towers, network facilities, engineering operations, field technicians and related utility and maintenance charges, and salary and overhead charges associated with these functions.

Cost of Equipment. Cost of equipment primarily includes the cost of handsets and accessories purchased from third-party vendors and resold to our customers in connection with our services, as well as lower-of-cost-or-market write-downs associated with excess and damaged handsets and accessories.

Selling and Marketing. Selling and marketing expenses primarily include advertising, promotional and public relations costs associated with acquiring new customers, store operating costs such as retail associates salaries and rent, and overhead charges associated with selling and marketing functions.

General and Administrative. General and administrative expenses primarily include call center and other customer care program costs and salary and overhead costs associated with our customer care, billing, information technology, finance, human resources, accounting, legal and executive functions.

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Depreciation and Amortization. Depreciation of property and equipment is applied using the straight-line method over the estimated useful lives of our assets once the assets are placed in service. The following table summarizes the depreciable lives (in years):

	Depreciable Life
Network equipment:	
Switches	10
Switch power equipment	15
Cell site equipment, and site acquisitions and improvements	7
Towers	15
Antennae	3
Computer hardware and software	3-5
Furniture, fixtures and retail and office equipment	3-7

Amortization of intangible assets is applied using the straight-line method over the estimated useful lives of four years for customer relationships and fourteen years for trademarks.

Seasonality

Our customer activity is influenced by seasonal effects related to traditional retail selling periods and other factors that arise from our target customer base. Based on historical results, we generally expect new sales activity to be highest in the first and fourth quarters, and customer turnover, or churn, to be highest in the third quarter and lowest in the first quarter. However, sales activity and churn can be strongly affected by the launch of new markets, promotional activity and competitive actions, which have the ability to reduce or outweigh certain seasonal effects.

Results of Operations

As a result of our emergence from Chapter 11 bankruptcy and the application of fresh-start reporting, we became a new entity for financial reporting purposes. In this prospectus, we are referred to as the Predecessor Company for periods on or prior to July 31, 2004, and we are referred to as the Successor Company for periods after July 31, 2004, after giving effect to the implementation of fresh-start reporting. The financial statements of the Successor Company are not comparable in many respects to the financial statements of the Predecessor Company because of the effects of the consummation of our plan of reorganization as well as the adjustments for fresh-start reporting. However, for purposes of this discussion, the Predecessor Company s results for the period from January 1, 2004 through July 31, 2004 have been combined with the Successor Company s results for the period from August 1, 2004 through December 31, 2004. These combined results are compared to the Successor Company s results for the year ended December 31, 2005 and with the Predecessor Company s results for the year ended December 31, 2003. For a more detailed description of fresh-start reporting, see Note 2 to the audited annual consolidated financial statements included elsewhere in this prospectus.

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Financial Performance

The following table presents the consolidated statement of operations data for the periods indicated (in thousands). The financial data for the year ended December 31, 2004 presented below represents the combination of the Predecessor and Successor Companies results for that period.

	Year Ended December 31,			Six Months Ended June 30,		Three Months Ended June 30,	
	2003	2004	2005	2005	2006	2005	2006
		(As Restated)		(As Restated)		(As Restated)	
Revenues:							
Service revenues	$ 643,566	$ 684,098	$ 763,680	$ 375,685	$ 446,626	$ 189,704	$ 230,786
Equipment revenues	107,730	141,909	150,983	79,514	87,916	37,125	37,068
Total revenues	751,296	826,007	914,663	455,199	534,542	226,829	267,854
Operating expenses:							
Cost of service (exclusive of items shown separately below)	(199,987)	(193,136)	(200,430)	(99,805)	(115,459)	(49,608)	(60,255)
Cost of equipment	(172,235)	(179,562)	(192,205)	(91,977)	(110,967)	(42,799)	(52,081)
Selling and marketing	(86,223)	(91,935)	(100,042)	(47,805)	(65,044)	(24,810)	(35,942)
General and administrative	(162,378)	(138,624)	(159,249)	(78,458)	(96,158)	(42,423)	(46,576)
Depreciation and amortization	(300,243)	(253,444)	(195,462)	(95,385)	(107,373)	(47,281)	(53,337)
Impairment of indefinite-lived intangible assets	(171,140)		(12,043)	(11,354)	(3,211)	(11,354)	(3,211)
Loss on disposal of property and equipment	(24,054)						
Total operating	(1,116,260)	(856,701)	(859,431)	(424,784)	(498,212)	(218,275)	(251,402)

expenses							
Gain on sale of wireless licenses and operating assets	4,589	532	14,587				
Operating income (loss)	(360,375)	(30,162)	69,819	30,415	36,330	8,554	16,452
Minority interest in loss of consolidated subsidiary			(31)		(209)		(134)
Interest income	779	1,812	9,957	3,079	9,727	1,176	5,533
Interest expense	(83,371)	(20,789)	(30,051)	(16,689)	(15,854)	(7,566)	(8,423)
Other income (expense), net	(176)	(410)	1,423	(1,325)	(5,383)	(39)	(5,918)
Income (loss) before reorganization items, income taxes and cumulative effect of changes in accounting principle	(443,143)	(49,549)	51,117	15,480	24,611	2,125	7,510
Reorganization items, net	(146,242)	962,444					
Income (loss) before income taxes and cumulative effect of change in accounting principle	(589,385)	912,895	51,117	15,480	24,611	2,125	7,510

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	Year Ended December 31,			Six Months Ended June 30,		Three Months Ended June 30,	
	2003	2004	2005	2005	2006	2005	2006
		(As Restated)		(As Restated)		(As Restated)	
Income taxes	(8,052)	(8,096)	(21,151)	(6,861)		(1,022)	
Income (loss) before cumulative effect of change in accounting principle	(597,437)	904,799	29,966	8,619	24,611	1,103	7,510
Cumulative effect of change in accounting principle					623		
Net income (loss)	$ (597,437)	$ 904,799	$ 29,966	$ 8,619	$ 25,234	$ 1,103	$ 7,510

Three and Six Months Ended June 30, 2006 Compared to Three and Six Months Ended June 30, 2005

Service revenues increased $41.1 million, or 21.7%, for the three months ended June 30, 2006 compared to the corresponding period of the prior year. This increase resulted from the 11.1% increase in average total customers and a 9.5% increase in average monthly revenues per customer. The increase in average revenues per customer was due primarily to the continued increase in customer adoption of our higher-end service plans.

Service revenues increased $70.9 million, or 18.9%, for the six months ended June 30, 2006 compared to the corresponding period of the prior year. This increase resulted from the 9.6% increase in average total customers and an 8.4% increase in average monthly revenues per customer. The increase in average revenues per customer was due primarily to the continued increase in customer adoption of our higher-end service plans.

Equipment revenues remained unchanged for the three months ended June 30, 2006 compared to the corresponding period of the prior year. A 40.1% increase in handset sales volume was offset by lower net revenue per handset sold as a result of bundling the first month of service with the initial handset price and eliminating activation fees for new customers purchasing equipment.

Equipment revenues increased $8.4 million, or 10.6%, for the six months ended June 30, 2006 compared to the corresponding period of the prior year. This increase resulted from a 33.8% increase in handset sales volume, partially offset by lower net revenue per handset sold as a result of bundling the first month of service with the initial handset price for new customers.

Cost of service increased $10.6 million, or 21.5%, for the three months ended June 30, 2006 compared to the corresponding period of the prior year. As a percentage of service revenues, cost of service decreased to 26.1% from 26.2% in the prior year period. Share-based compensation expense decreased by 0.4% of service revenues due primarily to the issuance of immediately vested deferred stock units in the prior year period. Network infrastructure costs increased by 0.3% of service revenues due primarily to lease costs and other fixed network costs associated with our new markets.

Cost of service increased $15.7 million, or 15.7%, for the six months ended June 30, 2006 compared to the corresponding period of the prior year. As a percentage of service revenues, cost of service decreased to 25.9% from 26.6% in the prior year period. Network infrastructure costs decreased by 1.1% of service revenues due to the largely fixed nature of these costs. Variable product costs increased by 0.5% of service revenues due to increased customer usage of our value-added services.

Cost of equipment increased $9.3 million, or 21.7%, for the three months ended June 30, 2006 compared to the corresponding period of the prior year. This increase was primarily attributable to the

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40.1% increase in handset sales volumes, partially offset by reductions in costs to support our handset replacement programs for existing customers and lower average costs per handset sold.

Cost of equipment increased $19.0 million, or 20.6%, for the six months ended June 30, 2006 compared to the corresponding period of the prior year. This increase was primarily attributable to the 33.8% increase in handset sales volumes, partially offset by reductions in costs to support our handset replacement programs for existing customers and lower average costs per handset sold.

Selling and marketing expenses increased $11.1 million, or 44.9%, for the three months ended June 30, 2006 compared to the corresponding period of the prior year. As a percentage of service revenues, such expenses increased to 15.6% from 13.1% in the prior year period. This increase was primarily due to increases in media and advertising costs and labor and related costs of 2.0% and 0.6% of service revenues, respectively, both of which were attributable to our new market launches since the second quarter of fiscal 2005.

Selling and marketing expenses increased $17.2 million, or 36.1%, for the six months ended June 30, 2006 compared to the corresponding period of the prior year. As a percentage of service revenues, such expenses increased to 14.6% from 12.7% in the prior year period. This increase was primarily due to increases in media and advertising costs and labor and related costs of 1.4% and 0.4% of service revenues, respectively, both of which were attributable to our new market launches since the second quarter of fiscal 2005.

General and administrative expenses increased $4.2 million, or 9.8%, for the three months ended June 30, 2006 compared to the corresponding period of the prior year. As a percentage of service revenues, such expenses decreased to 20.2% from 22.4% in the prior year period. This decrease was primarily related to a reduction in customer care expenses of 2.0% of service revenues due to decreases in call center and other customer care-related program costs. In addition, share-based compensation expense decreased by 1.3% of service revenues due primarily to the issuance of immediately vested deferred stock units in the prior year period. Professional services fees also decreased by 0.6% of service revenues due to incremental costs incurred in the prior year period related to the restatement of our 2004 financial statements and Sarbanes-Oxley compliance. Partially offsetting these decreases was an increase in labor and related costs of 1.7% of service revenues due primarily to new employee additions.

General and administrative expenses increased $17.7 million, or 22.6%, for the six months ended June 30, 2006 compared to the corresponding period of the prior year. As a percentage of service revenues, such expenses increased to 21.5% from 20.9% in the prior year period. Labor and related costs increased by 1.6% of service revenues due primarily to new employee additions, and professional services fees increased by 0.2% of service revenues due mainly to costs related to the restatement of our 2005 financial statements, Sarbanes-Oxley compliance and preparation for the upcoming FCC Auction #66. In addition, share-based compensation expense increased by 0.3% of service revenues due to the adoption of SFAS 123R during the first quarter of fiscal 2006. These increases were partially offset by a decrease in customer care expenses of 1.5% of service revenues due to reductions in call center and other customer care-related program costs.

Depreciation and amortization expense increased $6.1 million, or 12.8%, for the three months ended June 30, 2006 compared to the corresponding period of the prior year. The increase in the dollar amount of depreciation and amortization expense was due primarily to the build-out of our new markets and the upgrade of network assets in our other markets. As a percentage of service revenues, such expenses decreased to 23.1% from 24.9% in the prior year period.

Depreciation and amortization expense increased $12.0 million, or 12.6%, for the six months ended June 30, 2006 compared to the corresponding period of the prior year. The increase in the dollar amount of depreciation and amortization expense was due primarily to the build-out of our new markets and the upgrade of network assets in our other markets. As a percentage of service revenues, such expenses decreased to 24.0% from 25.4% in the prior year period.

During the three and six months ended June 30, 2006 and 2005, we recorded impairment charges of $3.2 million and $11.4 million, respectively, in connection with agreements to sell certain non-operating wireless licenses. We adjusted the carrying values of those licenses to their estimated fair values, which were based on the agreed upon sales prices.

Interest income increased $4.4 million and $6.6 million for the three and six months ended June 30, 2006, respectively, compared to the corresponding periods of the prior year. These increases were primarily due to increases in the average cash and cash equivalents and investment balances resulting primarily from increased cash flows from operations.

Interest expense increased $0.9 million for the three months ended June 30, 2006 and decreased $0.8 million for the six months ended June 30, 2006 compared to the corresponding periods of the prior year. The increase in interest expense for the three months ended June 30, 2006 resulted primarily from the increase in the amount of the term loan under our amended and restated senior secured credit agreement (see Liquidity and Capital Resources below), partially offset by the capitalization of $4.5 million of interest during the second quarter of fiscal 2006. The decrease in interest expense for the six months ended June 30, 2006 was due primarily to the capitalization of $8.9 million of interest. We capitalize interest costs associated with our wireless licenses and property and equipment during the build-out of new markets. The amount of such capitalized interest depends on the carrying values of the licenses and property and equipment involved in those markets and the duration of the build-out. We expect capitalized interest to continue to be significant during the build-out of our planned new markets. At June 30, 2006, the effective interest rate on our $900 million outstanding term loan was 7.3%, including the effect of interest rate swaps described below. We expect that interest expense will increase significantly in subsequent quarters of 2006 due to our new term loan and our planned financing activities. See Liquidity and Capital Resources below.

Other expenses, net of other income, increased by $5.9 million and $4.1 million for the three and six months ended June 30, 2006, respectively, compared to the corresponding periods of the prior year. During the second quarter of 2006, we wrote off unamortized deferred debt issuance costs related to our existing credit agreement of $5.6 million to other expense as a result of the repayment of the term loans and modification of the revolving credit facility under the credit agreement.

During the three and six months ended June 30, 2006, we recorded no income tax expense compared to income tax expense of $1.0 million and $6.9 million for the three and six months ended June 30, 2005, respectively. Income tax expense for fiscal 2006 is projected to consist primarily of the deferred tax effect of the amortization of wireless licenses and tax goodwill for income tax purposes. We do not expect to release fresh-start related valuation allowances in fiscal 2006. Our estimated annual effective tax rate for fiscal 2006 is negative. No income tax expense has been recorded for the three and six months ended June 30, 2006, since the application of the negative annual tax rate to year-to-date pre-tax income would result in a tax benefit for these periods that would be reversed in subsequent quarters. We expect to pay only minimal cash taxes for fiscal 2006.

During the three and six months ended June 30, 2005, we recorded income tax expense at an effective tax rate of 48.1% and 44.3%, respectively. Despite the fact that we recorded a full valuation allowance on our deferred tax assets, we recognized income tax expense for the first and second quarters of fiscal 2005 because the release of the valuation allowance associated with the reversal of deferred tax assets recorded in fresh-start reporting is recorded as a reduction of goodwill rather than as a reduction of income tax expense. The effective tax rates for the three and six months ended June 30, 2005 were higher than the statutory tax rate due primarily to permanent items not deductible for tax purposes.

Net income for the three months ended June 30, 2006 was $7.5 million, or $0.12 per diluted share, compared to net income of $1.1 million, or $0.02 per diluted share, for the three months ended June 30, 2005. Net income for the six months ended June 30, 2006 was $25.2 million, or $0.41 per diluted share, compared to net income of $8.6 million, or $0.14 per diluted share, for the six months ended June 30, 2005. We expect net income to decrease in the subsequent quarters of fiscal 2006, and we

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may realize a net loss for the full year 2006, due mainly to our new market launches and expenses associated with our financing activities.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

At December 31, 2005, we had approximately 1,668,000 customers compared to approximately 1,570,000 customers at December 31, 2004. Gross customer additions for the years ended December 31, 2005 and 2004 were approximately 872,000 and 808,000, respectively, and net customer additions during these periods were approximately 117,000 and 97,000, respectively. Net customer additions for the year ended December 31, 2005 exclude the effect of the transfer of approximately 19,000 customers as a result of the sale of our operating markets in Michigan in August 2005. The weighted-average number of customers during the year ended December 31, 2005 and 2004 was approximately 1,609,000 and 1,529,000, respectively. At December 31, 2005, the total POPs covered by our networks in our operating markets was approximately 27.7 million.

During the year ended December 31, 2005, service revenues increased $79.6 million, or 12%, compared to the year ended December 31, 2004. The increase in service revenues resulted from the higher average number of customers and higher average revenues per customer compared to the prior year. The higher average revenues per customer primarily reflects increased customer adoption of higher-value, higher-priced service offerings and reduced utilization of service-based mail-in rebate promotions in 2005.

During the year ended December 31, 2005, equipment revenues increased $9.1 million, or 6%, compared to the year ended December 31, 2004. This increase resulted primarily from a 7% increase in handset sales due to customer additions and sales to existing subscribers.

For the year ended December 31, 2005, cost of service increased $7.3 million, or 4%, compared to the year ended December 31, 2004, even though service revenues increased by 12% during the same period. The increase in cost of service was primarily attributable to $9.7 million in additional long distance and other product usage costs, a $3.0 million increase in lease costs and stock-based compensation expense of $1.2 million. These increases were partially offset by decreases of $3.3 million in software maintenance costs and $1.3 million in labor and related costs. We generally expect that cost of service in 2006 will increase with growth in customers and product usage, and the introduction and customer adoption of new products. In addition, new market launches in 2006 will contribute to increases in cost of service associated with incremental fixed and variable network costs.

For the year ended December 31, 2005, cost of equipment increased $12.6 million, or 7%, compared to the year ended December 31, 2004. Cost of equipment increased by $5.4 million due to increases in costs to support our handset warranty exchange and replacement programs. The remaining increase of $7.2 million was due primarily to the increase in handsets sold, partially offset by slightly lower handset costs.

For the year ended December 31, 2005, selling and marketing expenses increased $8.1 million, or 9%, compared to the year ended December 31, 2004. The increase in selling and marketing expenses was primarily due to increases of $4.4 million in store and staffing costs, $2.5 million in media and advertising costs and $1.0 million in stock-based compensation expense.

For the year ended December 31, 2005, general and administrative expenses increased $20.6 million, or 15%, compared to the year ended December 31, 2004. The increase in general and administrative expenses consisted primarily of increases of $12.3 million in professional services, which includes costs incurred to meet our Sarbanes-Oxley Section 404 requirements, $10.0 million in stock-based compensation expense, $2.3 million in franchise taxes and other related fees. These increases were partially offset by a reduction in customer care, billing and other general and administrative costs of $3.6 million and labor and related costs of $1.2 million.

During the year ended December 31, 2005, we recorded stock-based compensation expense of $12.2 million in connection with the grant of restricted common shares and deferred stock units

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exercisable for common stock. The total intrinsic value of the deferred stock units of $6.9 million was recognized as expense because they vested immediately upon grant. The total intrinsic value of the restricted stock awards as of the measurement date was recorded as unearned compensation in the consolidated balance sheet as of December 31, 2005. The unearned compensation is amortized on a straight-line basis over the maximum vesting period of the awards of either three or five years. Stock-based compensation expense of $5.3 million was recorded for the amortization of the unearned compensation for the year ended December 31, 2005.

During the year ended December 31, 2005, depreciation and amortization expenses decreased $58.0 million, or 23%, compared to the year ended December 31, 2004. The decrease in depreciation expense was primarily due to the revision of the estimated useful lives of network equipment and the reduction in the carrying value of property and equipment as a result of fresh-start reporting at July 31, 2004. Depreciation and amortization expense for the year ended December 31, 2005 also included amortization expense of $34.5 million related to identifiable intangible assets recorded upon the adoption of fresh-start reporting. As a result of the build-out and operation of our planned new markets, we expect a significant increase in depreciation and amortization expense in the future.

During the year ended December 31, 2005, we recorded impairment charges of $12.0 million. Of this amount, $0.6 million was recorded to reduce the carrying value of certain non-operating wireless licenses to their estimated fair market value as a result of our annual impairment test of wireless licenses performed in the third fiscal quarter of 2005. The remaining $11.4 million was recorded during the second fiscal quarter of 2005 in connection with the sale of our Anchorage, Alaska and Duluth, Minnesota wireless licenses. We adjusted the carrying values of those licenses to their estimated fair market values, which were based on the agreed upon sales prices.

During the year ended December 31, 2005, interest income increased $8.1 million, or 450%, compared to the year ended December 31, 2004. The increase in interest income was primarily due to increased average cash, cash equivalent and investment balances in 2005 as compared to the prior year. In addition, during the seven months ended July 31, 2004, we classified interest earned during the bankruptcy proceedings as a reorganization item, in accordance with SOP 90-7.

During the year ended December 31, 2005, interest expense increased $9.3 million, or 45%, compared to the year ended December 31, 2004. The increase in interest expense resulted from the application of SOP 90-7 until our emergence from bankruptcy, which required that, commencing on April 13, 2003 (the date of the filing of our bankruptcy petition, or the Petition Date), we cease to accrue interest and amortize debt discounts and debt issuance costs on pre-petition liabilities that were subject to compromise, which comprised substantially all of our debt. Upon our emergence from bankruptcy, we began accruing interest on the newly issued 13% senior secured pay-in-kind notes. The pay-in-kind notes were repaid in January 2005 and replaced with a $500 million term loan. The term loan was increased by $100 million on July 22, 2005. At December 31, 2005, the effective interest rate on the $600 million term loan was 6.6%, including the effect of interest rate swaps described below. The increase in interest expense resulting from our emergence from bankruptcy was partially offset by the capitalization of $8.7 million of interest during the year ended December 31, 2005. We capitalize interest costs associated with our wireless licenses and property and equipment during the build-out of a new market. The amount of such capitalized interest depends on the particular markets being built out, the carrying values of the licenses and property and equipment involved in those markets and the duration of the build-out. We expect capitalized interest to be significant during the build-out of our planned new markets.

During the year ended December 31, 2005, we completed the sale of 23 wireless licenses and substantially all of our operating assets in our Michigan markets for $102.5 million, resulting in a gain of $14.6 million. We also completed the sale of our Anchorage, Alaska and Duluth, Minnesota licenses for $10.0 million. No gain or loss was recorded on this sale as these licenses had already been written down to the agreed upon sales price.

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During the year ended December 31, 2005, there were no reorganization items. Reorganization items for the year ended December 31, 2004 represented amounts incurred by the Predecessor Company as a direct result of the Chapter 11 filings and consisted primarily of the net gain on the discharge of liabilities, the cancellation of equity upon our emergence from bankruptcy, the application of fresh-start reporting, income from the settlement of pre-petition liabilities and interest income earned while we were in bankruptcy, partially offset by professional fees for legal, financial advisory and valuation services directly associated with our Chapter 11 filings and reorganization process.

During the year ended December 31, 2005, we recorded income tax expense of $21.2 million compared to income tax expense of $8.1 million for the year ended December 31, 2004. Income tax expense for the year ended December 31, 2004 consisted primarily of the tax effect of the amortization, for income tax purposes, of wireless licenses and tax-deductible goodwill related to deferred tax liabilities. During the year ended December 31, 2005, we recorded income tax expense at an effective tax rate of 41.4%. Despite the fact that we record a full valuation allowance on our deferred tax assets, we recognized income tax expense for the year because the release of valuation allowance associated with the reversal of deferred tax assets recorded in fresh-start reporting is recorded as a reduction of goodwill rather than as a reduction of income tax expense. The effective tax rate for 2005 was higher than the statutory tax rate due primarily to permanent items not deductible for tax purposes. We incurred tax losses for the year due to, among other things, tax deductions associated with the repayment of the 13% senior secured pay-in-kind notes and tax losses and reversals of deferred tax assets associated with the sale of wireless licenses and operating assets. We paid only minimal cash taxes for 2005.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

At December 31, 2004, we had approximately 1,570,000 customers compared to approximately 1,473,000 customers at December 31, 2003. Gross customer additions for the years ended December 31, 2004 and 2003 were 808,000 and 735,000, respectively, and net customer additions (losses) during these periods were approximately 97,000 and (39,000), respectively. The weighted-average number of customers during the years ended December 31, 2004 and 2003 was approximately 1,529,000 and 1,479,000, respectively. At December 31, 2004, the total potential customer base covered by our networks in our 39 operating markets was approximately 26.7 million.

During the year ended December 31, 2004, service revenues increased $40.5 million, or 6%, compared to the year ended December 31, 2003. The increase in service revenues was due to a combination of the increase in net customers and an increase in average revenue per customer. Our basic Cricket service offers customers unlimited calls within their Cricket service area at a flat price and in November 2003 we added two other higher priced plans which include different levels of bundled features. In March 2004, we introduced a plan that provides unlimited local and long distance calling for a flat rate and also introduced a plan that provides discounts on additional lines added to an existing qualified account. Since their introduction, the higher priced service plans have represented a significant portion of our gross customer additions and have increased our average service revenue per subscriber. The increase in service revenues resulting from the higher priced service offerings for the year ended December 31, 2004, as compared to the year ended December 31, 2003, was partially offset by the impacts of increased promotional activity in 2004 and by the elimination of activation fees as an element of service revenue. Activation fees were included in service revenues for the first two quarters of fiscal 2003, until our adoption of Emerging Issues Task Force (EITF) Issue No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables in July 2003, at which time they began to be included in equipment revenues.

During the year ended December 31, 2004, equipment revenues increased $34.2 million, or 32%, compared to the year ended December 31, 2003. Approximately $24.9 million of the increase in equipment revenues resulted from higher average net revenue per handset sold, of which higher prices contributed $15.9 million of the $24.9 million increase, and higher handset sales volumes contributed the remaining $9.0 million of the $24.9 million increase. The primary driver of the increase in revenue

per handset sold was the implementation of a policy to increase handset prices commencing in the fourth quarter of 2003, offset in part by increases in promotional activity and in dealer compensation costs in 2004. Additionally, activation fees included in equipment revenue increased by $9.3 million for the year ended December 31, 2004 compared to the year ended December 31, 2003 due to the inclusion of activation fees in equipment revenue for all of 2004 versus only the last two quarters in 2003 as a result of our adoption of EITF Issue No. 00-21 in July 2003.

For the year ended December 31, 2004, cost of service decreased $6.9 million, or 3%, compared to the year ended December 31, 2003, even though service revenues increased by 6%. The decrease in cost of service resulted from a net decrease of $5.8 million in network-related costs, generally resulting from the renegotiation of several supply agreements during the course of our bankruptcy, a net decrease of $2.3 million in cell site costs as a result of our rejection of surplus cell site leases in the bankruptcy proceedings, and a $3.3 million reduction in property tax related to the decreased value of fixed assets as a result of the bankruptcy. These decreases were offset in part by increases of $2.1 million in employee-related costs and $6.1 million in software maintenance expenses.

For the year ended December 31, 2004, cost of equipment increased $7.3 million, or 4%, compared to the year ended December 31, 2003. Equipment costs increased by $22.5 million due primarily to increased handset sales volume and an increase in the average cost per handset as our sales mix shifted from moderately priced to higher end handsets. This increase in equipment cost was offset by cost-reduction initiatives in reverse logistics and other equipment-related activities of approximately $15.1 million.

For the year ended December 31, 2004, selling and marketing expenses increased $5.7 million, or 7%, compared to the year ended December 31, 2003. The increase in selling and marketing expenses was primarily due to increases of $6.0 million in employee and facility related costs. During the latter half of 2003 and throughout 2004, we invested in additional staffing and resources to improve the customer sales and service experience in our retail locations.

For the year ended December 31, 2004, general and administrative expenses decreased $23.8 million, or 15%, compared to the year ended December 31, 2003. The decrease in general and administrative expenses was primarily due to a decrease of $4.7 million in insurance costs and a reduction of $15.2 million in call center and billing costs resulting from improved operating efficiencies and cost reductions negotiated during the course of our bankruptcy, partially offset by a $2.9 million increase in employee-related expenses. In addition, for the year ended December 31, 2004, there was a decrease of $9.2 million in legal costs compared to the corresponding period in the prior year, primarily reflecting the classification of costs directly related to our bankruptcy filings and incurred after the Petition Date as reorganization expenses.

During the year ended December 31, 2004, depreciation and amortization expenses decreased $47.4 million, or 16%, compared to the year ended December 31, 2003. The decrease in depreciation expense was primarily due to the revision of the estimated useful lives of network equipment and the reduction in the carrying value of property and equipment as a result of fresh-start reporting at July 31, 2004. In addition, depreciation and amortization expense for the year ended December 31, 2004 included amortization expense of $14.5 million related to identifiable intangible assets recorded upon the adoption of fresh-start reporting.

During the year ended December 31, 2004, interest expense decreased $62.6 million, or 75%, compared to the year ended December 31, 2003. The decrease in interest expense resulted from the application of SOP 90-7 which required that, commencing on the Petition Date, we cease to accrue interest and amortize debt discounts and debt issuance costs on pre-petition liabilities that were subject to compromise. As a result, we ceased to accrue interest and to amortize our debt discounts and debt issuance costs for our senior notes, senior discount notes, senior secured vendor credit facilities, note payable to GLH, Inc. and Qualcomm term loan. Upon our emergence from bankruptcy, we began accruing interest on the newly issued 13% senior secured pay-in-kind notes. The 13% notes were

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refinanced in January 2005 and replaced with a $500 million term loan that accrues interest at a variable rate.

During the year ended December 31, 2004, reorganization items consisted primarily of $5.0 million of professional fees for legal, financial advisory and valuation services and related expenses directly associated with our Chapter 11 filings and reorganization process, partially offset by $2.1 million of income from the settlement of certain pre-petition liabilities, and $1.4 million of interest income earned while we were in bankruptcy, with the balance of $963.9 million attributable to net gain on the discharge of liabilities, the cancellation of equity upon our emergence from bankruptcy and the application of fresh-start reporting.

For the year ended December 31, 2004, income tax expense remained consistent with the year ended December 31, 2003. Deferred income tax expense related to the tax effect of the amortization, for income tax purposes, of wireless licenses decreased as a result of the conversion of certain license-related deferred tax liabilities to deferred tax assets upon the revaluation of the book bases of our wireless licenses in fresh-start reporting. This decrease was largely offset by the tax effect of the amortization, for income tax purposes, of tax-deductible goodwill which arose in connection with the adoption of fresh-start reporting as of July 31, 2004.

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Summary of Quarterly Results of Operations

The following table presents our unaudited condensed consolidated quarterly statement of operations data for 2005 and for the three months ended March 31, 2006 and June 30, 2006 (in thousands). It has been derived from our unaudited consolidated financial statements which have been restated for quarterly periods ended March 31, 2005, June 30, 2005 and September 30, 2005 to reflect adjustments that are further discussed in Note 3 to the audited annual consolidated financial statements included elsewhere in this prospectus.

	Three Months Ended					
	March 31, 2005 (As Restated)	June 30, 2005 (As Restated)	September 30, 2005 (As Restated)	December 31, 2005	March 31, 2006	June 30, 2006
Revenues:						
Service revenues	$ 185,981	$ 189,704	$ 193,675	$ 194,320	$ 215,840	$ 230,786
Equipment revenues	42,389	37,125	36,852	34,617	50,848	37,068
Total revenues	228,370	226,829	230,527	228,937	266,688	267,854
Operating expenses:						
Cost of service (exclusive of items shown separately below)	(50,197)	(49,608)	(50,304)	(50,321)	(55,204)	(60,255)
Cost of equipment	(49,178)	(42,799)	(49,576)	(50,652)	(58,886)	(52,081)
Selling and marketing	(22,995)	(24,810)	(25,535)	(26,702)	(29,102)	(35,942)
General and administrative	(36,035)	(42,423)	(41,306)	(39,485)	(49,582)	(46,576)
Depreciation and amortization	(48,104)	(47,281)	(49,076)	(51,001)	(54,036)	(53,337)
Impairment of indefinite-lived intangible assets		(11,354)	(689)			(3,211)
Total operating expenses	(206,509)	(218,275)	(216,486)	(218,161)	(246,810)	(251,402)
Gain (loss) on sale of wireless licenses and operating assets			14,593	(6)		
Operating income	21,861	8,554	28,634	10,770	19,878	16,452
Minority interest in loss of consolidated				(31)	(75)	(134)

subsidiary						
Interest income	1,903	1,176	2,991	3,887	4,194	5,533
Interest expense	(9,123)	(7,566)	(6,679)	(6,683)	(7,431)	(8,423)
Other income (expense), net	(1,286)	(39)	2,352	396	535	(5,918)
Income before income taxes and cumulative effect of change in accounting principle	13,355	2,125	27,298	8,339	17,101	7,510
Income taxes	(5,839)	(1,022)	(10,901)	(3,389)		
Income before cumulative effect of change in accounting principle	7,516	1,103	16,397	4,950	17,101	7,510
Cumulative effect of change in accounting principle					623	
Net income	$ 7,516	$ 1,103	$ 16,397	$ 4,950	$ 17,724	$ 7,510

The following table presents the Predecessor and Successor Companies unaudited combined condensed consolidated quarterly statement of operations data for 2004 (in thousands). It has been derived from our unaudited consolidated financial statements which have been restated for the interim periods for the two months ended September 30, 2004 and the three months ended December 31, 2004 to reflect adjustments that are further discussed in Note 3 to the audited annual consolidated financial statements included elsewhere in this prospectus. For purposes of this discussion, the financial data for the three months ended September 30, 2004 presented below represents the combination of the Predecessor and Successor Companies results for that period.

	Three Months Ended			
	March 31, 2004	**June 30, 2004**	**September 30, 2004**	**December 31, 2004**
				(As Restated)
Revenues:				
Service revenues	$ 169,051	$ 172,025	$ 170,386	$ 172,636
Equipment revenues	37,771	33,676	36,521	33,941
Total revenues	206,822	205,701	206,907	206,577
Operating expenses:				
Cost of service (exclusive of items shown separately below)	(48,000)	(47,827)	(51,034)	(46,275)
Cost of equipment	(43,755)	(40,635)	(44,153)	(51,019)
Selling and marketing	(23,253)	(21,939)	(23,574)	(23,169)
General and administrative	(38,610)	(33,922)	(30,689)	(35,403)
Depreciation and amortization	(75,461)	(76,386)	(55,820)	(45,777)
Total operating expenses	(229,079)	(220,709)	(205,270)	(201,643)
Gain on sale of wireless licenses and operating assets			532	
Operating income (loss)	(22,257)	(15,008)	2,169	4,934
Interest income			608	1,204
Interest expense	(1,823)	(1,908)	(6,009)	(11,049)
Other income (expense), net	19	(615)	458	(272)
Loss before reorganization items and income taxes	(24,061)	(17,531)	(2,774)	(5,183)
Reorganization items, net	(2,025)	1,313	963,156	
Income (loss) before income taxes	(26,086)	(16,218)	960,382	(5,183)
Income taxes	(1,944)	(1,927)	(2,851)	(1,374)
Net income (loss)	$ (28,030)	$ (18,145)	$ 957,531	$ (6,557)

Performance Measures

In managing our business and assessing our financial performance, management supplements the information provided by financial statement measures with several customer-focused performance metrics that are widely used in the telecommunications industry. These metrics include average revenue per user per month (ARPU), which measures service revenue per customer; cost per gross customer addition (CPGA), which measures the average cost of acquiring a new customer; cash costs per user per month (CCU), which measures the non-selling cash cost of operating our business on a per customer basis; and churn, which measures turnover in our customer base. CPGA and CCU are non-GAAP financial measures. A non-GAAP financial measure, within the meaning of Item 10 of Regulation S-K promulgated by the SEC, is a numerical measure of a company s financial performance or cash flows that (a) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in

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accordance with generally accepted accounting principles in the consolidated balance sheet, consolidated statement of operations or consolidated statement of cash flows; or (b) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. See Reconciliation of Non-GAAP Financial Measures below for a reconciliation of CPGA and CCU to the most directly comparable GAAP financial measures.

ARPU is service revenue divided by the weighted-average number of customers, divided by the number of months during the period being measured. Management uses ARPU to identify average revenue per customer, to track changes in average customer revenues over time, to help evaluate how changes in our business, including changes in our service offerings and fees, affect average revenue per customer, and to forecast future service revenue. In addition, ARPU provides management with a useful measure to compare our subscriber revenue to that of other wireless communications providers. We believe investors use ARPU primarily as a tool to track changes in our average revenue per customer and to compare our per customer service revenues to those of other wireless communications providers. Other companies may calculate this measure differently.

CPGA is selling and marketing costs (excluding applicable share-based compensation expense included in selling and marketing expense), and equipment subsidy (generally defined as cost of equipment less equipment revenue), less the net loss on equipment transactions unrelated to initial customer acquisition, divided by the total number of gross new customer additions during the period being measured. The net loss on equipment transactions unrelated to initial customer acquisition includes the revenues and costs associated with the sale of handsets to existing customers as well as costs associated with handset replacements and repairs (other than warranty costs which are the responsibility of the handset manufacturers). We deduct customers who do not pay their first monthly bill from our gross customer additions, which tends to increase CPGA because we incur the costs associated with this customer without receiving the benefit of a gross customer addition. Management uses CPGA to measure the efficiency of our customer acquisition efforts, to track changes in our average cost of acquiring new subscribers over time, and to help evaluate how changes in our sales and distribution strategies affect the cost-efficiency of our customer acquisition efforts. In addition, CPGA provides management with a useful measure to compare our per customer acquisition costs with those of other wireless communications providers. We believe investors use CPGA primarily as a tool to track changes in our average cost of acquiring new customers and to compare our per customer acquisition costs to those of other wireless communications providers. Other companies may calculate this measure differently.

CCU is cost of service and general and administrative costs (excluding applicable share-based compensation expense included in cost of service and general and administrative expense) plus net loss on equipment transactions unrelated to initial customer acquisition (which includes the gain or loss on sale of handsets to existing customers and costs associated with handset replacements and repairs (other than warranty costs which are the responsibility of the handset manufacturers)), divided by the weighted-average number of customers, divided by the number of months during the period being measured. CCU does not include any depreciation and amortization expense. Management uses CCU as a tool to evaluate the non-selling cash expenses associated with ongoing business operations on a per customer basis, to track changes in these non-selling cash costs over time, and to help evaluate how changes in our business operations affect non-selling cash costs per customer. In addition, CCU provides management with a useful measure to compare our non-selling cash costs per customer with those of other wireless communications providers. We believe investors use CCU primarily as a tool to track changes in our non-selling cash costs over time and to compare our non-selling cash costs to those of other wireless communications providers. Other companies may calculate this measure differently.

Churn, which measures customer turnover, is calculated as the net number of customers that disconnect from our service divided by the weighted-average number of customers divided by the number of months during the period being measured. Customers who do not pay their first monthly bill

are deducted from our gross customer additions in the month that they are disconnected; as a result, these customers are not included in churn. Management uses churn to measure our retention of customers, to measure changes in customer retention over time, and to help evaluate how changes in our business affect customer retention. In addition, churn provides management with a useful measure to compare our customer turnover activity to that of other wireless communications providers. We believe investors use churn primarily as a tool to track changes in our customer retention over time and to compare our customer retention to that of other wireless communications providers. Other companies may calculate this measure differently.

The following tables show quarterly and annual metric information for 2005, 2004 and quarterly information for the three months ended March 31, 2006 and June 30, 2006. Based on historical results, we generally expect new sales activity to be highest in the first and fourth quarters, and customer turnover, or churn, to be highest in the third quarter and lowest in the first quarter. For purposes of this discussion, the financial data for the three months ended September 30, 2004 presented below represents the combination of the Predecessor and Successor Companies results for that period.

	Three Months Ended			Year Ended	Three Months Ended	
	June 30, 2005	**September 30, 2005**	**December 31, 2005**	**December 31, 2005**	**March 31, 2006**	**June 30, 2006**
ARPU	$ 39.24	$ 40.22	$ 39.74	$ 39.56	$ 41.87	$ 42.97
CPGA	$ 138	$ 142	$ 158	$ 142	$ 130	$ 198
CCU	$ 18.43	$ 19.52	$ 18.67	$ 18.89	$ 19.57	$ 19.18
Churn	3.9%	4.4%	4.1%	3.9%	3.3%	3.6%

	Three Months Ended			Year Ended	Three Months Ended
	June 30, 2004	**September 30, 2004**	**December 31, 2004**	**December 31, 2004**	**March 31, 2005**
ARPU	$ 37.28	$ 36.97	$ 37.29	$ 37.28	$ 39.03
CPGA	$ 141	$ 141	$ 159	$ 142	$ 128
CCU	$ 18.47	$ 18.38	$ 18.74	$ 18.91	$ 18.94
Churn	3.7%	4.5%	4.1%	3.9%	3.3%

Reconciliation of Non-GAAP Financial Measures

We utilize certain financial measures, as described above, that are not calculated based on GAAP. Certain of these financial measures are considered non-GAAP financial measures within the meaning of Item 10 of Regulation S-K promulgated by the SEC.

CPGA The following tables reconcile total costs used in the calculation of CPGA to selling and marketing expense, which we consider to be the most directly comparable GAAP financial measure to CPGA (in thousands, except gross customer additions and CPGA):

	Three Months Ended			Year Ended	Three Months Ended	
	June 30, 2005	September 30, 2005	December 31, 2005	December 31, 2005	March 31, 2006	June 30, 2006
Selling and marketing expense	$ 24,810	$ 25,535	$ 26,702	$ 100,042	$ 29,102	$ 35,942
Less share-based compensation expense included in selling and marketing expense	(693)	(203)	(125)	(1,021)	(327)	(473)
Plus cost of equipment	42,799	49,576	50,652	192,205	58,886	52,081
Less equipment revenue	(37,125)	(36,852)	(34,617)	(150,983)	(50,848)	(37,068)
Less net loss on equipment transactions unrelated to initial customer acquisition	(3,484)	(4,917)	(3,775)	(16,188)	(521)	(412)
Total costs used in the calculation of CPGA	$ 26,307	$ 33,139	$ 38,837	$ 124,055	$ 36,292	$ 50,070
Gross customer additions	191,288	233,699	245,817	872,271	278,370	253,033
CPGA	$ 138	$ 142	$ 158	$ 142	$ 130	$ 198

	Three Months Ended			Year Ended	Three Months Ended
	June 30, 2004	September 30, 2004	December 31, 2004	December 31, 2004	March 31, 2005
Selling and marketing expense	$ 21,939	$ 23,574	$ 23,169	$ 91,935	$ 22,995
Less share-based compensation expense					

included in selling and marketing expense										
Plus cost of equipment		40,635		44,153		51,019		179,562		49,178
Less equipment revenue		(33,676)		(36,521)		(33,941)		(141,909)		(42,389)
Less net loss on equipment transactions unrelated to initial customer acquisition		(3,453)		(2,971)		(5,090)		(15,181)		(4,012)
Total costs used in the calculation of CPGA	$	25,445	$	28,235	$	35,157	$	114,407	$	25,772
Gross customer additions		180,128		200,315		220,484		807,868		201,467
CPGA	$	141	$	141	$	159	$	142	$	128

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CCU The following tables reconcile total costs used in the calculation of CCU to cost of service, which we consider to be the most directly comparable GAAP financial measure to CCU (in thousands, except weighted-average number of customers and CCU):

	Three Months Ended			Year Ended	Three Months Ended	
	June 30, 2005	September 30, 2005	December 31, 2005	December 31, 2005	March 31, 2006	June 30, 2006
Cost of service	$ 49,608	$ 50,304	$ 50,321	$ 200,430	$ 55,204	$ 60,255
Plus general and administrative expense	42,423	41,306	39,485	159,249	49,582	46,576
Less share-based compensation expense included in cost of service and general and administrative expense	(6,436)	(2,518)	(2,270)	(11,224)	(4,399)	(4,215)
Plus net loss on equipment transactions unrelated to initial customer acquisition	3,484	4,917	3,775	16,188	521	412
Total costs used in the calculation of CCU	$ 89,079	$ 94,009	$ 91,311	$ 364,643	$ 100,908	$ 103,028
Weighted-average number of customers	1,611,524	1,605,222	1,630,011	1,608,782	1,718,349	1,790,232
CCU	$ 18.43	$ 19.52	$ 18.67	$ 18.89	$ 19.57	$ 19.18

	Three Months Ended			Year Ended	Three Months Ended
	June 30, 2004	September 30, 2004	December 31, 2004	December 31, 2004	March 31, 2005
Cost of service	$ 47,827	$ 51,034	$ 46,275	$ 193,136	$ 50,197
	33,922	30,689	35,403	138,624	36,035

Plus general and administrative expense					
Less share-based compensation expense included in cost of service and general and administrative expense					
Plus net loss on equipment transactions unrelated to initial customer acquisition	3,453	2,971	5,090	15,181	4,012
Total costs used in the calculation of CCU	$ 85,202	$ 84,694	$ 86,768	$ 346,941	$ 90,244
Weighted-average number of customers	1,537,957	1,536,314	1,543,362	1,529,020	1,588,372
CCU	$ 18.47	$ 18.38	$ 18.74	$ 18.91	$ 18.94

Liquidity and Capital Resources

Overview

Our principal sources of liquidity are our existing unrestricted cash, cash equivalents and short-term investments, cash generated from operations, and cash available from borrowings under our $200 million revolving credit facility (which was undrawn at June 30, 2006). At June 30, 2006, we had a total of approximately $610 million in unrestricted cash, cash equivalents and short-term investments. On June 16, 2006, we replaced our previous $710 million senior secured credit facility with a new amended and restated senior secured credit facility consisting of a $900 million term loan and a $200 million revolving credit facility (which was undrawn at June 30, 2006). The replacement term loan generated proceeds of approximately $307 million, after repayment of the principal balances of the old term loans and prior to the payment of fees and expenses. From time to time, we may also generate additional liquidity through the sale of assets that are not material to or are not required for the ongoing operation of our business. We believe that our existing unrestricted cash, cash equivalents and short-term investments, liquidity under our revolving credit facility and our anticipated cash flows from

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operations will be sufficient to meet the projected operating and capital requirements for our existing business, including the build-out and launch of the wireless licenses that we, ANB 1 License and LCW Wireless have acquired, and the acquisition of, and the build-out and initial operating costs for, the wireless licenses that we have agreed to acquire in North and South Carolina.

We are seeking opportunities to enhance our current market clusters and expand into new geographic markets by acquiring additional spectrum. From time to time, we may purchase spectrum and related assets from third parties, such as our pending license acquisitions in North and South Carolina. We also plan to participate as a bidder in Auction #66, directly through a wholly owned subsidiary and indirectly through Denali License, an entity in which we own an indirect 82.5% non-controlling interest. In our recent purchases of wireless licenses, we have focused on areas that we believe present attractive growth prospects for our service offering based on our analysis of demographic, economic and other factors. We also believe that we have been financially disciplined with respect to prices we were willing to pay for such licenses. We expect to employ a similar approach to target markets and acquisition prices with respect to our potential purchases of licenses in Auction #66. See Business Our Plans for Auction #66.

We currently expect to use approximately $200 million of the $307 million of term loan proceeds to finance purchases of licenses in Auction #66 and/or the related build-out and initial operating costs for such licenses. In anticipation of our participation in Auction #66, we also intend to further expand our access to sources of capital. If the forward sale agreements entered into in connection with this offering are physically settled, then we will receive proceeds from the sale of common stock upon settlement of the forward agreements with the number of shares delivered at the settlement date, and thus the net proceeds from such sale, determined at the discretion of our management generally within twelve months after the date of this prospectus. If the forward sale agreements are not physically settled, then depending on the price of Leap common stock at the time of settlement and the relevant settlement method, we may receive no proceeds from, or we may incur obligations as a result of, the settlement of the forward sale agreements.

We also are negotiating definitive loan documents for an $850 million bridge loan facility which would allow us to borrow additional capital, as needed, to finance the purchase of licenses in Auction #66 and a portion of the related build-out and initial operating costs of such licenses. However, depending on the prices of licenses in the auction, especially if license prices are attractive, we may seek additional capital to purchase licenses by expanding the bridge loan, which we expect will allow us to obtain additional commitments of up to $350 million in the aggregate. Under the proposed bridge credit agreement, the bridge loan is expected to initially bear interest per annum at LIBOR plus 2.75 percent or the bank base rate plus 1.75 percent, as selected by Cricket, which rate will be increased by 0.50% every 60 days after the first borrowing under the bridge loan facility and, following 180 days after the first borrowing, by 0.50% every 90 days, subject to a maximum rate. The bridge loan is expected to mature on the first anniversary of the first borrowing. Subject to certain conditions, however, the maturity date may be automatically extended until December 2013. The bridge loan is expected to be unsecured and to be unconditionally and irrevocably guaranteed on a senior unsecured basis by Leap and its direct and indirect domestic subsidiaries that guarantee our senior secured credit facility. The bridge loan is expected to have covenants and events of default substantially similar to our secured credit facility. The terms of the bridge loan are subject to negotiation and may change and there can be no assurance that we will enter into the bridge credit agreement upon these terms or at all. Following the completion of Auction #66, when the capital requirements associated with our auction activity will be clearer, we expect to repay the bridge loan with proceeds from one or more offerings of unsecured debt securities, convertible debt securities and/or equity securities (which may include proceeds received upon settlement of the forward sale agreements), although we cannot assure you that such financings will be available to use on acceptable terms or at all.

Depending on which licenses, if any, we ultimately acquire in Auction #66, we may require significant additional capital in the future to finance the build-out and initial operating costs associated with such licenses. However, we generally do not intend to commence the build-out of any individual

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license until we have sufficient funds available to us to pay for all of the related build-out and initial operating costs associated with such license.

We cannot assure you that our bidding strategy will be successful in Auction #66 or that spectrum in the auction that meets our internally developed criteria for strategic expansion will be available to us at acceptable prices. Accordingly, we may not utilize all or a significant portion of the anticipated additional financing described above.

Operating Activities

Net cash provided by operating activities was $101.8 million during the six months ended June 30, 2006 compared to $108.5 million during the six months ended June 30, 2005. The decrease was primarily attributable to an increase in inventories for the six months ended June 30, 2006 due to the launch of our new markets as well as an increase in deposits and other assets, partially offset by higher net income (net of depreciation and amortization expense, share-based compensation expense and other non-cash expenses).

Cash provided by operating activities was $308.2 million during the year ended December 31, 2005 compared to cash provided by operating activities of $190.4 million during the year ended December 31, 2004. The increase was primarily attributable to higher net income (net of income from reorganization items, depreciation and amortization expense and non-cash stock-based compensation expense) and the timing of payments on accounts payable in the year ended December 31, 2005, partially offset by interest payments on Cricket s 13% senior secured pay-in-kind notes and FCC debt.

Cash provided by operating activities was $190.4 million during the year ended December 31, 2004 compared to cash provided by operating activities of $44.4 million during the year ended December 31, 2003. The increase was primarily attributable to a decrease in the net loss, partially offset by adjustments for non-cash items including depreciation, amortization and non-cash interest expense of $92.0 million, a $55.6 million reduction in changes in working capital compared to the corresponding period of the prior year and a decrease of $109.6 million in cash used for reorganization activities. Cash used for reorganization items consisted primarily of a cash payment to the Leap Creditor Trust in accordance with the Plan of Reorganization of $1.0 million and payments of $8.0 million for professional fees for legal, financial advisory and valuation services directly associated with our Chapter 11 filings and reorganization process, partially offset by $2.0 million of cash received from vendor settlements (net of cure payments) made in connection with assumed and settled executory contracts and leases and $1.5 million of interest income earned during the bankruptcy.

Investing Activities

Net cash used in investing activities was $146.8 million during the six months ended June 30, 2006 compared to $245.1 million during the six months ended June 30, 2005. The decrease was due primarily to a decrease in purchases of wireless licenses, partially offset by an increase in purchases of property and equipment.

Cash used in investing activities was $332.1 million during the year ended December 31, 2005 compared to $96.6 million during the year ended December 31, 2004. This increase was due primarily to an increase in payments by subsidiaries of Cricket and ANB 1 for the purchase of wireless licenses totaling $244.0 million, an increase in purchases of property and equipment of $125.3 million, and a decrease in restricted investment activity of $22.6 million, partially offset by a net increase in the sale of investments of $65.7 million and proceeds from the sale of wireless licenses and operating assets of $106.8 million.

Cash used in investing activities was $96.6 million during the year ended December 31, 2004, compared to $56.5 million for the year ended December 31, 2003, and consisted primarily of the sale and maturity of investments of $90.8 million, a net decrease in restricted investments of $22.3 million and net proceeds from the sale of wireless licenses of $2.0 million, partially offset by the purchase of investments of $134.5 million and the purchase of property and equipment of $77.2 million.

Financing Activities

Net cash provided by financing activities was $305.0 million during the six months ended June 30, 2006 compared to $77.8 million during the six months ended June 30, 2005. This increase was due primarily to the net proceeds from the $900 million term loan under the Credit Agreement.

Cash provided by financing activities during the year ended December 31, 2005 was $175.8 million, which consisted primarily of borrowings under our new term loan of $600.0 million, less amounts which were used to repay the FCC debt of $40.0 million, to repay the pay-in-kind notes of $372.7 million, to make quarterly payments under the term loan totaling $5.5 million and to pay debt issuance costs of $7.0 million.

Cash used in financing activities during the year ended December 31, 2004 was $36.7 million, which consisted of the partial repayment of the FCC indebtedness upon our emergence from bankruptcy.

Senior Secured Credit Facility

Long-term debt as of June 30, 2006 consisted of our Credit Agreement, which included a $900 million fully-drawn term loan and an undrawn $200 million revolving credit facility available until June 2011. Under our Credit Agreement, the term loan bears interest at the London Interbank Offered Rate (LIBOR) plus 2.75 percent, with interest periods of one, two, three or six months, or bank base rate plus 1.75 percent, as selected by Cricket, with the rate subject to adjustment based on Leap s corporate family debt rating. Outstanding borrowings under the term loan must be repaid in 24 quarterly payments of $2.25 million each, commencing September 30, 2006, followed by four quarterly payments of $211.5 million each, commencing September 30, 2012.

The maturity date for outstanding borrowings under our revolving credit facility is June 16, 2011. The commitment of the lenders under the revolving credit facility may be reduced in the event mandatory prepayments are required under the Credit Agreement. The commitment fee on the revolving credit facility is payable quarterly at a rate of between 0.25 and 0.50 percent per annum, depending on our consolidated senior secured leverage ratio. Borrowings under the revolving credit facility would currently accrue interest at LIBOR plus 2.75 percent or the bank base rate plus 1.75 percent, as selected by Cricket, with the rate subject to adjustment based on our consolidated senior secured leverage ratio.

The facilities under the Credit Agreement are guaranteed by Leap and all of its direct and indirect domestic subsidiaries (other than Cricket, which is the primary obligor, and our joint venture entities) and are secured by substantially all of the present and future personal property and owned real property of Leap, Cricket and such direct and indirect domestic subsidiaries. Under the Credit Agreement, we are subject to certain limitations, including limitations on our ability to: incur additional debt or sell assets, with restrictions on the use of proceeds; make certain investments and acquisitions; grant liens; and pay dividends and make certain other restricted payments. In addition, we will be required to pay down the facilities under certain circumstances if we issue debt, sell assets or property, receive certain extraordinary receipts or generate excess cash flow (as defined in the Credit Agreement). We are also subject to a financial covenant with respect to a maximum consolidated senior secured leverage ratio and, if a revolving credit loan or uncollateralized letter of credit is outstanding, with respect to a minimum consolidated interest coverage ratio, a maximum consolidated leverage ratio and a minimum consolidated fixed charge ratio. In addition to investments in joint ventures relating to Auction #66, the Credit Agreement allows us to invest up to $325 million in ANB 1 and ANB 1 License, up to $85 million in LCW Wireless, and up to $150 million plus an amount equal to an available cash flow basket in other joint ventures, and allows us to provide limited guarantees for the benefit of ANB 1 License, LCW Wireless and other joint ventures.

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Affiliates of Highland Capital Management, L.P. (a beneficial stockholder of Leap and an affiliate of James D. Dondero, a director of Leap) participated in the syndication of the Credit Agreement in initial amounts equal to $225 million of the term loan and $40 million of the revolving credit facility, and Highland Capital Management received a syndication fee of $300,000 in connection with their participation.

The terms of the Credit Agreement require us to enter into interest rate hedging agreements in an amount equal to at least 50% of our outstanding indebtedness by December 31, 2006. In April 2005 we entered into interest rate swap agreements with respect to $250 million of our debt. These swap agreements effectively fix the interest rate on $250 million of the outstanding indebtedness at 6.7% through June 2007. In July 2005, we entered into another interest rate swap agreement with respect to a further $105 million of our outstanding indebtedness. This swap agreement effectively fixes the interest rate on $105 million of the outstanding indebtedness at 6.8% through June 2009. The $6.8 million fair value of the swap agreements at June 30, 2006 was recorded in other assets in our condensed consolidated balance sheet.

Capital Expenditures and Other Asset Acquisitions and Dispositions

Capital Expenditures. We, ANB 1 License and LCW Wireless currently expect to incur between $525 million and $585 million in capital expenditures, including capitalized interest, for the year ending December 31, 2006.

During the six months ended June 30, 2006, we and ANB 1 License incurred $187.0 million in capital expenditures. These capital expenditures were primarily for: (i) expansion and improvement of our existing wireless networks, (ii) costs associated with the build-out of our new markets, (iii) costs incurred by ANB 1 License in connection with the build-out of its new markets, and (iv) expenditures for EV-DO technology.

During the year ended December 31, 2005, we and ANB 1 License incurred $200.0 million in capital expenditures. These capital expenditures were primarily for: (i) expansion and improvement of our existing wireless networks, (ii) the build-out and launch of the Fresno, California market and the related expansion and network change-out of our existing Visalia and Modesto/ Merced markets, (iii) costs associated with the build-out of our new markets, (iv) costs incurred by ANB 1 License in connection with the build-out of its new markets, and (v) initial expenditures for EV-DO technology.

Auction #58 Properties and Build-Out. In May 2005, we purchased four wireless licenses covering approximately 11.3 million POPs in the FCC s Auction #58 for $166.9 million. In September 2005, ANB 1 License purchased nine wireless licenses covering approximately 10.2 million POPs in Auction #58 for $68.2 million. We have launched two of the four markets we purchased in Auction #58, and ANB 1 License has launched all of its Auction #58 markets.

Arrangements with Denali. In May 2006, Cricket and Denali Spectrum Manager, LLC, or DSM, formed Denali as a joint venture to participate (through its wholly owned subsidiary Denali License) in Auction #66 as a very small business designated entity under FCC regulations. In July 2006, Cricket and DSM entered into an amended and restated limited liability company agreement, referred to in this prospectus as the Denali LLC Agreement, under which Cricket and DSM made equity investments of approximately $7.6 million and $1.6 million, respectively, in Denali. We own an 82.5% non-controlling membership interest in Denali, and DSM owns a 17.5% controlling membership interest in Denali. DSM, as the sole manager of Denali, has the exclusive right and power to manage, operate and control Denali and its business and affairs, subject to certain protective provisions for our benefit. Cricket and DSM have agreed to make equity investments at the conclusion of the auction such that Cricket s and Denali s total equity investments will be equal to approximately 15.3% and 3.2%, respectively, of the aggregate net purchase price of the wireless licenses, if any, that Denali License acquires in Auction #66. In addition, Cricket and Denali have agreed to make further equity investments on the first anniversary of the conclusion of the auction in an amount equal to approximately 15.3% and 3.2%, respectively, of the aggregate net purchase price of such wireless licenses, up to a specified maximum amount.

In July 2006, Cricket entered into a senior secured credit agreement with Denali License and Denali under which Cricket has agreed to loan to Denali License up to $203.8 million to fund the payment of the net winning bids for licenses for which Denali License is the winning bidder in Auction #66. Cricket has also agreed to loan to Denali License an amount equal to $1.50 times the aggregate number of potential customers covered by all licenses for which Denali License is the winning bidder to fund a portion of the costs of the construction and operation by Denali License of wireless networks using such licenses. Loans under the credit agreement accrue interest at the rate of 14% per annum and such interest is added to principal quarterly. All outstanding principal and accrued interest is due on the tenth anniversary of the date on which the last license is awarded to Denali License in Auction #66. However, if DSM makes an offer to sell its membership interest in Denali to Cricket under the Denali LLC Agreement (and Cricket accepts such offer), then all outstanding principal and accrued interest under the credit agreement will become due upon the first business day following the date on which Cricket has paid DSM the offer price for its membership interests in Denali. Denali License may prepay loans under the credit agreement at any time without premium or penalty. The obligations of Denali License and Denali under the credit agreement are secured by all of the personal property, fixtures and owned real property of Denali License and Denali, subject to certain permitted liens.

Other Acquisitions and Dispositions. In June 2005, we completed the purchase of a wireless license to provide service in Fresno, California and related assets for $27.6 million. We launched service in Fresno on August 2, 2005.

In August 2005, we completed the sale of 23 wireless licenses and substantially all of the operating assets in our Michigan markets for $102.5 million, resulting in a gain of $14.6 million. We had not launched commercial operations in most of the markets covered by the licenses sold.

In December 2005, we completed the sale of non-operating wireless licenses in Anchorage, Alaska and Duluth, Minnesota covering 0.9 million POPs for $10.0 million. During the second quarter of fiscal 2005, we recorded impairment charges of $11.4 million to adjust the carrying values of these licenses to their estimated fair values, which were based on the agreed upon sales prices.

In March 2006, we entered into an agreement with a debtor-in-possession for the purchase of 13 wireless licenses in North Carolina and South Carolina for an aggregate purchase price of $31.8 million. Completion of this transaction is subject to customary closing conditions, including FCC approval and the receipt of an FCC order agreeing to extend certain build-out requirements with respect to certain of the licenses. Although we expect to receive such approvals and order and to satisfy the other conditions, we cannot assure you that such approvals and order will be granted or that the other conditions will be satisfied.

In June 2006, we entered into three agreements to sell six wireless licenses covering areas in which we were not offering commercial service for an aggregate sales price of $12.9 million. Completion of these transactions is subject to customary closing conditions, including FCC approval. During the second quarter of 2006, we recorded impairment charges of $3.2 million to adjust the carrying values of four of the licenses to their estimated fair values, which were based on the agreed upon purchase prices.

In July 2006, we sold our wireless licenses and operating assets in our Toledo and Sandusky, Ohio markets in exchange for approximately $28 million in cash and an equity interest in LCW Wireless, a designated entity which owns a wireless license in the Portland, Oregon market. We also contributed to LCW Wireless approximately $21 million in cash and two wireless licenses in Eugene and Salem, Oregon and related operating assets, resulting in Cricket owning a 72% non-controlling equity interest in LCW Wireless. See Business Arrangements with LCW Wireless below for further discussion of our arrangements with LCW Wireless. We estimate that we will recognize a gain in the third quarter ending

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September 30, 2006 associated with the sale of the Toledo and Sandusky wireless licenses and operating assets.

In August 2006, we exchanged our wireless license in Grand Rapids, Michigan for a wireless license in Rochester, New York, to form a new market cluster with our existing Buffalo and Syracuse markets in upstate New York. These three licenses cover 3.1 million POPs.

Certain Contractual Obligations, Commitments and Contingencies

The table below summarizes information as of December 31, 2005 regarding certain of our future minimum contractual obligations for the next five years and thereafter (in thousands):

	Year Ended December 31,						
	Total	**2006**	**2007**	**2008**	**2009**	**2010**	**Thereafter**
Long-term debt(1)	$ 594,444	$ 6,111	$ 6,111	$ 6,111	$ 6,111	$ 570,000	$
Contractual interest(2)	186,897	40,562	40,545	40,527	40,219	25,044	
Origination fees for ANB 1 investment(3)	4,700	2,000	1,000	1,000	700		
Operating leases	310,701	48,381	35,628	33,291	31,231	30,033	132,137
Total	$ 1,096,742	$ 97,054	$ 83,284	$ 80,929	$ 78,261	$ 625,077	$ 132,137

(1) Amounts shown for Cricket s term loans include principal only. Interest on the term loans, calculated at the current interest rate, is stated separately. On June 16, 2006, we replaced our previous $710 million senior secured credit facility with a new senior secured credit facility consisting of a $900 million term loan and a $200 million revolving credit facility.

(2) Contractual interest is based on the current interest rates in effect at December 31, 2005 for debt outstanding as of that date.

(3) Reflects contractual obligation based on an amendment executed on January 9, 2006.

The table above does not include contractual obligations to purchase a minimum of $90.5 million of products and services from Nortel Networks Inc. from October 11, 2005 through October 10, 2008 and contractual obligations to purchase a minimum of $119 million of products and services from Lucent Technologies Inc. from October 1, 2005 through September 30, 2008. The table also does not include the contractual obligations to purchase wireless licenses in North and South Carolina for $31.8 million.

The table above also does not include the following contractual obligations relating to ANB 1: (1) Cricket s obligation to loan to ANB 1 License up to $225.8 million in additional funds to finance the build-out and launch of its networks and working capital requirements, of which approximately $96.2 million was drawn at June 30, 2006, (2) Cricket s obligation to pay $4.2 million plus interest to ANB if ANB exercises its right to sell its membership interest in ANB 1 to Cricket following the initial build-out of ANB 1 License s wireless licenses, and (3) ANB 1 License s obligation to purchase a minimum of $39.5 million and $6.0 million of products and services from Nortel Networks Inc. and Lucent Technologies Inc., respectively, over the same three year terms as those for Cricket.

The table above also does not include the following contractual obligations relating to LCW Wireless: (1) Cricket s obligation to contribute approximately $3.0 million to LCW Wireless in the form of replacement network equipment, (2) Cricket s obligation to pay up to $3.0 million to WLPCS if WLPCS exercises its right to sell its membership interest in LCW Wireless to Cricket, and (3) Cricket s obligation to pay to CSM an amount equal to CSM s pro rata share of the fair value of the outstanding membership interests in LCW Wireless, determined either through an appraisal or based on a multiple of Leap s enterprise value divided by its adjusted EBITDA and applied to LCW Wireless adjusted EBITDA to impute an enterprise value and equity value for LCW Wireless, if CSM exercises its right to sell its membership interest in LCW Wireless to Cricket.

The table above also does not include the following contractual obligations relating to Denali: (1) Cricket s obligation to loan to Denali License up to approximately $204 million to finance the purchase of wireless licenses in Auction #66 and an additional amount equal to $1.50 times the aggregate number of POPs covered by any wireless licenses acquired by Denali License in such auction, and (2) Cricket s obligation to pay an amount equal to DSM s equity contributions in cash to Denali plus a specified return to DSM if DSM exercises its right to sell its membership interest in Denali to Cricket on or following the fifth anniversary of the initial grant to Denali License of any wireless licenses it acquires in Auction #66.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at June 30, 2006.

Recent Accounting Pronouncements

In June 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109. FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. We are currently assessing what impact, if any, FIN No. 48 will have on our consolidated financial position or results of operations.

In May 2005, the FASB issued Statement No. 154, Accounting Changes and Error Corrections, which addresses the accounting and reporting for changes in accounting principles and replaces APB 20 and SFAS 3. SFAS 154 requires retrospective application of changes in accounting principles to prior financial statements unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. When it is impracticable to determine the period-specific effects of an accounting change on one or more individual prior periods presented, SFAS No. 154 requires that the new accounting principle be applied to the balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and that a corresponding adjustment be made to the opening balance of retained earnings for that period rather than being reported in the income statement. When it is impracticable to determine the cumulative effect of applying a change in accounting principle to all prior periods, SFAS No. 154 requires that the new accounting principle be applied as if it were adopted prospectively from the earliest date practicable. SFAS No. 154 became effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

In March 2005, the FASB issued Interpretation No. 47 which serves as an interpretation of FASB Statement No. 143, Accounting for Conditional Asset Retirement Obligations . FIN No. 47 clarifies that the term conditional asset retirement obligation as used in SFAS 143 refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Under FIN No. 47, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred, generally upon acquisition, construction, or development or through the normal operation of the asset. Uncertainty about the timing or method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred. FIN No. 47 was effective for the year ended December 31, 2005. Adoption of FIN No. 47 did not have a material effect on our consolidated financial position or results of operations for the year ended December 31, 2005.

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Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk. As of June 30, 2006, we had $900 million in outstanding floating rate debt under our secured Credit Agreement. Changes in interest rates would not significantly affect the fair value of our outstanding indebtedness. The terms of our Credit Agreement require that we enter into interest rate hedging agreements in an amount equal to at least 50% of our outstanding indebtedness by December 31, 2006. We previously entered into interest rate swap agreements with respect to $250 million of our indebtedness in April 2005, and with respect to an additional $105 million of our indebtedness in July 2005. The swap agreements effectively fix the interest rate on $250 million of our indebtedness at 6.7% through June 2007, and on $105 million of our indebtedness at 6.8% through June 2009.

As of June 30, 2006, net of the effect of the interest rate swap agreements described above, our outstanding floating rate indebtedness totaled $545 million. The primary base interest rate is three month LIBOR. Assuming the outstanding balance on our floating rate indebtedness remains constant over a year, a 100 basis point increase in the interest rate would decrease pre-tax income and cash flow, net of the effect of the swap agreements, by approximately $5.5 million.

Hedging Policy. Our policy is to maintain interest rate hedges when required by credit agreements. We do not currently engage in any hedging activities against foreign currency exchange rates or for speculative purposes.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Leap s Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with participation by our CEO and CFO, has designed our disclosure controls and procedures to provide reasonable assurance of achieving the desired objectives. As required by SEC Rule 13a-15(b), in connection with filing Leap s Annual Report on Form 10-K for the year ended December 31, 2005 and Quarterly Report on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006, our management conducted evaluations, with the participation of our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as of December 31, 2005, March 31, 2006 and June 30, 2006, the end of the periods covered by such reports. Based upon those evaluations, our CEO and CFO concluded that two control deficiencies which constituted material weaknesses, as discussed below, existed in our internal control over financial reporting as of December 31, 2005, March 31, 2006 and June 30, 2006. As a result of these material weaknesses, our CEO and CFO concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of December 31, 2005, March 31, 2006 and June 30, 2006.

In light of these material weaknesses, we performed additional analyses and procedures in order to conclude that our consolidated financial statements for the year ended December 31, 2005 and the five months ended December 31, 2004 (as restated), as well as our condensed consolidated financial statements for the interim period ended September 30, 2004 (as restated) and each of the quarters ended March 31, 2005 (as restated), June 30, 2005 (as restated), September 30, 2005 (as restated),

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March 31, 2006 and June 30, 2006, were presented in accordance with accounting principles generally accepted in the United States of America for such financial statements. Accordingly, our management believes that despite these material weaknesses, our consolidated financial statements for the year ended December 31, 2005 and five months ended December 31, 2004 (as restated), as well as our condensed consolidated financial statements for the interim period ended September 30, 2004 (as restated) and the quarters ended March 31, 2005 (as restated), June 30, 2005 (as restated), September 30, 2005 (as restated), March 31, 2006 and June 30, 2006, are fairly presented, in all material respects, in accordance with generally accepted accounting principles.

Management s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over Leap s financial reporting as such term is defined under Rule 13a-15(f) promulgated under the Exchange Act. Internal control over financial reporting refers to the process designed by, or under the supervision of, our CEO and CFO, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorization of our management and directors; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Due to inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2005. In making this assessment, our management used the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. In connection with our management s assessment of internal control over financial reporting, our management identified the following material weaknesses as of December 31, 2005:

We did not maintain a sufficient complement of personnel with the appropriate skills, training and Leap-specific experience to identify and address the application of generally accepted accounting principles in complex or non-routine transactions. Specifically, we experienced staff turnover and an associated loss of Leap-specific experience within our accounting, financial reporting and tax functions. This control deficiency contributed to the material weakness described below. Additionally, this control deficiency could result in a misstatement of accounts and disclosures that would result in a material misstatement to our interim or annual consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that this control deficiency constitutes a material weakness.

We did not maintain effective controls over our accounting for income taxes. Specifically, we did not have adequate controls designed and in place to ensure the completeness and accuracy of the deferred income tax provision and the related deferred tax assets and liabilities and the related goodwill in conformity with generally accepted accounting principles. This control deficiency resulted in the restatement of our consolidated financial statements for the five months ended December 31, 2004 and the condensed consolidated financial statements for the two months ended September 30, 2004 and the quarters ended March 31, 2005, June 30, 2005 and September 30, 2005, as well as audit adjustments to the 2005 annual consolidated financial statements. This control deficiency could result in a misstatement of accounts and disclosures that would result in a material misstatement to our interim or annual consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that this control deficiency constitutes a material weakness.

Based on our management s assessment, and because of the material weaknesses described above, our management has concluded that our internal control over financial reporting was not effective as of December 31, 2005, using the criteria established in *Internal Control-Integrated Framework* issued by the COSO.

Our management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included elsewhere in this prospectus.

Management s Remediation Initiatives

We are in the process of actively addressing and remediating the material weaknesses in internal control over financial reporting described above. Elements of our remediation plan can only be accomplished over time.

In each fiscal quarter including and since September 30, 2004, we reported a material weakness related to insufficient staffing in the accounting, financial reporting and tax functions. We have taken the following actions to remediate the material weakness related to insufficient staffing in our accounting, financial reporting and tax functions:

We hired a new vice president, chief accounting officer in May 2005. This individual is a certified public accountant with over 19 years of experience as an accounting professional, including over 14 years of accounting experience with PricewaterhouseCoopers LLP. He possesses a strong background in technical accounting and the application of generally accepted accounting principles.

We hired a number of key accounting personnel since February 2005 that are appropriately qualified and experienced to identify and apply technical accounting literature, including several new directors and managers.

In June 2006, we hired a new director of tax to lead our tax function. This individual is a certified public accountant with over 19 years of experience as a tax professional, including over nine years with the tax practices of large public accounting firms. He possesses a strong background in interpreting and applying income tax accounting literature and preparing income tax provisions for public companies.

We used experienced qualified consultants to assist our management in addressing the application of generally accepted accounting principles in complex or non-routine transactions for the quarters ended March 31, 2006 and June 30, 2006 and the year ended December 31, 2005, and will continue to use such consultants in the future, as needed, to supplement our existing staff.

Based on the new leadership and management in the accounting and tax functions, our identification of certain of the historical errors in our accounting for income taxes, and the timely completion of the Annual

Report on Form 10-K for the year ended December 31, 2005 and the Quarterly Reports on Form 10-Q for the quarters ended June 30, 2006, March 31, 2006, September 30, 2005 and June 30, 2005, we believe that we have made substantial progress in addressing this material weakness as of June 30, 2006. We expect that this material weakness will be fully remediated once we have fully remediated the material weakness related to the accounting for income taxes, the new key accounting personnel have had sufficient time in their positions, and we demonstrate continued timely completion of our SEC reports.

We have taken the following actions to remediate the material weakness related to our accounting for income taxes:

In June 2006, we hired a new director of tax to lead our tax function. This individual is a certified public accountant with over 19 years of experience as a tax professional, including over nine years with the tax practices of large public accounting firms. He possesses a strong background in interpreting and applying income tax accounting literature and preparing income tax provisions for public companies.

As part of our 2005 annual income tax provision, we improved our internal control over income tax accounting to establish detailed procedures for the preparation and review of the income tax provision, including review by our chief accounting officer.

We used experienced qualified consultants to assist our management in interpreting and applying income tax accounting literature and preparing our income tax provision for the quarters ended March 31, 2006 and June 30, 2006 and the year ended December 31, 2005, and we may continue to use such consultants in the future to obtain access to as much income tax accounting expertise as we need.

As a result of the remediation initiatives described above, we identified certain of the errors that gave rise to the restatements of the consolidated financial statements for deferred income taxes. In addition, we prepared accurate and timely income tax provisions for the year ended December 31, 2005 and the first two quarters of fiscal 2006. Based on these remediation initiatives, we believe that we have made substantial progress in addressing this material weakness as of June 30, 2006. We expect that this material weakness will be fully remediated once the new leader of the tax department has had sufficient time in his position and we demonstrate continued accurate and timely preparation of our income tax provisions.

We had also reported that we had material weaknesses related to the application of lease-related accounting principles, fresh-start reporting and account reconciliation procedures as of December 31, 2004 and March 31, 2005. These material weaknesses were remediated during the quarter ended June 30, 2005.

BUSINESS

Leap is a wireless communications carrier that offers digital wireless service in the U.S. under the Cricket and Jump Mobile brands. Our Cricket service offers customers unlimited wireless service in their Cricket service area for a flat monthly rate without requiring a fixed-term contract or a credit check, and our new Jump Mobile service offers customers a per-minute prepaid service. Cricket and Jump Mobile services are offered by Leap s wholly owned subsidiary Cricket. In addition, Cricket and Jump Mobile services are offered in certain markets by ANB 1 License, a wholly owned subsidiary of ANB 1, a designated entity in which Cricket owns a 75% non-controlling interest, and by LCW Wireless, a designated entity in which Cricket owns a 72% non-controlling interest. Although Cricket does not control these entities, it has agreements with them which allow Cricket to actively participate in the development of these markets and the provision of Cricket and Jump Mobile services in them.

Leap was formed as a Delaware corporation in June 1998. Leap s shares began trading publicly in September 1998, and we launched our innovative Cricket service in March 1999.

On April 13, 2003, Leap, Cricket and substantially all of their subsidiaries filed voluntary petitions for relief under Chapter 11 in federal bankruptcy court. On August 16, 2004, our plan of reorganization became effective and we emerged from Chapter 11 bankruptcy. On that date, a new board of directors of Leap was appointed, Leap s previously existing stock, options and warrants were cancelled, and Leap issued 60 million shares of new Leap common stock for distribution to two classes of creditors. See Chapter 11 Proceedings Under the Bankruptcy Code.

On June 29, 2005, Leap became listed on the Nasdaq National Market under the symbol LEAP. Leap conducts operations through its subsidiaries and has no independent operations or sources of operating revenue other than through dividends and distributions, if any, from its operating subsidiaries.

Cricket Business Overview

Cricket Service

At June 30, 2006, Cricket and Jump Mobile services were offered in 20 states in the U.S. and had approximately 1,836,000 customers. As of June 30, 2006, we and ANB 1 License owned wireless licenses covering a total of 70.0 million POPs in the aggregate, and our networks in our operating markets covered approximately 37.3 million POPs. ANB 1 License is a wholly owned subsidiary of ANB 1, an entity in which we own a 75% non-controlling interest. We are currently building out and launching the new markets that we, ANB 1 License and LCW Wireless have acquired, and we anticipate that our combined network footprint will cover 47 million or more POPs by the end of 2006 or early 2007.

We believe that our business model is different from most other wireless companies. Our services primarily target market segments underserved by traditional communications companies: our customers tend to be younger, have lower incomes and include a greater percentage of ethnic minorities. Our Cricket service allows customers to make and receive unlimited calls for a flat monthly rate, without a fixed-term contract or credit check. Most other wireless service providers offer customers a complex array of rate plans that may include additional charges for minutes above a set maximum. This approach may result in monthly service charges that are higher than their customers expect or may cause customers to use the services less than they desire to avoid higher charges. We have designed the Cricket service to appeal to customers who value unlimited mobile calling with a predictable monthly bill and who make the majority of their calls from within their Cricket service area. Results from our internal customer surveys indicate that approximately 50% of our customers use our service as their sole phone service and 90% as their primary phone service. We believe that our customers average minutes of use per month of 1,450 for the year ended December 31, 2005 is substantially above the U.S. wireless national carrier customer average.

Our premium Cricket service plan, which is our most popular service plan, offers customers unlimited local and domestic long distance service from their Cricket service area combined with unlimited use of multiple calling features and messaging services for a flat rate of $45 per month. More than 60% of Cricket customers as of June 30, 2006 subscribed to this premium plan, and a substantially higher percentage of new Cricket customers in the quarter ended June 30, 2006 purchased this plan. We also offer a basic service plan which allows customers to make unlimited calls within their Cricket service area and receive unlimited calls from any area for $35 per month and an intermediate service plan which also includes unlimited long distance service for $40 per month. In 2005 we launched our first per-minute prepaid service, Jump Mobile, to bring Cricket s attractive value proposition to customers who prefer active control over their wireless usage and to better target the urban youth market.

The majority of existing wireless customers in the U.S. subscribe to post-pay services that require credit approval and a contractual commitment from the subscriber for a period of at least one year, and include overage charges for call volumes in excess of a specified maximum. According to IDC, U.S. wireless penetration was approximately 75% at June 30, 2006. We believe that customers who require a significantly larger amount of voice usage than average, are price-sensitive, have lower credit scores or prefer not to enter into fixed-term contracts represent a large portion of the remaining growth potential in the U.S. wireless market. We believe our services appeal strongly to these customer segments. We believe that we are able to service these customers and generate significant OIBDA (operating income before depreciation and amortization) performance because of our high-quality networks and low customer acquisition and operating costs.

We sell our Cricket handsets and service primarily through two channels: Cricket s own retail locations and kiosks (the direct channel); and authorized dealers and distributors, including premier dealers, local market authorized dealers, national retail chains and other indirect distributors (the indirect channel). Premier dealers are independent dealers that sell Cricket products, usually exclusively, in stores that look and function similar to our company-owned stores, enhance the in-store experience for customers and level of customer service and expand our brand presence within a market. As of June 30, 2006, we and ANB 1 License had 117 direct locations and 1,823 indirect distributors, including 450 premier dealers. Premier dealers tend to generate significantly more business than other indirect dealers, and we plan to continue to significantly expand the number of premier dealer locations in 2006. Our direct sales locations were responsible for approximately 32% of our gross customer additions in 2005. We place our direct and indirect retail locations strategically to focus on our target customer demographic and provide the most efficient market coverage while minimizing cost. As a result of our product design and cost-efficient distribution system, we have been able to achieve a cost per gross customer addition (CPGA), which measures the average cost of acquiring a new customer, that is significantly lower than most of our competitors.

We believe that our business model is scalable and can be expanded successfully into adjacent and new markets because we offer a differentiated service and an attractive value proposition to our customers at costs significantly lower than most of our competitors. By building or enhancing market clusters, we are able to increase the size of our unlimited Cricket service area for our customers, while leveraging our existing network investments to improve our economic returns. An example of our market-cluster strategy is the Fresno, California market we launched in 2005 to complement the adjacent Visalia and Modesto, California markets, which doubled the covered POPs in our Central Valley cluster. We are also strategically expanding into new markets that meet our internally developed customer demographics and population density criteria. An example of this strategy is the license for the San Diego, California market that we acquired in the FCC s Auction #58. We believe that we will be able to offer Cricket service on a cost-competitive basis in this market and the other markets we acquired in Auction #58. We, ANB 1 License and LCW Wireless have launched 11 markets in 2006, and we currently expect to launch additional markets by the end of 2006. In addition, we expect to participate (directly through a wholly owned subsidiary and indirectly through Denali License, an entity in which we own an indirect 82.5% non-controlling interest) as a bidder in the FCC s upcoming auction for Advanced Wireless Services, or Auction #66.

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Our Business Strengths

Simple, Yet Differentiated, Service. Our service plans are designed to attract customers by offering simple, predictable and affordable wireless services that are a competitive alternative to traditional wireless and wireline services. Unlike traditional wireless service providers, we offer high-quality service on a flat-rate, unlimited-usage basis, without requiring fixed-term contracts, early termination fees or credit checks, providing a high value/low price proposition for customers.

Proven Business Model. Our business model has enabled us to achieve significant growth in our subscriber numbers in our existing markets, allowing us to spread our fixed costs over a growing customer base. Over the last eighteen months, we also have experienced significant growth in our average revenue per user (ARPU), while maintaining customer acquisition and operation costs that are among the lowest in the industry. As a result, we are able to generate substantial cash flow in our existing markets. For example, our new Fresno, California market, which we launched in August 2005, generated positive market level OIBDA for each of the three months ended March 31, 2006 and June 30, 2006.

Low-Cost Provider. Our business model is designed to provide service to customers at a cost significantly lower than most of our competitors, enabling us to achieve attractive economics. We minimize capital costs by engineering our high-quality, efficient networks to cover only the areas of our markets where most of our potential customers live, work and play. We reduce general operating costs through our efficiently designed networks that focus on densely populated areas, lean overhead structure, fast follower approach that reduces development costs, streamlined billing procedures and control of customer care expenses. We maintain low customer acquisition costs through our focused sales and marketing, low handset subsidies and cost-effective distribution strategies. As a result, we achieved a CCU of $18.89 and $19.18 for the year ended December 31, 2005, and the three months ended June 30, 2006, respectively, which we believe compares favorably to the U.S. wireless national carrier industry average CCU. In addition, we achieved a CPGA of $142 and $198 for the year ended December 31, 2005, and the three months ended June 30, 2006, respectively, which we believe compares favorably to the U.S. wireless national carrier industry average CPGA.

Attractive Growth Prospects. We believe that our business model is highly scalable, with the potential to generate increased cash flow over time by increasing penetration in our existing markets, building and enhancing market clusters and selectively investing in new strategic markets that reflect our target customer demographics and other internal criteria for expansion.

High-Quality Networks. We have deployed in each of our markets a 100% CDMA 1xRTT network that delivers high capacity and outstanding quality at a low cost that can be easily upgraded to support enhanced capacity. We expect to deploy CDMA2000® 1xEV-DO technology in most existing and new markets to support next generation high-speed data services, such as mobile content, location-based services and high-quality music downloads at speeds of up to 2.4 Megabits per second. Our networks have regularly been ranked by third party surveys commissioned by us as one of the top networks within the advertised coverage area in the markets Cricket serves.

Our Business Strategy

Target Underserved Customer Segments. Our services are targeted primarily toward market segments underserved by traditional communications companies. On average, our customers tend to be younger and have lower incomes than the customers of other wireless carriers. Moreover, our customer base also reflects a greater percentage of ethnic minorities than those of the national carriers. We believe these underserved market segments are among the fastest growing population segments in the U.S. According to IDC, U.S. wireless penetration was approximately 75% at June 30, 2006. We believe that the majority of existing wireless customers

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subscribe to post-pay services that require credit approval and a contractual commitment from the subscriber for a period of one year or greater. We believe that customers who require a significantly larger amount of voice usage than average, are price-sensitive, have lower credit scores or prefer not to enter into fixed-term contracts represent a large portion of the remaining growth potential in the U.S. wireless market.

Continue to Develop and Evolve Products and Services. We continue to develop and evolve our product and service offerings to better meet the needs of our target customer segments. For example, during the last two years, we have added instant messaging, multimedia (picture) messaging and our Travel Time roaming option to our product portfolio. In 2006 we broadened, and expect to continue to broaden, our data product and service offerings to better meet the needs of our customers. In 2005 we launched our first per-minute prepaid service, Jump Mobile, to bring Cricket s attractive value proposition to customers who prefer active control over their wireless usage and to better target the urban youth market. With our deployment of 1xEV-DO technology, we believe we will be able to offer an expanded array of services to our customers, including high-demand wireless data services such as mobile content, location-based services and high-quality music downloads at speeds of up to 2.4 Megabits per second. We believe these enhanced data offerings will be attractive to many of our existing customers and will enhance our appeal to new data-centric customers.

Build Our Brand and Strengthen Our Distribution. We are focused on building our brand awareness in our markets and improving the productivity of our distribution system. In April 2005 we introduced a new marketing and advertising approach that reinforces the value differentiation of the Cricket brand. In addition, since our target customer base is diversified geographically, ethnically and demographically, we have decentralized our marketing programs to support local customization while optimizing our advertising expenses. We have also redesigned and re-merchandized our stores and introduced a new sales process aimed at improving both the customer experience and our revenue per user. In addition, we have initiated our premier dealer program, under which independent dealers sell Cricket products, usually exclusively, in stores that look and function similar to our company-owned stores. In 2006 we plan to enable our premier dealers and other indirect dealers to provide greater customer support services and to serve as customer payment locations. We expect these changes will enhance the customer experience and improve customer satisfaction.

Enhance Market Clusters and Expand Into Attractive Strategic Markets. We intend to seek additional opportunities to enhance our current market clusters and expand into new geographic markets, by acquiring spectrum in FCC auctions, such as Auction #66, or in the spectrum aftermarket, or by participating in partnerships or joint ventures. Our selection criteria for new markets are based on the ability of a market to enhance an existing market cluster or on the ability of the proposed new market or market cluster to enable Cricket to offer service on a cost-competitive basis. By building or enhancing market clusters, we are able to increase the size of our unlimited Cricket service area for our customers, while leveraging our existing network investments to improve our economic returns. Examples of our market-cluster strategy include the Fresno, California market we launched in 2005 to complement the adjacent Visalia and Modesto, California markets in our Central Valley cluster and the Oregon cluster we created by contributing our Salem and Eugene, Oregon markets to LCW Wireless, a joint venture which owns a license for Portland, Oregon. Examples of our strategic market expansion include the five licenses in central Texas, including Houston, Austin and San Antonio, and the San Diego, California license that we and ANB 1 License acquired in Auction #58, all of which meet our internally developed criteria concerning customer demographics and population density which we believe will enable us to offer Cricket service on a cost-competitive basis in those markets.

Cricket Business Operations

Products and Services

Cricket Service Plans. Our service plans are designed to attract customers by offering simple, predictable and affordable wireless services that are a competitive alternative to traditional wireless and wireline services. Unlike traditional wireless services, we offer service on a flat-rate, unlimited-usage basis, without requiring fixed-term contracts, early termination fees or credit checks. Our service plans allow our customers to place unlimited calls within their Cricket service area and receive unlimited calls from anywhere in the world. In addition, our Unlimited Access and Unlimited Plus service plans offer additional unlimited features, as described in the table below.

Primary Cricket Plans	Monthly Rate(a)	Additional Features Included
Unlimited Access	$ 45	Unlimited U.S. domestic long distance(b) Unlimited text, multimedia (picture) and instant messaging Voicemail, caller ID and call waiting
Unlimited Plus	$ 40	Unlimited U.S. domestic long distance(b)
Unlimited Classic	$ 35	

(a) Before taxes and other service fees, which include E-911 fees, USF fees, regulatory recovery fees, optional insurance fees and optional paper bill fees.

(b) Excludes Alaska.

Cricket Plan Upgrades. We continue to evaluate new product and service offerings in order to enhance customer satisfaction and attract new customers. A number of these upgrades can currently be obtained as part of one of our service plans, including the following:

International calls to Canada and/or Mexico on a prepaid basis for $5 for 100 minutes, $15 for 300 minutes, and $25 for 550 minutes;

Cricket Flex Bucket[tm] service, which allows our customers with Cricket Clicks-enabled phones to purchase applications, including customized ringtones, wallpapers, photos, greeting cards, games and news and entertainment message deliveries, on a prepaid basis (in increments of $5);

Travel Time (roaming) service, which allows our customers to use their Cricket phones outside of their Cricket service areas on a prepaid basis for up to 30 minutes for $5 (and $0.59 per minute for additional minutes);

Voicemail, caller ID and call waiting for $5 per month (included in our Unlimited Access service plan); and

Unlimited text, multimedia (picture) and instant messaging for $5 per month (included in our Unlimited Access service plan).

In addition, we expect to continue to expand our data-related product and service offerings in 2006 to better meet our customers needs.

Handsets. Our handsets include models that provide color screens, camera phones and other features to facilitate digital data transmission. Currently, all of the handsets that we offer are CDMA 1xRTT enabled. We currently provide

10 different handsets that are available for purchase at our retail stores, through our distributors and through our website. We also facilitate warranty exchanges between our customers and the handset manufacturers for handset issues that occur during the applicable

warranty period, and we work with a third party to provide a handset insurance program. In addition, we occasionally offer selective handset upgrade incentives for customers who meet certain criteria.

Handset Replacement. Customers have limited rights to return handsets and accessories based on time elapsed since purchase and usage. Customer returns of handsets and accessories have historically been insignificant.

Jump Mobile. In 2005 we launched our first per-minute prepaid service, Jump Mobile, to bring Cricket s attractive value proposition to customers who prefer active control over their wireless usage and to better target the urban youth market. Our Jump Mobile plan allows our customers to receive unlimited calls from anywhere in the world at any time, and to place calls to any place in the U.S. (except Alaska) at a flat rate of $0.10 per minute, provided they have a credit balance in their account. In addition, our Jump Mobile customers receive unlimited inbound and outbound text messaging, provided they have a credit balance in their account, as well as access to Travel Time roaming service (for $0.69 per minute), international long distance services, and Cricket Clicks services.

Customer Care and Billing

Customer Care. We outsource our call center operations to multiple call center vendors and take advantage of call centers in the U.S. and abroad to continuously improve the quality of our customer care and reduce the cost of providing care to our customers. One of our outsourced call centers is located in Panama, enabling us to efficiently provide customer support to our large and growing Spanish-speaking customer segment.

Billing and Support Systems. We outsource our billing, provisioning, and payment systems with external vendors and also contract out our bill presentment, distribution and fulfillment services to external vendors.

Sales and Distribution

Our sales and distribution strategy is to continue to increase our market penetration, while minimizing expenses associated with sales, distribution and marketing, by focusing on improving the sales process for customers and by offering easy to understand service plans and attractive handset pricing and promotions. We believe our sales costs are lower than traditional wireless providers in part because of this streamlined sales approach.

We sell our Cricket handsets and service primarily through two channels: Cricket s own retail locations and kiosks (the direct channel); and authorized dealers and distributors, including premier dealers, local market authorized dealers, national retail chains and other indirect distributors (the indirect channel). Premier dealers are independent dealers that sell Cricket products, usually exclusively, in stores that look and function similar to our company-owned stores, enhance the in-store experience for customers and level of customer service and expand our brand presence within a market. As of June 30, 2006, we and ANB 1 License had 117 direct locations and 1,823 indirect distributors, including approximately 450 premier dealers. Our direct sales locations were responsible for approximately 32% of our gross customer additions in 2005. Premier dealers tend to generate significantly more business than other indirect dealers, and we plan to continue to significantly expand the number of premier dealer locations in 2006. We place our direct and indirect retail locations strategically to focus on our target customer demographic and provide the most efficient market coverage while minimizing cost. As a result of our product design and cost-efficient distribution system, we have been able to achieve a cost per gross customer addition (CPGA), which measures the average cost of acquiring a new customer, that is significantly lower than most of our competitors.

We are focused on building our brand awareness in our markets and improving the productivity of our distribution system. We combine mass and local marketing strategies to build brand awareness of the Cricket and Jump Mobile services within the communities we serve. In order to reach our target segments, we advertise primarily on radio stations and, to a lesser extent, in local publications. We also

maintain the Cricket website (*www.mycricket.com*) for informational, e-commerce, and customer service purposes. Some third-party Internet retailers sell the Cricket service over the Internet and, working with a third party, we have also developed and launched Internet sales on our Cricket website. In April 2005 we introduced a new marketing and advertising campaign that reinforces the value differentiation of the Cricket brand. In addition, since our target customer base is diversified geographically, ethnically and demographically, we have decentralized our marketing programs to support local customization of advertising while optimizing our advertising expenses. We also have redesigned and re-merchandized our stores and introduced a new sales process aimed at improving both the customer experience and our revenue per user.

As a result of these marketing strategies and our unlimited calling value proposition, we believe our expenditures on advertising are generally at much lower levels than those of traditional wireless carriers. We believe that our customer acquisition cost, or CPGA, is one of the lowest in the industry. See Management s Discussion and Analysis of Financial Condition and Results of Operations Performance Measures above.

Network and Operations

We have deployed a high-quality CDMA 1xRTT network in each of our markets that delivers high capacity and outstanding quality at a low cost that can be easily upgraded to support enhanced capacity. We expect to deploy CDMA2000® 1xEV-DO technology in most existing and new markets to support next generation high-speed data services, such as mobile content, location-based services and high-quality music downloads at speeds of up to 2.4 Megabits per second. Our networks have regularly been ranked by third party surveys commissioned by us as one of the top networks within the advertised coverage area in the markets Cricket serves.

Our service is based on providing customers with levels of usage equivalent to landline service at prices substantially lower than those offered by most of our wireless competitors for similar usage, and prices that are competitive with unlimited wireline plans. We believe our success depends on operating our CDMA 1xRTT networks to provide high quality, concentrated coverage and capacity rather than the broad, geographically dispersed coverage provided by traditional wireless carriers. CDMA 1xRTT technology provides us substantially higher capacity than other technologies, such as time division multiple access, or TDMA, and global system for mobile communications, or GSM.

As of June 30, 2006, our wireless networks consisted of approximately 3,300 cell sites (most of which are co-located on leased facilities), a Network Operations Center, or NOC, and 27 switches in 24 switching centers. A switching center serves several purposes, including routing calls, managing call handoffs, managing access to and from the public switched telephone network, or PSTN, and other value-added services. These locations also house platforms that enable services including instant messaging, picture messaging, voice mail, and data services. Our NOC provides dedicated, 24 hours per day monitoring capabilities every day of the year for all network nodes to ensure highly reliable service to our customers.

Our switches connect to the PSTN through fiber rings leased from third party providers which facilitate the first leg of origination and termination of traffic between our equipment and both local exchange and long distance carriers. We have negotiated interconnection agreements with relevant exchange carriers in each of our markets. We use third party providers for long distance services and for backhaul services carrying traffic to and from our cell sites and switching centers.

We constantly monitor network quality metrics, including dropped call rates and blocked call rates. We also engage an independent third party to test the network call quality offered by us and our competitors in the markets where we offer service. According to the most recent results, we rank first or second in network quality within most of our core market footprints.

The appeal of our service in any given market is not dependent on having ubiquitous coverage in the rest of the country or in regions surrounding our markets. Our networks are in local population

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centers of self-contained communities serving the areas where our customers live, work, and play. We believe that we can deploy our capital more efficiently by tailoring our networks to our target population centers. We do, however, provide Travel Time roaming services for those occasions when our customers travel outside their Cricket service coverage area.

Wireless Licenses

The following tables show the wireless licenses that we, ANB 1 License and LCW Wireless owned at August 3, 2006, covering approximately 71.4 million POPs.

Cricket

Market	Population	Total MHz	Channel Block
Houston, TX(1)	5,693,661	10	C
Phoenix, AZ(1)	4,055,495	10	C
San Diego, CA(2)	3,026,854	10	C
Denver/Boulder, CO(1)	2,948,779	10	F
Pittsburgh/Butler/Uniontown/Washington/Latrobe, PA(1)	2,437,336	10	E
Charlotte/Gastonia, NC(1)	2,302,773	10	F
Kansas City, MO(2)	2,169,252	10	C
Nashville/Murfreesboro, TN(1)	1,889,365	15	C
Salt Lake City/Ogden, UT(1)	1,741,912	15	C
Memphis, TN(1)	1,608,980	15	C
Greensboro/Winston- Salem/High Point, NC(1)	1,528,564	10	F
Dayton/Springfield, OH(1)	1,218,322	10	F
Buffalo, NY(1),(3)	1,195,157	10	E
Knoxville, TN(1)	1,185,948	15	C
Rochester, NY	1,165,147	10	E
Omaha, NE(1)	1,032,469	10	F
Fresno, CA(1)	1,020,480	30	C
Little Rock, AR(1)	998,263	15	C
Tulsa, OK(1)	988,686	15	C
Tucson, AZ(1)	941,615	15	C
Albuquerque, NM(1)	897,787	15	C
Syracuse, NY(1)	788,466	15	C
Spokane, WA(1)	786,557	15	C
Ft. Wayne, IN(4)	736,670	10	E
Macon, GA(1)	694,451	30	C
Wichita, KS(1)	673,043	15	C
Boise, ID(1)	664,341	30	C
Reno, NV(1)	661,047	10	C
Saginaw-Bay City, MI	641,102	10	D
Chattanooga, TN(1)	589,905	15	C
Modesto, CA(1)	574,191	15	C
Salem/Corvallis, OR	564,062	5	C
Visalia, CA(1)	548,177	15	C
Lakeland, FL	531,706	10	F
Evansville, IN	527,827	10	F
Lansing, MI	526,606	10	D
Appleton-Oshkosh, WI(4)	475,841	10	E

Peoria, IL	458,653	15	C
Provo, UT(1)	434,151	15	C
Fayetteville, AR(1)	379,468	20	C
Temple, TX(1)	378,197	10	C
Columbus, GA(1)	373,094	15	C
Lincoln, NE(1)	365,642	15	C
Albany, GA	364,149	15	C
Hickory, NC	355,795	10	F
Fort Smith, AR(1)	339,088	20	C
La Crosse, WI, Winona, MN(4)	325,933	10	D
Pueblo, CO(1)	325,794	20	C
Fargo, ND	320,715	15	C
Utica, NY	297,672	10	F
Ft. Collins, CO(1)	273,954	10	F
Clarksville, TN(1)	273,730	15	C
Merced, CA(1)	260,066	15	C
Santa Fe, NM(1)	234,691	15	C
Muskegon, MI	232,822	10	D
Greeley, CO(1)	229,860	10	F
Johnstown, PA	226,326	10	C
Stevens Point, Marshfield, Wisconsin Rapids, WI(4)	218,663	20	D,E
Grand Forks, ND	194,679	15	C
Jonesboro, AR(1)	186,556	10	C
Lufkin, TX	167,326	10	C
Owensboro, KY	166,891	10	F
Pine Buff, AR(1)	149,995	20	C
Hot Springs, AR(1)	144,727	15	C
Gallup, NM	139,910	15	C
Steubenville, OH-Weirton, WV(1)	126,335	10	C
Eagle Pass, TX	124,186	15	C
Lewiston, ID	123,933	15	C
Marion, OH	101,577	10	C
Roswell, NM	81,947	15	C
Blytheville, AR	66,293	15	C
Coffeyville, KS(4)	59,053	15	C
Nogales, AZ	41,728	20	C
Subtotal Cricket Licenses	**58,574,436**		

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ANB 1 License

Market	Population	Total MHz	Channel Block
Cincinnati, OH(1)	2,243,257	10	C
San Antonio, TX(1)	2,047,158	10	C
Louisville, KY(1)	1,548,162	10	C
Austin, TX(1)	1,536,178	10	C
Lexington, KY(1)	972,910	10	C
Market	**Population**	**Total MHz**	**Channel Block**
El Paso, TX(1)	795,224	10	C
Colorado Springs, CO(1)	589,731	10	C
Las Cruces, NM(1)	263,039	10	C
Bryan, TX(1)	203,606	10	C
Subtotal ANB 1 License Licenses	**10,199,265**		

LCW Wireless

Market	Population	Total MHz	Channel Block
Portland, OR(2)	2,299,582	10	C
Salem/Corvallis, OR(1)	564,062	15	C
Eugene, OR(1)	336,803	10	C
Subtotal LCW Wireless Licenses	**3,200,447**		
Total Cricket, ANB 1 License and LCW Wireless Licenses	**71,410,086(5)**		

(1) Designates wireless licenses or portions of wireless licenses in markets where Cricket service is offered.

(2) Designates wireless licenses acquired in Auction #58 which are currently under development.

(3) Designates a wireless license which we have agreed, subject to certain conditions, to exchange for a wireless license covering the same market area with the same amount of MHz, but in a different frequency block.

(4) Designates a wireless license which we have agreed, subject to certain conditions, to sell to a third party.

(5) Excludes the effect of the duplication of Salem/Corvallis, OR wireless licenses in two tables.

Arrangements with Alaska Native Broadband

In November 2004 we acquired a 75% non-controlling membership interest in ANB 1, whose wholly owned subsidiary ANB 1 License participated in Auction #58. Alaska Native Broadband, LLC, or ANB, owns a 25% controlling membership interest in ANB 1 and is the sole manager of ANB 1. ANB 1 is the sole member and manager of ANB 1 License. ANB 1 License was eligible to bid on certain restricted licenses offered by the FCC in Auction #58 as a very small business designated entity under FCC regulations. We have determined that our investment in ANB 1 is required to be consolidated under Financial Accounting Standards Board Interpretation, or FIN, No. 46-R, Consolidation of Variable Interest Entities.

Under the Credit Agreement governing our secured credit facility, we are permitted to invest up to an aggregate of $325 million in loans to and equity investments in ANB 1 and ANB 1 License (excluding capitalized interest). Cricket s aggregate equity capital contributions to ANB 1 were $3.0 million and $9.7 million as of December 31, 2005 and August 1, 2006, respectively. Cricket is also a secured lender to ANB 1 License. Under a senior secured credit facility, as amended, Cricket has agreed to loan ANB 1 License up to $290.0 million plus capitalized interest, of which $160.4 million was drawn as of June 30, 2006.

ANB 1 License operates a wireless telecommunications business in its markets using the Cricket business model and brands. ANB 1 License has launched Cricket service in all of its markets.

Cricket s principal agreements with the ANB entities are summarized below.

Limited Liability Company Agreement. In December 2004, Cricket and ANB entered into an amended and restated limited liability company agreement which, as amended by the parties, is referred to in this prospectus as the ANB 1 LLC Agreement. Under the ANB 1 LLC Agreement, ANB, as the sole manager of ANB 1, has the exclusive right and power to manage, operate and control ANB 1 and its business and affairs, subject to certain protective provisions for the benefit of Cricket, including among others, Cricket s consent to the sale of any of ANB 1 License s wireless licenses (other than the Bryan, TX, El Paso, TX, and Las Cruces, NM licenses) or any material network assets related thereto, or a sale of additional equity interests in ANB 1. Subject to FCC approval, ANB can be removed as the manager of ANB 1 in certain circumstances, including ANB s fraud, gross negligence or willful misconduct, ANB s insolvency or bankruptcy, ANB s failure to qualify as an entrepreneur and a very small business under FCC regulations, or other limited circumstances.

Under the ANB 1 LLC Agreement, during the first five years following the initial grant of wireless licenses to ANB 1 License, members of ANB 1 generally may not transfer their membership interests without Cricket s prior consent. Following such period, if a member desires to transfer its interests in ANB 1 to a third party, Cricket has a right of first refusal to purchase such interests, or in lieu of exercising this right, Cricket has a tag-along right to participate in the sale.

Under the ANB 1 LLC Agreement, once ANB 1 License satisfies the FCC s initial five-year build-out milestone requirements with respect to its wireless licenses, ANB has an option until the later of March 31, 2007 and 30 days after the date ANB 1 License satisfies the build-out requirements to sell its entire membership interests in ANB 1 to Cricket for a purchase price of $4.2 million plus a specified return, payable in cash. If exercised, the consummation of the sale will be subject to FCC approval. If Cricket breaches its obligation to pay the purchase price, several of Cricket s protective provisions cease to apply, and ANB receives a liquidation preference equal to the put purchase price, payable prior to Cricket s equity and debt investments in ANB 1 and ANB 1 License. In addition, ANB 1 License has executed a guaranty in favor of ANB with respect to payment of the put purchase price. If ANB fails to maintain its qualification as an entrepreneur and a very small business under FCC regulations, and as a result of such failure ANB 1 License ceases to retain the benefits it received in Auction #58, ANB is in general liable to Cricket only to the extent of ANB s equity capital contributions to ANB 1.

Senior Secured Credit Agreement. Under a senior secured credit agreement, as amended, Cricket has agreed to loan ANB 1 License up to $290.0 million plus capitalized interest. This facility consists of a fully drawn $64.2 million sub-facility to finance ANB 1 License s purchase of wireless licenses in Auction #58, and a $225.8 million sub-facility to finance ANB 1 License s build-out and launch of its networks costs and working capital requirements. At June 30, 2006, ANB 1 License had outstanding borrowings of $64.2 million principal amount under the acquisition sub-facility and outstanding borrowings of $96.2 million principal amount under the working capital sub-facility. Borrowings accrue interest at a rate of 12% per annum. Borrowings under the Cricket credit agreement are guaranteed by ANB 1 and are secured by a first priority security interest in all of the assets of ANB 1 and ANB 1 License, including a pledge of ANB 1 s membership interests in ANB 1 License. ANB also has entered into a negative pledge agreement with respect to its entire membership interests in ANB 1, agreeing to keep such membership interests free and clear of all liens and encumbrances. Amortization commences under the facility on the later of March 31, 2007 and 30 days after the date ANB 1 License satisfies the five-year build-out milestone requirements (or the closing date of the ANB put, if later). Loans must be repaid in 16 quarterly installments of principal plus accrued interest, commencing ten days after the amortization commencement date. Loans may be prepaid at any time without premium or penalty. Cricket s commitment under the working capital sub-facility expires on the earliest to occur of: (1) the amortization commencement date; (2) the termination by Cricket of the management services agreement between Cricket and ANB 1 License due to a breach by ANB 1 License; or (3) the termination by ANB 1 License of the management services agreement for convenience.

Management Agreement. Cricket and ANB 1 License are parties to a management services agreement, pursuant to which Cricket provides management services to ANB 1 License in exchange for a monthly management fee based on Cricket s costs of providing such services plus a mark-up for administrative overhead. Under the management services agreement, ANB 1 License retains full control and authority over its business strategy, finances, wireless licenses, network equipment, facilities and operations, including its product offerings, terms of service and pricing. The initial term of the management services agreement is eight years. The management services agreement may be terminated by ANB 1 License or Cricket if the other party materially breaches its obligations under the agreement. The management services agreement also may be terminated by ANB 1 License if Cricket fails to pay the purchase price for ANB s membership interests under the ANB 1 LLC Agreement or by ANB 1 License for convenience with one year s prior written notice to Cricket.

Arrangements with LCW Wireless

In July 2006, we acquired a 72% non-controlling membership interest in LCW Wireless. We will receive additional membership interests in LCW Wireless once we have completed replacing certain network equipment, although we cannot assure you that this will be completed. Upon such completion, the membership interests in LCW Wireless will be held as follows: Cricket will hold a 73.3% non-controlling membership interest, CSM will hold a 24.7% non-controlling membership interest and WLPCS will hold a 2% controlling membership interest. WLPCS contributed $1.3 million in cash to LCW Wireless in exchange for its controlling membership interest. LCW Wireless is a designated entity which owns a wireless license for Portland, Oregon, and to which we contributed two wireless licenses in Salem and Eugene, Oregon, related operating assets and approximately $21 million in cash. The three markets form a new cluster of licenses covering 3.2 million POPs.

LCW Wireless operates a wireless telecommunications business in the Oregon market cluster using the Cricket business model and brands. We anticipate that LCW Wireless working capital needs will be funded through Cricket s initial equity contribution and through third party debt financing. However, if LCW Wireless is unsuccessful in arranging this third party financing, we may fund the additional capital required through additional debt or equity investments in LCW Wireless.

Cricket s principal agreements with LCW Wireless are summarized below.

Limited Liability Company Agreement. In July 2006, Cricket entered into the LCW LLC Agreement with CSM and WLPCS. Under the LCW LLC Agreement, a board of managers has the right and power to manage, operate and control LCW Wireless and its business and affairs, subject to certain protective provisions for the benefit of Cricket and CSM. The board of managers is currently comprised of five members, with three members designated by WLPCS, one member designated by CSM and one member designated by Cricket. In the event that LCW Wireless fails to qualify as an entrepreneur and a very small business under FCC regulations, then in certain circumstances, subject to FCC approval, WLPCS is required to sell its entire equity interest to LCW Wireless or a third party designated by the non-controlling members.

Under the LCW LLC Agreement, during the first five years following the date of the agreement, members generally may not transfer their membership interests, other than to specified permitted transferees or through the exercise of put rights set forth in the LCW LLC Agreement. Following such period, if a member desires to transfer its interests in LCW Wireless to a third party, the non-controlling members have a right of first refusal to purchase such interests on a pro rata basis.

Under the LCW LLC Agreement, WLPCS has the option to put its entire equity interest in LCW Wireless to Cricket for a purchase price not to exceed $3.0 million during a 30-day period commencing on the earlier to occur of August 9, 2010 and the date of a sale of all or substantially all of the assets, or the liquidation, of LCW Wireless. If exercised, the consummation of this sale will be subject to FCC approval. Alternatively, WLPCS is entitled to receive a liquidation preference equal to its capital contributions plus a specified rate of return, together with any outstanding mandatory distributions owed to WLPCS.

Under the LCW LLC Agreement, CSM also has the option, during specified periods commencing on the date of the launch of the Portland, Oregon market, to put its entire equity interest in LCW

Wireless to Cricket either in cash or in Leap common stock, or a combination thereof, as determined by Cricket in its discretion, for a purchase price calculated on a pro rata basis using either the appraised value of LCW Wireless or a multiple of Leap s enterprise value divided by its adjusted earnings before interest, taxes, depreciation and amortization, or EBITDA; and applied to LCW Wireless adjusted EBITDA to impute an enterprise value and equity value for LCW Wireless. If Cricket elects to satisfy its put obligations to CSM with Leap common stock, the obligations of the parties are conditioned upon the block of Leap common stock issuable to CSM not constituting more than five percent of Leap s outstanding common stock at the time of issuance.

Management Agreement. In July 2006, Cricket and LCW Wireless also entered into a management services agreement, pursuant to which LCW Wireless has the right to obtain management services from Cricket in exchange for a monthly management fee based on Cricket s costs of providing such services plus a mark-up for administrative overhead.

Arrangements with Denali

In May 2006, Cricket and Denali Spectrum Manager, LLC, or DSM, formed Denali as a joint venture to participate, through its wholly owned subsidiary Denali License, in Auction #66 as a very small business designated entity under FCC regulations. Cricket holds an 82.5% non-controlling membership interest in Denali. DSM is the sole manager of Denali and holds a 17.5% controlling membership interest.

Cricket s principal agreements with the Denali entities are summarized below.

Limited Liability Company Agreement. In July 2006, Cricket and DSM entered into an amended and restated limited liability company agreement, which is referred to in this prospectus as the Denali LLC Agreement, under which Cricket and DSM have made equity investments in Denali of approximately $7.6 million and $1.6 million, respectively. Cricket and DSM have agreed to make further equity investments in Denali at the conclusion of Auction #66 such that their total equity investments in Denali will be equal to approximately 15.3% and 3.2%, respectively, of the aggregate net purchase price of the wireless licenses, if any, that Denali License acquires in Auction #66. In addition, Cricket and DSM have agreed to make further equity investments on the first anniversary of the conclusion of Auction #66 equal to approximately 15.3% and 3.2%, respectively, of the aggregate net purchase price of such wireless licenses, up to a specified maximum amount.

Under the Denali LLC Agreement, DSM, as the sole manager of Denali, has the exclusive right and power to manage, operate and control Denali and its business and affairs, subject to certain protective provisions for the benefit of Cricket, including, among others, Cricket s consent to the acquisition of wireless licenses or the sale of certain material wireless licenses (to be specified following the auction) or the sale of any additional membership interests. DSM can be removed as the manager of Denali in certain circumstances, including DSM s fraud, gross negligence or willful misconduct, DSM s insolvency or bankruptcy, or DSM s failure to qualify as an entrepreneur and a very small business under FCC regulations, or other limited circumstances.

During the first ten years following the initial grant of wireless licenses to Denali License, members of Denali generally may not transfer their membership interests to non-affiliates without Cricket s prior consent. Following such period, if a member desires to transfer its interests in Denali to a third party, Cricket has a right of first refusal to purchase such interests, or, in lieu of exercising this right, Cricket has a tag-along right to participate in the sale. DSM may offer to sell its entire membership interests in Denali to Cricket on the fifth anniversary of the initial grant of wireless licenses to Denali License and on each subsequent anniversary thereof for a purchase price equal to DSM s equity contributions in cash to Denali, plus a specified return, payable in cash. If exercised, the consummation of the sale will be subject to FCC approval.

In the event that Denali License is not awarded any wireless licenses in Auction #66, any auction deposits refunded by the FCC will be returned to the members of Denali, and Cricket has agreed to pay

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DSM the difference between such amount and DSM s equity contributions in cash, plus a specified return.

Senior Secured Credit Agreement. In July 2006, Cricket entered into a senior secured credit agreement with Denali License and Denali, under which Cricket has agreed to loan Denali License up to approximately $204 million (plus capitalized interest) to fund the payment of the net winning bids of Denali License for wireless licenses in Auction #66. Cricket has also agreed to loan to Denali License an amount equal to $1.50 times the aggregate number of POPs covered by the licenses, if any, for which it is the winning bidder, to fund the construction and operation of wireless networks using such licenses. Loans under the credit agreement accrue interest at the rate of 14% per annum and such interest is added to principal quarterly. All outstanding principal and accrued interest under the credit agreement is due on the tenth anniversary of the last grant date of the wireless licenses awarded to Denali License in Auction #66. However, if DSM makes an offer to sell its membership interests in Denali to Cricket under the Denali LLC Agreement and Cricket accepts such offer, then all outstanding principal and accrued interest under the credit agreement will become due upon the first business day following the date on which Cricket has paid DSM the offer price for its membership interests in Denali.

Denali License may prepay loans under the credit agreement at any time without premium or penalty. Denali License must prepay loans under the credit agreement with any refunds of auction deposits, down payments or license payments received from the FCC.

The obligations of Denali License and Denali under the credit agreement are guaranteed by Denali and are secured by all of the personal property, fixtures and owned real property of Denali License and Denali, subject to certain permitted liens.

Management Agreement. In July 2006, Cricket and Denali License also entered into a management services agreement, pursuant to which Cricket is to provide management services to Denali License and its subsidiaries in exchange for a monthly management fee based on Cricket s costs of providing such services plus overhead. Under the management services agreement, Denali License retains full control and authority over its business strategy, finances, wireless licenses, network equipment, facilities and operations, including its product offerings, terms of service and pricing. The initial term of the management services agreement is ten years. The management services agreement may be terminated by Denali License or Cricket if the other party materially breaches its obligations under the agreement.

Our Plans for Auction #66

We are seeking opportunities to enhance our current market clusters and expand into new geographic markets by acquiring additional spectrum. As a result, we plan to participate (directly through a wholly owned subsidiary and indirectly through Denali License, an entity in which we own an indirect 82.5% non-controlling interest) as a bidder in Auction #66. In July 2006, we paid the FCC, through a wholly owned subsidiary, $255 million, and Denali License paid the FCC $50 million, as bidding deposits for Auction #66. We expect to employ a focused and disciplined approach to our potential purchases of licenses in Auction #66.

We have recently announced a purchase of spectrum from a debtor-in-possession at prices substantially below the prices at which the spectrum had been sold previously. We have also chosen to forego purchasing spectrum in markets that, although they possessed many of the characteristics of our most successful markets, were too expensive relative to their value to us to fit well within our strategy. As we have in the past, we expect to be a disciplined bidder in Auction #66 and to limit the prices we are willing to pay for licenses to amounts at which we believe we can earn at least our targeted return on our investments in licenses and the associated build-out and initial operating costs.

We cannot assure you that our bidding strategy will be successful in Auction #66 or that spectrum in the auction that meets our internally developed criteria for strategic expansion will be available to us at acceptable prices. In addition, our use of any spectrum licenses won in Auction #66 may be affected by the requirements to clear the spectrum of existing U.S. government and other private sector wireless operations, some of which are permitted to continue for several years. In anticipation of our participation in Auction #66, we currently intend to further expand our access to sources of capital to finance purchases of licenses and a portion of the related build-out and initial operating costs for such licenses. Although we are currently negotiating definitive documents for an $850 million bridge loan facility for Auction #66, we cannot assure you that such funds will be available to us on acceptable terms, or at all. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources. Because our bidding strategy in Auction #66 may not be successful and prices for spectrum in Auction #66 may rise to levels that are not acceptable to us, we may not utilize all or a significant portion of this anticipated additional financing.

Competition

Generally, the telecommunications industry is very competitive. We believe that our primary competition in the U.S. wireless market is with national and regional wireless service providers including Alltel, Cingular, Sprint Nextel (and Sprint Nextel affiliates), T-Mobile, U.S. Cellular and Verizon Wireless. We also face competition from resellers or MVNOs (Mobile Virtual Network Operators), such as Virgin Mobile USA, TracFone Wireless, and others, which provide wireless services to customers but do not hold FCC licenses or own network facilities. In addition, there are several MVNO operators that have either launched or have announced plans to launch service offerings targeting Cricket s market segments in the near future. These resellers purchase bulk wireless telephone services and capacity from wireless providers and resell to the public under their own brand name through mass-market retail outlets, including Wal-Mart, Target, Radio Shack, and Best Buy. In addition, wireless providers increasingly are competing in the provision of both voice and non-voice services. Non-voice services, including data transmission, text messaging, e-mail and Internet access, are also now available from personal communications service providers and enhanced specialized mobile radio carriers. In many cases, non-voice services are offered in conjunction with or as adjuncts to voice services.

In the future, we may also face competition from entities providing similar services using different technologies, including Wi-Fi, Wi-Max, and VoIP. Additionally, some of the major Internet search engines and service providers such as Google have announced plans or intentions to enter the mobile marketplace by providing free Internet and voice access through a fixed mobile network in partnership with some major municipalities in the U.S. As wireless service is becoming a viable alternative to traditional landline phone service, we are also increasingly competing directly with traditional landline telephone companies for customers. Competition is also increasing from local and long distance wireline carriers who have begun to aggressively advertise in the face of increasing competition from wireless carriers, cable operators and other competitors. Cable operators are providing telecommunications services to the home, and some of these carriers are providing local and long distance voice services using VoIP. In particular circumstances, these carriers may be able to avoid payment of access charges to local exchange carriers for the use of their networks on long distance calls. Cost savings for these carriers could result in lower prices to customers and increased competition for wireless services. Some of our competitors offer these other services together with their wireless communications service, which may make their services more attractive to customers. In the future, we may also face competition from mobile satellite service, or MSS, providers, as well as from resellers of these services. The FCC has granted to some MSS providers, and may grant others, the flexibility to deploy an ancillary terrestrial component to their satellite services. This added flexibility may enhance MSS providers ability to offer more competitive mobile services.

There has also been an increasing trend towards consolidation of wireless service providers through joint ventures, reorganizations and acquisitions. These consolidated carriers may have substantially larger service areas, more capacity and greater financial resources and bargaining power than we do. As consolidation creates even larger competitors, the advantages our competitors have may increase. For example, in connection with the offering of our Travel Time roaming service, we have encountered problems with certain large wireless carriers in negotiating terms for roaming arrange-

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ments that we believe are reasonable, and believe that consolidation has contributed significantly to such carriers control over the terms and conditions of wholesale roaming services. We and a number of other small, rural and regional carriers have asked the FCC in a current pending FCC proceeding to impose an obligation on all commercial mobile radio services providers to permit automatic roaming by other providers on their networks on a just, reasonable and non-discriminatory basis, but we cannot predict whether the FCC will grant the relief requested.

The telecommunications industry is experiencing significant technological changes, as evidenced by the increasing pace of improvements in the capacity and quality of digital technology, shorter cycles for new products and enhancements and changes in consumer preferences and expectations. Accordingly, we expect competition in the wireless telecommunications industry to be dynamic and intense as a result of competitors and the development of new technologies, products and services. We compete for customers based on numerous factors, including wireless system coverage and quality, service value proposition (minutes and features relative to price), local market presence, digital voice and features, customer service, distribution strength, and brand name recognition. Some competitors also market other services, such as landline local exchange and Internet access services, with their wireless service offerings. Competition has caused, and we anticipate it will continue to cause, market prices for two-way wireless products and services to decline. In addition, some competitors have announced unlimited service plans at rates similar to Cricket s service plan rates in markets in which we have launched service. Our ability to compete successfully will depend, in part, on our ability to distinguish our Cricket service from competitors through marketing and through our ability to anticipate and respond to other competitive factors affecting the industry, including new services that may be introduced, changes in consumer preferences, demographic trends, economic conditions, and competitors discount pricing and bundling strategies, all of which could adversely affect our operating margins, market penetration and customer retention. Because many of the wireless operators in our markets have substantially greater financial resources than we do, they may be able to offer prospective customers discounts or equipment subsidies that are substantially greater than those we could offer. In addition, to the extent that products or services that we offer, such as roaming capability, may depend upon negotiations with other wireless operators, discriminatory behavior by such operators or their refusal to negotiate with us could adversely affect our business. While we believe that our cost structure, combined with the differentiated value proposition that our Cricket service represents in the wireless marketplace, provides us with the means to react effectively to price competition, we cannot predict the effect that the market forces or the conduct of other operators in the industry will have on our business.

The FCC is pursuing policies designed to increase the number of wireless licenses available. For example, the FCC has adopted rules that allow PCS and other wireless licenses to be partitioned, disaggregated and leased. The FCC also continues to allocate and auction additional spectrum that can be used for wireless services. In February 2005, the FCC completed Auction #58, in which additional PCS spectrum was auctioned in numerous markets, including many markets where we currently provide service. In addition, the FCC has announced that it intends to auction an additional 90 MHz of nationwide spectrum in the 1700 MHz to 2100 MHz band for Advanced Wireless Services, in Auction #66, beginning in August 2006, and additional spectrum in the 700 MHz and 2.5 GHz bands in subsequent auctions. It is possible that new companies, such as the cable television or direct broadcast satellite operators, will purchase licenses and begin offering wireless services. In addition, because the FCC has recently permitted the offering of broadband services over power lines, it is possible that utility companies will begin competing against us.

We believe that we are strategically positioned to compete with other communications technologies that now exist. Continuing technological advances in telecommunications and FCC policies that encourage the development of new spectrum-based technologies make it difficult, however, to predict the extent of future competition.

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Government Regulation

The licensing, construction, modification, operation, sale, ownership and interconnection of wireless communications networks are regulated to varying degrees by the FCC, Congress, state regulatory agencies, the courts and other governmental bodies. Decisions by these bodies could have a significant impact on the competitive market structure among wireless providers and on the relationships between wireless providers and other carriers. These mandates may impose significant financial obligations on us and other wireless providers. We are unable to predict the scope, pace or financial impact of legal or policy changes that could be adopted in these proceedings.

Licensing of PCS Systems

All of the wireless licenses currently held by Cricket, ANB 1 License and LCW Wireless are PCS licenses. A broadband PCS system operates under a license granted by the FCC for a particular market on one of six frequency blocks allocated for broadband PCS. Broadband PCS systems generally are used for two-way voice applications. Narrowband PCS systems, in contrast, generally are used for non-voice applications such as paging and data service and are separately licensed. The FCC has segmented the U.S. PCS markets into 51 large regions called major trading areas, which are comprised of 493 smaller regions called basic trading areas, or BTAs. The FCC awards two broadband PCS licenses for each major trading area and four licenses for each BTA. Thus, generally, six licensees are authorized to compete in each area. The two major trading area licenses authorize the use of 30 MHz of spectrum. One of the basic trading area licenses is for 30 MHz of spectrum, and the other three are for 10 MHz each. The FCC permits licensees to split their licenses and assign a portion to a third party on either a geographic or frequency basis or both. Over time, the FCC has also further split licenses in connection with re-auctions of PCS spectrum, creating additional 15 MHz and 10 MHz licenses.

All PCS licenses have a 10-year term, at the end of which they must be renewed. Our licenses expire between 2006 and 2015. The FCC s rules provide a formal presumption that a PCS license will be renewed, called a renewal expectancy, if the PCS licensee (1) has provided substantial service during its past license term, and (2) has substantially complied with applicable FCC rules and policies and the Communications Act. The FCC defines substantial service as service which is sound, favorable and substantially above a level of mediocre service that might only minimally warrant renewal. If a licensee does not receive a renewal expectancy, then the FCC will accept competing applications for the license renewal period and, subject to a comparative hearing, may award the license to another party. If the FCC does not grant a renewal expectancy with respect to one or more of our licenses, our business may be materially harmed.

Under existing law, no more than 20% of an FCC licensee s capital stock may be owned, directly or indirectly, or voted by non-U.S. citizens or their representatives, by a foreign government or its representatives or by a foreign corporation. If an FCC licensee is controlled by another entity (as is the case with Leap s ownership and control of subsidiaries that hold FCC licenses), up to 25% of that entity s capital stock may be owned or voted by non-U.S. citizens or their representatives, by a foreign government or its representatives or by a foreign corporation. Foreign ownership above the 25% holding company level may be allowed if the FCC finds such higher levels consistent with the public interest. The FCC has ruled that higher levels of foreign ownership, even up to 100%, are presumptively consistent with the public interest with respect to investors from certain nations. If our foreign ownership were to exceed the permitted level, the FCC could revoke our wireless licenses, although we could seek a declaratory ruling from the FCC allowing the foreign ownership or could take other actions to reduce our foreign ownership percentage in order to avoid the loss of our licenses. We have no knowledge of any present foreign ownership in violation of these restrictions. Our PCS licenses are in good standing with the FCC.

Since 1996, PCS licensees have been required to coordinate frequency usage with existing fixed microwave licensees in the 1850 to 1990 MHz band. In an effort to balance the competing interests of existing microwave users and newly authorized PCS licensees, the FCC has adopted a transition plan

to relocate such microwave operators to other spectrum blocks and a cost sharing plan so that if the relocation of an incumbent benefits more than one PCS licensee, those licensees will share the cost of the relocation. The transition and cost sharing plans expired on April 4, 2005. Subsequent to that date, remaining microwave incumbents in the PCS spectrum are responsible for avoiding interference with a PCS licensee s network. Absent an agreement with affected broadband PCS entities or an extension, incumbent microwave licensees will be required to return their operating authorizations to the FCC following six months written notice from a PCS licensee that such licensee intends to activate a PCS system within the interference range of the incumbent microwave licensee. To secure a sufficient amount of unencumbered spectrum to operate our PCS systems efficiently and with adequate population coverage within an appropriate time period, we have previously needed to relocate one or more of these incumbent fixed microwave licensees and have also been required (and may continue to be required) to participate in the cost sharing related to microwave licenses that have been voluntarily relocated by other PCS licensees or the existing microwave operators.

Designated Entities. The FCC s spectrum allocation for PCS includes two licenses, a 30 MHz C-Block license and a 10 MHz F-Block license, that are designated as Entrepreneurs Blocks. The FCC generally requires holders of these licenses to meet certain maximum financial size qualifications. In addition, the FCC has determined that designated entities who qualify as small businesses or very small businesses, as defined by a complex set of FCC regulations, can receive additional benefits, such as bidding credits in C-Block or F-Block spectrum auctions or re-auctions, and in some cases, an installment loan from the federal government for a significant portion of the dollar amount of the winning bids in the FCC s initial auctions of C-Block and F-Block licenses. The FCC s rules also allow for publicly traded corporations with widely dispersed voting power, as defined by the FCC, to hold C-Block and F-Block licenses and to qualify as small or very small businesses. A failure by an entity to maintain its qualifications to own C-Block and F-Block licenses could cause a number of adverse consequences, including the ineligibility to hold licenses for which the FCC s minimum coverage requirements have not been met, the triggering of FCC unjust enrichment rules and the acceleration of installment payments owed to the U.S. Treasury.

The FCC recently initiated a rulemaking proceeding focused at addressing alleged abuses of its designated entity program, which gives certain categories of small businesses preferential treatment in FCC spectrum auctions based on size. In that proceeding, the FCC has re-affirmed its goals of ensuring that only legitimate small businesses benefit from the program, and that such small businesses are not controlled or manipulated by larger wireless carriers or other investors that do not meet the small business size tests. As a result, the FCC issued an initial round of changes aimed at curtailing certain types of spectrum leasing and wholesale capacity arrangements between wireless carriers and designated entities that it felt called into question the designated entity s overall control of the venture. The FCC also changed its unjust enrichment rules, designed to trigger the repayment of auction bidding credits, as follows: For the first five years of its license term, if a designated entity loses its eligibility or seeks to transfer its license to or enter into a *de facto* lease with an entity that does not qualify for bidding credits, 100 percent of the bidding credit amount, plus interest, would be owed to the FCC. For years six and seven of the license term, 75 percent of the bidding credit, plus interest, would be owed. For years eight and nine, 50 percent of the bidding credit, plus interest, would be owed, and for year ten, 25 percent of the bidding credit, plus interest, would be owed. In addition, if a designated entity seeks to transfer a license with a bidding credit to an entity that does not qualify for bidding credits in advance of filing the construction notification for the license, then 100 percent of the bidding credit amount, plus interest, would be owed to the FCC. Designated entity structures are also now subject to a new rule that requires them to seek approval for any event that might affect ongoing eligibility, e.g., changes in agreements that the FCC has not previously reviewed, as well as new annual reporting requirements, and a commitment by the FCC to audit each designated entity at least once during the license term.

The FCC has issued a Further Notice of Proposed Rulemaking inviting additional comment on other changes to its designated entity rules, and recently affirmed its first round of rule changes in

response to certain parties petitions for reconsideration. Several parties have petitioned for further review of the recent rule changes at the FCC and/or in federal appellate court. We cannot predict the degree to which the FCC s present or future rule changes or increased regulatory scrutiny that may follow from this proceeding will affect our current or future business ventures, including our arrangements with ANB and LCW Wireless, or our participation in Auction #66 and future FCC spectrum auctions.

PCS Construction Requirements. All PCS licensees must satisfy minimum geographic coverage requirements within five and, in some cases, ten years after the license grant date. These initial requirements are met for most 10 MHz licenses when a signal level sufficient to provide adequate service is offered to at least one-quarter of the population of the licensed area within five years, or in the alternative, a showing of substantial service is made for the licensed area within five years of being licensed. For 30 MHz licenses, a signal level must be provided that is sufficient to offer adequate service to at least one-third of the population within five years and two-thirds of the population within ten years after the license grant date. In the alternative, 30 MHz licensees may provide substantial service to their licensed area within the appropriate five- and ten-year benchmarks. Substantial service is defined by the FCC as service which is sound, favorable, and substantially above a level of mediocre service which just might minimally warrant renewal. In general, a failure to comply with FCC coverage requirements could cause the revocation of the relevant wireless license, with no eligibility to regain it, or the imposition of fines and/or other sanctions.

Transfer and Assignment of PCS Licenses. The Communications Act and FCC rules require the FCC s prior approval of the assignment or transfer of control of a PCS license, with limited exceptions. The FCC may prohibit or impose conditions on assignments and transfers of control of licenses. Non-controlling interests in an entity that holds a PCS license generally may be bought or sold without FCC approval. Although we cannot assure you that the FCC will approve or act in a timely fashion upon any pending or future requests for approval of assignment or transfer of control applications that we file, in general we believe the FCC will approve or grant such requests or applications in due course. Because a PCS license is necessary to lawfully provide PCS service, if the FCC were to disapprove any such filing, our business plans would be adversely affected.

Pursuant to an order released in December 2001, as of January 1, 2003, the FCC no longer limits the amount of PCS and other commercial mobile radio spectrum that an entity may hold in a particular geographic market. The FCC now engages in a case-by-case review of transactions that involve the consolidation of spectrum licenses or leases.

A C-Block or F-Block license may be transferred to non-designated entities once the licensee has met its five-year coverage requirement. Such transfers will remain subject to certain costs and reimbursements to the government of any bidding credits or outstanding principal and interest payments owed to the FCC.

FCC Regulation

The FCC has a number of other complex requirements and proceedings that affect our operations and that could increase our costs or diminish our revenues. For example, the FCC requires wireless carriers to make available emergency 911 services, including enhanced emergency 911 services that provide the caller s telephone number and detailed location information to emergency responders, as well as a requirement that emergency 911 services be made available to users