

LEAP WIRELESS INTERNATIONAL INC

Form S-4

December 03, 2010

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As filed with the Securities and Exchange Commission on December 3, 2010
Registration No. 333-

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

Form S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

LEAP WIRELESS INTERNATIONAL, INC.
CRICKET COMMUNICATIONS, INC.
CRICKET LICENSE COMPANY, LLC
(Exact name of registrants as specified in their charters)

Leap Wireless International, Inc.
Delaware
Cricket Communications, Inc.
Delaware
Cricket License Company, LLC
Delaware

(State or other jurisdiction of incorporation or organization)

Leap Wireless International, Inc.
33-0811062
Cricket Communications, Inc.
33-0879924
Cricket License Company, LLC
33-0874572

(I.R.S. Employer Identification Number)

4812

(Primary Standard Industrial Classification Code Number)

5887 Copley Drive
San Diego, CA 92111
(858) 882-6000

(Address, including zip code, and telephone number, including area code, of each registrant's principal executive offices)

S. Douglas Hutcheson
Chief Executive Officer
Leap Wireless International, Inc.
5887 Copley Drive
San Diego, CA 92111
(858) 882-6000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

**Barry M. Clarkson, Esq.
Latham & Watkins LLP
12636 High Bluff Drive, Suite 400
San Diego, CA 92130
(858) 523-5400**

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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.

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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
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If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction: Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Senior Notes due 2020	\$1,200,000,000	100%	\$1,200,000,000	\$8,400,000
Subordinated 7.75% Senior Notes due 2020	N/A	N/A	N/A	N/A

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933.

(2) No additional registration fee is due for guarantees pursuant to Rule 457(n) under the Securities Act of 1933.

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 or until this Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 3, 2010

PROSPECTUS

Cricket Communications, Inc.

Offer to exchange its 7.75% Senior Notes due 2020, which have been registered under the Securities Act of 1933, for any and all of its outstanding 7.75% Senior Notes due 2020

**The exchange offer and withdrawal rights will expire at 5:00 p.m.,
New York City time, on , 2011, unless extended.**

We are offering to exchange up to \$1,200,000,000 aggregate principal amount of our new 7.75% Senior Notes due 2020, which have been registered under the Securities Act of 1933, as amended, or the Securities Act, referred to in this prospectus as the new notes, for any and all of our outstanding unregistered 7.75% Senior Notes due 2020, referred to in this prospectus as the old notes. We issued the old notes on November 19, 2010 in a transaction not requiring registration under the Securities Act. We are offering you new notes, with terms substantially identical to those of the old notes, in exchange for old notes in order to satisfy our registration obligations from that previous transaction. The new notes and the old notes are collectively referred to in this prospectus as the notes.

See Risk Factors starting on page 19 of this prospectus for a discussion of risks associated with investing in the new notes and with the exchange of old notes for the new notes offered hereby.

We will exchange new notes for all old notes that are validly tendered and not withdrawn before expiration of the exchange offer. You may withdraw tenders of old notes at any time prior to the expiration of the exchange offer. The exchange procedure is more fully described in The Exchange Offer Procedures for Tendering. If you fail to tender your old notes, you will continue to hold unregistered notes that you will not be able to transfer freely.

The terms of the new notes are identical in all material respects to those of the old notes, except that the transfer restrictions and registration rights applicable to the old notes do not apply to the new notes. See Description of New Notes for more details on the terms of the new notes. We will not receive any proceeds from the exchange offer.

There is no established trading market for the new notes or the old notes. The exchange of old notes for new notes in the exchange offer will not be a taxable transaction for United States federal income tax purposes. See Certain U.S. Federal Income Tax Considerations. All broker-dealers must comply with the registration and prospectus delivery requirements of the Securities Act. See Plan of Distribution.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense. We are not asking you for a proxy and you are requested not to send us a

proxy.

The date of this prospectus is , 201



Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal delivered with this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for outstanding old notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date of the exchange offer and ending on the close of business one year after such expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus as if we had authorized it. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the registered securities to which it relates, nor does this prospectus constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

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About this Prospectus

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC. We may add, update or change in a prospectus supplement any information contained in this prospectus. You should read this prospectus and any accompanying prospectus supplement, as well as any post-effective amendments to the registration statement of which this prospectus is a part, together with the additional information described under **Where You Can Find More Information** and **Incorporation of Certain Documents by Reference** before you make any investment decision.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to exchange old notes for new notes only in jurisdictions where such 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 actual exchange of old notes for new notes.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-4 under the Securities Act with respect to the new notes offered hereby. This prospectus, which is a part of the registration statement, does not contain all of the information set forth in the registration statement, as amended, or the exhibits and schedules filed therewith. For further information with respect to us and the new notes offered hereby, please see the registration statement, as amended, and the exhibits and schedules filed with the registration statement. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. A copy of the registration statement, as amended, and the exhibits and schedules filed with the registration statement may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from such offices upon the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains an internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

We are subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and, in accordance therewith, we file annual, quarterly and periodic reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information are available for inspection and copying at the public reference room and website of the SEC referred to above. We maintain a website at www.leapwireless.com. You may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The reference to our web address does not constitute incorporation by reference of the information contained at such site.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. The information incorporated by reference is considered to be part of this prospectus, except for any information superseded by information that we file later with the SEC. This prospectus incorporates by reference the documents set forth below that have previously been filed with the SEC:

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our Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC on March 1, 2010 (including portions of our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 26, 2010 incorporated by reference therein);

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our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010 filed with the SEC on May 10, 2010, August 6, 2010 and November 3, 2010, respectively; and

our Current Reports on Form 8-K filed with the SEC on February 23, 2010, March 10, 2010, May 25, 2010, July 2, 2010, August 3, 2010, September 14, 2010, September 23, 2010, November 4, 2010, November 8, 2010, November 19, 2010 and December 3, 2010.

We are also incorporating by reference additional documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed above or filed in the future, that are not deemed filed with the SEC, including our compensation committee report and performance graph or any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K or certain exhibits furnished pursuant to Item 9.01 of Form 8-K.

We will provide at no cost to each person, including any beneficial owner, to whom this prospectus is delivered, upon oral or written request of such person, a copy of any or all of the reports or documents that have been incorporated by reference in this prospectus, but not delivered therewith. Requests for such copies should be directed to:

Leap Wireless International, Inc.
Attn: Director of Investor Relations
5887 Copley Drive
San Diego, California 92111
(858) 882-6000

These documents may also be accessed through our website at *www.leapwireless.com* or as described under the heading "Where You Can Find More Information" in this prospectus. The information contained in, or that can be accessed through, our website is not a part of this prospectus. Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference into this prospectus. **To obtain timely delivery of any copies of filings requested, please write or telephone no later than _____, 2011, five business days prior to the expiration of the exchange offer.**

This exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of outstanding old notes in any jurisdiction in which this exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of such jurisdiction.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, this prospectus (including the documents incorporated by reference in this prospectus) contains forward-looking statements. Such statements reflect management's current forecast of certain aspects of our future. You can generally identify forward-looking statements by forward-looking words such as believe, think, may, could, will, estimate, continue, anticipate, intend, seek, plan, and similar expressions. 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 in or implied by 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;

the duration and severity of the current economic downturn in the United States and changes in economic conditions, including interest rates, consumer credit conditions, consumer debt levels, consumer confidence, unemployment rates, energy costs and other macro-economic factors that could adversely affect demand for the services we provide;

the impact of competitors' initiatives;

our ability to successfully implement product and service offerings, expand our retail distribution and execute effectively on our other strategic activities;

our ability to obtain and maintain roaming services from other carriers at cost-effective rates;

our ability to maintain effective internal control over financial reporting;

our ability to attract, motivate and retain an experienced workforce, including members of senior management;

our ability to comply with the covenants in any credit agreement, indenture or similar instrument governing any of our existing or future indebtedness;

our ability to integrate, manage and operate our new joint venture with Pocket Communications;

failure of our network or information technology systems to perform according to expectations and risks associated with the upgrade or transition of certain of those systems, including our customer billing system; and

other factors detailed in the section entitled "Risk Factors" commencing on page 19 of this prospectus.

All future written and oral forward-looking statements attributable to us or any persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this section or elsewhere in, or incorporated by reference into, this prospectus. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Except as required by applicable 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, or incorporated by reference into, 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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SUMMARY

This summary highlights selected information included elsewhere in or incorporated by reference in this prospectus and does not contain all the information that you should consider before participating in the exchange offer. You should read the entire prospectus carefully, including the Risk Factors section and the financial statements and related notes and other information incorporated by reference, before deciding to participate in the exchange offer described in this prospectus. As used in this prospectus, the terms Leap, we, our, ours and us refer to Leap Wireless International, Inc., a Delaware corporation, and its subsidiaries, including Cricket Communications, Inc., a Delaware corporation and the issuer of the notes, or Cricket, unless the context suggests otherwise. Unless otherwise specified, information relating to population and potential customers, or POPs, is based on 2010 population estimates provided by Claritas Inc.

Overview of Our Business

We are a wireless communications carrier that offers digital wireless services in the U.S. under the Cricket® brand. Our Cricket service offerings provide customers with unlimited wireless services for a flat rate without requiring a fixed-term contract or a credit check.

Cricket service is offered by Cricket, a wholly owned subsidiary of Leap. Cricket service is also offered in Oregon by our wholly owned subsidiary LCW Wireless Operations, LLC, or LCW Operations; in the upper Midwest by Denali Spectrum Operations, LLC, or Denali Operations; and, commencing October 1, 2010, in South Texas by STX Wireless Operations, LLC, or STX Operations. Cricket owns an indirect 82.5% non-controlling interest in Denali Operations through an 82.5% non-controlling interest in Denali Spectrum, LLC, or Denali. Denali was structured to qualify as a designated entity under Federal Communications Commission, or FCC, regulations. In September 2010, we entered into an agreement to purchase the remaining 17.5% controlling interest in Denali. In addition, in September 2010, Denali entered into an agreement to contribute all of its spectrum outside its Chicago and Southern Wisconsin operating markets and a related spectrum lease to a newly formed venture, in exchange for an 85% non-controlling interest. Cricket owns an indirect 75.75% controlling interest in STX Operations through a 75.75% interest in STX Wireless, LLC, or STX Wireless. STX Wireless is a joint venture created by Cricket and various entities doing business as Pocket Communications, or Pocket, to provide Cricket service in the South Texas region. See Recent Developments for more information about these transactions.

As of September 30, 2010, Cricket service was offered in 35 states and the District of Columbia and had approximately 5.1 million customers. As of September 30, 2010, we and Denali owned wireless licenses covering an aggregate of approximately 184.2 million POPs (adjusted to eliminate duplication from overlapping licenses). The combined network footprint in our operating markets covered approximately 94.2 million POPs as of September 30, 2010. The licenses we and Denali own provide 20 MHz of coverage and the opportunity to offer enhanced data services in almost all markets in which we currently operate, assuming Denali were to make available to us certain of its spectrum.

In addition to our Cricket network footprint, we have entered roaming relationships with other wireless carriers that enable us to offer customers purchasing our wireless services an extended, nationwide calling area covering approximately 283 million POPs. In August 2010, we entered into agreements which significantly expand our ability to provide nationwide voice and data services. We entered into a roaming agreement to provide our customers with nationwide data roaming services. In addition, we entered into a wholesale agreement with an affiliate of Sprint Nextel to permit us to offer Cricket wireless services outside of our current network footprint using Sprint's network. We believe that these new arrangements will enable us to offer enhanced products and service plans and to strengthen

and improve our distribution.

Our Cricket service offerings are based on providing unlimited wireless services to customers, and the value of unlimited wireless services is the foundation of our business. Our primary Cricket service is Cricket Wireless, which offers customers unlimited wireless voice and data services for a flat monthly rate. Our most popular Cricket Wireless rate plans include unlimited local and U.S. long distance service and unlimited text messaging. In addition to our Cricket Wireless voice and data services, we offer Cricket Broadband, our unlimited mobile broadband service, which allows customers to access the internet through their computers for one low, flat rate. We also offer

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Cricket PAYGo, a pay-as-you-go unlimited prepaid wireless service designed for customers who prefer the flexibility and control offered by traditional prepaid services but who are seeking greater value for their dollar. None of our services require customers to enter into long-term commitments or pass a credit check.

In August 2010, we revised certain features of a number of our Cricket service offerings. We introduced all-inclusive rate plans for all of our Cricket services in which we ceased separately charging customers for certain fees (such as activation, reactivation and regulatory fees) and telecommunications taxes. We also introduced new Cricket Broadband service plans, with prices that vary depending upon the targeted amount of data that a customer expects to use during the month. We eliminated the free month of service we previously provided to new customers of our Cricket Wireless and Cricket Broadband services that purchased a handset or modem and instead decreased the retail prices of many of our devices. We also eliminated certain late fees we previously charged to customers who reinstated their service after having failed to pay their monthly bill on time. Further, we introduced new smartphones and other handsets and devices beginning in August 2010 and revised features of our dealer compensation program to reduce some of their initial compensation and provide further incentive for them to retain customers. We believe that these new service plans, products and other changes will be attractive to customers and help improve our competitive positioning in the marketplace.

We believe that our business is scalable because we offer an attractive value proposition to our customers while utilizing a cost structure that is significantly lower than most of our competitors. As a result, over the past five years, we have pursued activities to significantly expand our business, both through the broadening of our product portfolio (including the introduction of our Cricket Broadband and Cricket PAYGo products) and distribution channels and the enhancement of network coverage and capacity in new and existing markets. In addition, as discussed above, we recently entered into a new wholesale agreement and nationwide data roaming agreement which we believe will enable us to offer enhanced products and service plans and to strengthen and improve our distribution. We also currently plan to deploy next-generation LTE network technology over the next few years. Other future business expansion activities could include the launch of new product and service offerings, the acquisition of additional spectrum through private transactions or FCC auctions, the build-out and launch of Cricket services in additional markets, entering into partnerships with others or the acquisition of other wireless communications companies or complementary businesses. We expect to continue to look for opportunities to optimize the value of our spectrum portfolio. Because some of the licenses that we and Denali hold include large regional areas covering both rural and metropolitan communities, we and Denali may seek to partner with others, sell some of this spectrum or pursue alternative products or services to utilize or benefit from the spectrum not otherwise used for Cricket service. We intend to be disciplined as we pursue any expansion efforts and to remain focused on our position as a low-cost leader in wireless telecommunications.

The telecommunications industry is very competitive. In general, we compete with national facilities-based wireless providers and their prepaid affiliates or brands, local and regional carriers, non-facilities-based mobile virtual network operators, or MVNOs, voice-over-internet-protocol service providers, traditional landline service providers and cable companies. The competitive pressures of the wireless telecommunications industry have continued to increase and have caused a number of our competitors to offer competitively priced unlimited prepaid and postpaid service offerings. These service offerings have presented additional strong competition in markets in which our offerings overlap, and the evolving competitive landscape has negatively impacted our financial and operating results since early 2009. Our ability to remain competitive will depend, in part, on our ability to anticipate and respond to various competitive factors and to keep our costs low. In August 2009 and March 2010, we revised a number of our Cricket Wireless service plans to provide additional features previously only available in our higher-priced plans, to eliminate certain fees we previously charged customers who changed their service plans and to include unlimited nationwide roaming and international long distance services. These changes, which were made in response to the competitive and economic environment, resulted in lower average monthly revenue per customer and increased costs. In August 2010 we introduced a number of new initiatives to respond to the evolving competitive landscape, including revising the

features of a number of our Cricket service offerings, entering into a new wholesale and nationwide roaming agreement and introducing new smartphones and other handsets and devices. We believe that these new initiatives will be attractive to customers, will help improve our competitive positioning in the marketplace and will lead to improved financial and operational performance over the longer term, including higher average monthly revenue per customer and lower customer turnover. These initiatives,

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however, are significant undertakings, and we expect to incur additional expense in the near term as we implement these changes. The extent to which these new initiatives impact our future financial and operating results will depend upon customer acceptance of our new product and service offerings.

Our Business Strategy

Our business strategy is to (1) target fast-growing market segments, (2) maintain an industry-leading cost structure, (3) continue to develop and evolve our product and service offerings, (4) continue to build our brand awareness and improve the productivity of our distribution including through national mass-market retailers, and (5) continue to enhance our network coverage and capacity in our existing markets.

Recent Developments

Denali Buyout and Savary Island Venture

On September 21, 2010, we entered into an agreement with Denali Spectrum Manager, LLC, or DSM, to acquire DSM's 17.5% controlling interest in Denali for up to approximately \$58 million in cash (depending on the timing of closing) and a five-year \$45.5 million promissory note. Interest on the outstanding principal balance of the note will accrue at compound annual rates ranging from approximately 5.0% to 8.3%. Cricket must make principal payments of \$8.5 million per year, with the remaining principal balance and all accrued interest payable at maturity. Cricket's obligations under the note will be secured on a first-lien basis by certain assets of Savary Island (see below). Upon the closing of the transaction, Denali and its subsidiaries will become wholly owned subsidiaries of Cricket.

In addition, on September 21, 2010, Denali entered into an agreement with Ring Island Wireless, LLC, or Ring Island, to contribute all of its spectrum outside its Chicago and Southern Wisconsin operating markets and a related spectrum lease to Savary Island Wireless, LLC, or Savary Island, a newly formed venture, in exchange for an 85% non-controlling interest. Ring Island will contribute \$5.1 million of cash to the Savary Island venture in exchange for a 15% controlling interest. Savary Island is a newly formed entity that has applied to the FCC to obtain this spectrum as a very small business designated entity under FCC regulations. In connection with Denali's contribution, Savary Island will assume \$211.6 million of the outstanding senior secured debt owed by Denali to Cricket, and Cricket will provide a senior secured working capital facility to Savary Island with initial availability of up to \$5.0 million. Denali will retain the spectrum and assets relating to its Chicago and Southern Wisconsin operating markets. At the closing, Savary Island will enter into a management services agreement with Cricket, pursuant to which Cricket will provide management and administrative services to Savary Island and its subsidiaries. Under the amended and restated limited liability company agreement of Savary Island that will be entered into by Denali and Ring Island at closing, based on current FCC requirements, Ring Island will have the right to put all of its membership interest in Savary Island to Cricket in mid-2012.

The closings of both transactions are subject to customary closing conditions, including the approval of the FCC, and the closing of Cricket's acquisition of DSM's controlling interest in Denali is subject to the immediately prior closing of the Savary Island transaction.

STX Wireless Joint Venture

On October 1, 2010, we and Pocket contributed substantially all of our respective wireless spectrum and operating assets in the South Texas region to a new joint venture, STX Wireless, with Cricket receiving a 75.75% controlling interest in the venture and Pocket receiving a 24.25% non-controlling interest. Immediately prior to the closing, we also purchased specified assets from Pocket for approximately \$38 million in cash, which assets were also contributed to the venture. The joint venture is controlled and managed by Cricket under the terms of the amended and restated

limited liability company agreement of STX Wireless, or the STX LLC Agreement.

The joint venture strengthens our presence and competitive positioning in the South Texas region. Commencing October 1, 2010, STX Wireless began providing Cricket wireless service to approximately

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700,000 customers, of which approximately 300,000 or more were contributed by Pocket. The combined network footprint of the joint venture covers 4.4 million POPs.

Under the STX LLC Agreement, Pocket has the right to put, and Cricket has the right to call, all of Pocket's membership interests in STX Wireless, which rights are generally exercisable on or after April 1, 2014. In addition, in the event of a change of control of Leap, Pocket would be obligated to sell to us all of its membership interests in STX Wireless. The purchase price for Pocket's membership interests would be equal to 24.45% of Leap's enterprise value-to-revenue multiple for the four most recently completed fiscal quarters multiplied by the total revenues of STX Wireless and its subsidiaries over that same period, payable in either cash, Leap common stock or a combination thereof, as determined by Cricket in its discretion (provided that, if permitted by Cricket's debt instruments, at least \$25 million of the purchase price must be paid in cash). We would have the right to deduct from or set off against the purchase price certain distributions made to, and obligations owed to us by, Pocket. Under the STX LLC Agreement, Cricket would be permitted to purchase Pocket's membership interests in STX Wireless over multiple closings in the event that the block of shares of Leap common stock issuable to Pocket at the closing of the purchase would be greater than 9.9% of the total number of shares of Leap common stock then issued and outstanding.

At the closing, STX Wireless entered into a loan and security agreement with Pocket pursuant to which, commencing in April 2012, STX Wireless agreed to make quarterly limited-recourse loans to Pocket out of excess cash in an aggregate principal amount not to exceed \$30 million, which loans are secured by Pocket's membership interests in STX Wireless. Such loans will bear interest at 8.0% per annum, compounded annually, and will mature on the earlier of the tenth anniversary of the closing date and the date on which Pocket ceases to hold any membership interests in STX Wireless. Cricket will have the right to set off all outstanding principal and interest under this loan facility against the payment of the purchase price for Pocket's membership interests in STX Wireless in the event of a put, call or mandatory buyout following a change of control of Leap.

Tender Offer and Redemption

On November 4, 2010, we commenced a cash tender offer, or the Tender Offer, for any and all of the \$1.1 billion outstanding principal amount of our 9.375% senior notes due 2014, or the 9.375% Senior Notes. On November 19, 2010, we accepted tenders for \$915,828,000 in aggregate principal amount of outstanding 9.375% Senior Notes in connection with the early acceptance date of the Tender Offer. The holders of the accepted notes received total consideration of \$1,050.63 per \$1,000 principal amount of notes tendered, which included a \$20 consent payment per \$1,000 principal amount of notes tendered. The total cash payment to purchase the tendered 9.375% Senior Notes on the early acceptance date, including accrued and unpaid interest up to, but excluding, November 19, 2010, was approximately \$996.49 million, which we obtained from the closing of the private offering of the old notes. The Tender Offer is scheduled to expire at midnight, New York City time, on December 3, 2010. On November 19, 2010, we issued a notice of redemption to redeem any untendered 9.375% Senior Notes at a price of 104.688% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date, in accordance with the indenture governing the 9.375% Senior Notes.

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, we 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 to two classes of creditors. On June 29, 2005, Leap became listed for trading on the NASDAQ National Market (now known as the NASDAQ Global Market) under the symbol LEAP, and our common stock

currently trades on the NASDAQ Global Select Market, also under the symbol LEAP .

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Our principal executive offices are located at 5887 Copley Drive, San Diego, California 92111 and our telephone number at that address is (858) 882-6000. Our principal websites are located at www.leapwireless.com and www.mycricket.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 and the Leap logo is a trademark of Leap. Cricket, Cricket Clicks, Flex Bucket, Jump, the Cricket stylized K and Real Unlimited. Unreal Savings are U.S. registered trademarks of Cricket. In addition, the following are trademarks or service marks of Cricket: BridgePay, Cricket Nation, Cricket PAYGo, MyPerks, Cricket MyPerks and Cricket Wireless Internet Service. All other trademarks are the property of their respective owners.

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Organizational Structure

The following chart represents our current corporate organizational structure. Prior to becoming wholly owned subsidiaries of Cricket, Denali and its subsidiaries will be neither guarantors of the notes nor in the Restricted Group nor Subsidiaries under the indenture governing the notes. LCW Wireless, STX Wireless and their respective subsidiaries will be in the Restricted Group and Subsidiaries under the indenture governing the notes, but will not guarantee the notes and will only be required to guarantee the notes in the future if they guarantee other indebtedness of Leap, Cricket or any other guarantor.

- (a) Guarantor of the notes and of Cricket's outstanding \$300 million in aggregate principal amount of 10.0% senior notes due 2015 and \$1.1 billion in aggregate principal amount of 7.75% senior secured notes due 2016, or the 7.75% Secured Notes. Leap also is the issuer of \$250 million of unsecured convertible senior notes due 2014.
- (b) LCW Wireless owns a 100% interest in LCW Operations, which, in turn, owns a 100% interest in LCW Wireless License, LLC. LCW Wireless and its subsidiaries became subsidiaries of Cricket in August 2010.
- (c) STX Wireless owns a 100% interest in STX Operations, which, in turn, owns a 100% interest in STX Wireless License, LLC. The remaining 24.25% non-controlling interest in STX Wireless is owned by Youghioghenny Communications, LLC. See Recent Developments STX Wireless Joint Venture above.
- (d) The remaining 17.5% controlling interest is owned by Denali Spectrum Manager, LLC. In September 2010, we entered into an agreement to purchase DSM's 17.5% controlling interest in Denali. In addition, in September 2010, Denali entered into an agreement to form a new venture to which Denali would contribute all of its spectrum outside its Chicago and Southern Wisconsin operating markets and a related spectrum lease in exchange for an 85% non-controlling interest. Denali will retain the spectrum and assets relating to its Chicago and Southern Wisconsin operating markets. The closings of both transactions are subject to customary closing conditions, including FCC approval, and the closing of Cricket's acquisition of DSM's controlling interest in Denali is subject to the immediately prior closing of the Savary Island transaction. Upon the closing of such transactions, Savary Island and its subsidiaries will be neither guarantors of the notes nor in the Restricted Group nor Subsidiaries under the indenture governing the notes. See Recent Developments Denali Buyout and Savary Island Venture above.

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The Exchange Offer

On November 19, 2010, we completed the private offering of \$1,200 million aggregate principal amount of 7.75% Senior Notes due 2020. As part of that offering, we entered into a registration rights agreement with the initial purchasers of the old notes in which we agreed, among other things, to deliver this prospectus to you and to complete an exchange offer for the old notes. Below is a summary of the exchange offer.

Old Notes	7.75% Senior Notes due 2020.
New Notes	Notes of the same series, the issuance of which has been registered under the Securities Act. The terms of the new notes are identical in all material respects to those of the old notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the old notes do not apply to the new notes.
Terms of the Offer	We are offering to exchange a like amount of new notes for our old notes in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. In order to be exchanged, an old note must be properly tendered and accepted. All old notes that are validly tendered and not withdrawn will be exchanged. As of the date of this prospectus, there is \$1,200 million aggregate principal amount of 7.75% Senior Notes due 2020 outstanding. We will issue new notes promptly after the expiration of the exchange offer.
Expiration Time	The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2011, unless extended.
Procedures for Tendering	To tender old notes, you must complete and sign a letter of transmittal in accordance with the instructions contained in the letter and forward it by mail, facsimile or hand delivery, together with any other documents required by the letter of transmittal, to the exchange agent, either with the old notes to be tendered or in compliance with the specified procedures for guaranteed delivery of old notes. Certain brokers, dealers, commercial banks, trust companies and other nominees may also effect tenders by book-entry transfer. Holders of old notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee are urged to contact such person promptly if they wish to tender old notes pursuant to the exchange offer. See <i>The Exchange Offer</i> Procedures for Tendering. Letters of transmittal and certificates representing old notes should not be sent to us. Such documents should only be sent to the exchange agent. Questions regarding how to tender old notes and requests for information should be directed to the exchange agent. See <i>The Exchange Offer</i> Exchange Agent.
Acceptance of Old Notes for Exchange; Issuance of New Notes	Subject to the conditions stated in <i>The Exchange Offer</i> Conditions to the Exchange Offer, we will accept for exchange any and all old notes which are properly tendered in the exchange offer before the expiration time. The

new notes will be delivered promptly after the expiration time.

Interest Payments on the New Notes

The new notes will bear interest from the date of original issuance of the old notes or, if interest has already been paid on the old notes, from the date interest was most recently paid. If your old notes are accepted for exchange, then you will receive interest on the new notes

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(including any accrued but unpaid additional interest on the old notes) and not on the old notes.

Withdrawal Rights

You may withdraw your tender of old notes at any time before the expiration time.

Conditions to the Exchange Offer

The exchange offer is subject to customary conditions. We may assert or waive these conditions in our sole discretion. If we materially change the terms of the exchange offer, we will resolicit tenders of the old notes. See [The Exchange Offer](#) [Conditions to the Exchange Offer](#) for more information.

Resales of New Notes

Based on interpretations by the staff of the SEC, as detailed in a series of no-action letters issued by the SEC to third parties, we believe that the new notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:

you are acquiring the new notes in the ordinary course of your business;

you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate in a distribution of the new notes;

you are not an affiliate of ours; and

you are not a broker-dealer that acquired any of its old notes directly from us.

If you fail to satisfy any of the foregoing conditions, you will not be permitted to tender your old notes in the exchange offer and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or other transfer of your old notes unless such sale is made pursuant to an exemption from such requirements.

Each broker or dealer that receives new notes for its own account in exchange for old notes that were acquired as a result of market-making or other trading activities must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer to resell, resale or other transfer of the new notes issued in the exchange offer, including the delivery of a prospectus that contains information with respect to any selling holder required by the Securities Act in connection with any resale of the new notes. See [The Exchange Offer](#) [Resales of New Notes](#).

Exchange Agent

Wells Fargo Bank, National Association, is serving as the exchange agent in connection with the exchange offer. The address and telephone and facsimile numbers of the exchange agent are listed under the heading [The](#)

Exchange Offer Exchange Agent.

Use of Proceeds

We will not receive any proceeds from the issuance of new notes in the exchange offer. We will pay all expenses incident to the exchange offer. See Use of Proceeds and The Exchange Offer Fees and Expenses.

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Certain U.S. Federal Income Tax Considerations

The exchange of old notes for new notes in the exchange offer will not be a taxable transaction for United States federal income tax purposes. See **Certain U.S. Federal Income Tax Considerations** on page 99.

Risk Factors

You should carefully consider the matters set forth under **Risk Factors** before you decide to tender your old notes pursuant to the exchange offer.

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The New Notes

Issuer	Cricket Communications, Inc.
Securities	Up to \$1,200 million aggregate principal amount of 7.75% Senior Notes due 2020. The terms of the new notes are identical in all material respects to those of the old notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the old notes do not apply to the new notes.
Maturity	October 15, 2020
Interest	Annual rate: 7.75%. The new notes will pay interest semi-annually in cash in arrears on April 15 and October 15 of each year.
Guarantees	<p>The new notes will be guaranteed by our parent, Leap Wireless International, Inc., by our wholly owned subsidiary Cricket License Company, LLC, and by any future restricted subsidiary that guarantees any indebtedness of Cricket or a guarantor of the notes.</p> <p>Our non-guarantor restricted subsidiaries and designated entities had total assets of \$627.7 million as of September 30, 2010, and had total revenues and operating losses of \$162.3 million and \$14.3 million, respectively, for the nine months ended September 30, 2010, and \$153.7 million and \$98.7 million, respectively, for the year ended December 31, 2009.</p>
Ranking	<p>The new notes and guarantees:</p> <ul style="list-style-type: none"> will be our and the guarantors' general unsubordinated obligations; will rank equally in right of payment with all of our and the guarantors' existing and future senior unsecured indebtedness; will be effectively junior to all of our and the guarantors' existing and future secured indebtedness, including our 7.75% Secured Notes to the extent of the value of the collateral securing such indebtedness; will be effectively junior to existing and future liabilities of our subsidiaries that are not guarantors and of any designated entities to the extent of the value of the assets of such entities; and will be senior in right of payment to any of our and the guarantors' future subordinated indebtedness.
Optional Redemption	The new notes may be redeemed, in whole or in part, at any time on or after October 15, 2015, at the redemption prices described in this prospectus, plus accrued and unpaid interest. See Description of New Notes Optional Redemption. Prior to October 15, 2015, we may redeem the new notes, in whole or in part, at a redemption price equal to 100% of

the principal amount thereof plus the applicable premium, plus accrued and unpaid interest and any additional interest as described in Description of New Notes Optional Redemption.

Prior to October 15, 2013, we may redeem up to 35% of the aggregate principal amount of the new notes with the net cash proceeds from specified equity offerings at a redemption price set forth in Description of New Notes Optional Redemption. We may, however, only make these redemptions if at least 50% of the

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aggregate principal amount of the new notes issued under the indenture remains outstanding after the redemptions.

Change of Control

If a change of control occurs, each holder of new notes may require us to repurchase all of the holder's new notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest. In addition, if 90% or more of the new notes are purchased in a change of control offer, we may redeem the remaining new notes. See Description of New Notes Repurchase at the Option of Holders Change of Control.

Certain Covenants

The indenture governing the new notes, among other things, limits our ability to:

incur additional indebtedness;

create liens or other encumbrances;

place limitations on distributions from restricted subsidiaries;

pay dividends, make investments, prepay subordinated indebtedness or make other restricted payments;

issue or sell capital stock of restricted subsidiaries;

issue guarantees;

sell or otherwise dispose of all or substantially all of our assets;

enter into transactions with our affiliates; and

make acquisitions or merge or consolidate with another entity.

The covenants are subject to a number of important qualifications and exceptions that are described in the sections of this prospectus entitled Description of New Notes Certain Covenants.

If the notes are rated investment grade by two out of three rating agencies (Moody's, S&P and Fitch) and we are not in default under the indenture, certain of the covenants in the indenture will be suspended.

Use of Proceeds

We will not receive proceeds from the issuance of the new notes offered hereby. In consideration for issuing the new notes in exchange for old notes as described in this prospectus, we will receive old notes of like principal amount. The old notes surrendered in exchange for the new notes will be retired and canceled.

Table of Contents**Summary Consolidated Financial Data and Other Data**

The following tables set forth selected consolidated financial and other data as of and for the years ended December 31, 2005, 2006, 2007, 2008 and 2009 and as of and for the nine months ended September 30, 2009 and 2010. We derived our summary historical financial data for the years ended December 31, 2007, 2008 and 2009 from our consolidated financial statements appearing in Leap's Annual Report on Form 10-K for the year ended December 31, 2009, which are incorporated by reference into this prospectus. We derived our summary historical financial data for the nine months ended September 30, 2009 and 2010 from our unaudited consolidated financial statements appearing in Leap's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, which is incorporated by reference into this prospectus. For a more detailed explanation of our financial condition and operating results, you should read the following summary historical financial and operating data in conjunction with our historical financial statements and related notes and Selected Consolidated Financial Data, and Management's Discussion and Analysis of Financial Condition and Results of Operations in Leap's Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, June 30, and September 30, 2010, each of which is incorporated herein by reference. The summary historical financial and operating data presented in this prospectus may not be indicative of future performance. Interim results are not necessarily indicative of the results to be expected for the entire financial year.

	Year Ended December 31,					Nine Months Ended	
	2005	2006	2007	2008	2009	2009	2010
	(Dollars in thousands)					(Unaudited)	
Statement of Operations Data(1)							
Revenues:							
Service revenues	\$ 768,916	\$ 956,365	\$ 1,395,667	\$ 1,709,101	\$ 2,143,829	\$ 1,596,858	\$ 1,747,058
Equipment revenues	188,855	210,822	235,136	249,761	239,333	187,005	143,152
Total revenues	957,771	1,167,187	1,630,803	1,958,862	2,383,162	1,783,863	1,890,210
Operating expenses:							
Cost of service exclusive of items shown separately (below)	(203,548)	(264,162)	(384,128)	(488,298)	(609,006)	(455,618)	(521,780)
Cost of equipment	(230,520)	(310,834)	(405,997)	(465,422)	(561,262)	(419,073)	(399,367)
Selling and marketing	(100,042)	(159,257)	(206,213)	(294,917)	(411,564)	(311,913)	(307,275)
General and administrative	(159,741)	(196,604)	(271,536)	(331,691)	(358,452)	(274,192)	(270,402)
Depreciation and amortization	(195,462)	(226,747)	(302,201)	(331,448)	(410,697)	(297,230)	(333,950)
Impairment of assets	(12,043)	(7,912)	(1,368)	(177)	(639)	(639)	(477,327)
	(901,356)	(1,165,516)	(1,571,443)	(1,911,953)	(2,351,620)	(1,758,665)	(2,310,101)

Total operating expenses								
Gain (loss) on sale or disposal of assets	14,587	22,054	902	(209)	(418)	1,436	(3,864)	
Operating income (loss)	71,002	23,725	60,262	46,700	31,124	26,634	(423,755)	
Equity in net income (loss) of investees, net			(2,309)	(298)	3,946	2,990	1,142	
Interest income	9,957	23,063	28,939	14,571	3,806	2,314	934	
Interest expense	(30,051)	(61,334)	(121,231)	(158,259)	(210,389)	(150,040)	(181,062)	
Other income (expense), net	1,392	(3,089)	(6,182)	(7,125)	469	(126)	3,207	
Loss on extinguishment of debt					(26,310)	(26,310)		
Income (loss) before income taxes and cumulative effect of change in accounting principle	52,300	(17,635)	(40,521)	(104,411)	(197,354)	(144,538)	(599,534)	
Income tax expense	(21,615)	(8,469)	(35,924)	(38,970)	(40,609)	(29,412)	(18,537)	
Income (loss) before cumulative effect of change in accounting principle	30,685	(26,104)	(76,445)	(143,381)	(237,963)	(173,950)	(618,071)	
Cumulative effect of change in accounting principle		623						
Net income (loss)	30,685	(25,481)	(76,445)	(143,381)	(237,963)	(173,950)	(618,071)	
Accretion of redeemable non-controlling interests, net of tax		(1,321)	(3,854)	(6,820)	(1,529)	(3,670)	(4,484)	
Net income (loss) attributable to common stockholders	\$ 30,685	\$ (26,802)	\$ (80,299)	\$ (150,201)	\$ (239,492)	\$ (177,620)	\$ (622,555)	

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	2005	2006	As of December 31, 2007 (In thousands)	2008	2009	As of September 30, 2010 (Unaudited)
Balance Sheet Data:						
Cash and cash equivalents	\$ 293,073	\$ 372,812	\$ 433,337	\$ 357,708	\$ 174,999	\$ 308,295
Short-term investments	90,981	66,400	179,233	238,143	389,154	256,303
Working capital	245,366	185,191	380,384	278,576	272,974	218,832
Restricted cash, cash equivalents and short-term investments(2)	13,759	13,581	15,550	4,780	3,866	3,503
Goodwill(3)	425,782	425,782	425,782	430,101	430,101	
Total assets	2,499,946	4,084,947	4,432,998	5,052,857	5,371,721	4,811,428
Capital leases	17,243	16,459	53,238	13,993	12,285	10,809
Long-term debt	588,333	1,676,500	2,033,902	2,566,025	2,735,318	2,726,909
Total stockholders equity	1,517,601	1,769,348	1,717,505	1,612,676	1,690,530	1,093,785

	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009	Three Months Ended September 30, 2009 (Unaudited)	December 31, 2009	March 31, 2010	June 30, 2010
	3,460,140	3,844,660	4,337,426	4,540,180	4,656,362	4,954,105	5,399,872	5,288,157
	155,779	385,292	492,753	202,767	116,182	297,743	445,768	(111,718)
\$	42.95	\$ 42.44	\$ 42.21	\$ 40.73	\$ 39.60	\$ 38.66	\$ 37.96	\$ 37.61
\$	201	\$ 182	\$ 195	\$ 201	\$ 208	\$ 181	\$ 171	\$ 215
\$	21.50	\$ 20.55	\$ 20.03	\$ 18.42	\$ 17.73	\$ 17.10	\$ 17.41	\$ 17.51
	4.2%	3.8%	3.3%	4.4%	5.4%	4.7%	4.5%	5.0%

	2005	2006	2007	2008	2009	Nine Months Ended September 30, 2009	2010
						(Unaudited and in thousands, except for ratios and percentages)	

Other Financial**Data:**

Adjusted OIBDA(9)	\$ 276,399	\$ 256,055	\$ 392,268	\$ 413,749	\$ 485,591	\$ 356,136	\$ 418,249
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Adjusted OIBDA margin(10)		36%	27%	28%	24%	23%	22%	24%						
Capital expenditures	\$	208,808	\$	591,295	\$	504,770	\$	795,678	\$	699,525	\$	577,542	\$	298,927
Statement of Cash Flow Data:														
Net cash provided by operating activities	\$	308,280	\$	289,871	\$	316,181	\$	350,646	\$	284,317	\$	194,825	\$	326,254
Net cash used in investing activities	\$	(332,112)	\$	(1,550,624)	\$	(622,728)	\$	(909,978)	\$	(875,792)	\$	(755,728)	\$	(161,981)
Net cash provided by (used in) financing activities	\$	175,764	\$	1,340,492	\$	367,072	\$	483,703	\$	408,766	\$	426,156	\$	(30,977)
Ratio of earnings to fixed charges(11)		1.7x												

- (1) Our consolidated financial information has been adjusted retrospectively to give effect to Leap's adoption on January 1, 2009 of the Financial Accounting Standards Board's authoritative guidance for non-controlling interests. The cumulative impact to our financial statements as a result of the adoption of the guidance for non-controlling interests resulted in a \$9.2 million reduction to stockholders' equity, a \$5.8 million reduction to deferred tax liabilities and a \$15.0 million increase to redeemable non-controlling interests (formerly referred to as minority interests) as of December 31, 2008. We have retrospectively applied the guidance for non-controlling interests to all prior periods.
- (2) Restricted cash, cash equivalents and short-term investments consist primarily of amounts that we have set aside to satisfy certain contractual obligations. From 2005 to 2007, restricted cash, cash equivalents and short-term investments primarily consisted of amounts we had set aside to satisfy remaining allowed administrative claims and allowed priority claims against Leap and Cricket following their emergence from bankruptcy.

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- (3) Goodwill primarily represents the excess of our reorganization value over the fair value of identified tangible and intangible assets recorded in connection with fresh-start reporting as of July 31, 2004. In connection with our annual goodwill impairment test performed during the third quarter of 2010, we determined that the implied value of our goodwill was zero. As a result, we recorded an impairment charge totaling \$430.1 million in the third quarter of 2010, reducing the carrying amount of our goodwill to zero.
- (4) We recognize a net customer addition for each Cricket Wireless, Cricket Broadband and Cricket PAYGo line of service activated by a customer. Includes subscribers and net customer additions for Cricket services offered by Cricket, LCW Operations and Denali Operations. Net customer additions for the three months ended September 30, 2008 exclude customers in the Hargray Wireless markets in South Carolina and Georgia that we acquired in April 2008. We completed the upgrade of the Hargray Wireless networks and introduced Cricket service in these markets in October 2008. Commencing with the fourth quarter of 2008, our customer additions include customers in the former Hargray Wireless markets.
- (5) 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, 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. Under our current revenue recognition policy, regulatory fees and telecommunications taxes that are billed and collected from our customers are reported as service revenues net of amounts that we remit to government agencies. Effective August 2010 with the launch of our new all-inclusive service plans, we no longer bill and collect these fees and taxes from customers, although we incur a reduction to our reported service revenues when we remit these fees and taxes to governmental agencies. As a result, for purposes of our calculation of ARPU, these fees and taxes with respect to our all-inclusive plans have been added back to service revenues. In a corresponding adjustment described below, these fees and taxes remitted with respect to our all-inclusive plans have been added to our cost of service for purposes of calculating CCU.

Customers of our Cricket Wireless and Cricket Broadband service are generally disconnected from service approximately 30 days after failing to pay a monthly bill. Customers of our Cricket PAYGo service are generally disconnected from service if they have not replenished or topped up their account within 60 days after the end of their current term of service. Therefore, because our calculation of weighted-average number of customers includes customers who have yet to disconnect service because they have either not paid their last bill or have not replenished or topped up their account, ARPU may appear lower during periods in which we have significant disconnect activity. 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. See Reconciliation of Non-GAAP Financial Measures below.

- (6) 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 and third-party commissions unrelated to the 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 the initial customer acquisition includes the revenues and costs associated with the sale of wireless devices to existing customers as well as costs associated with device replacements and repairs (other than warranty costs which are the responsibility of the device manufacturers). Commissions unrelated to the initial customer acquisition are commissions paid to third parties for certain activities related to the continuing service of customers. We deduct customers who do not pay their monthly bill

for their second month of service 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

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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. See Reconciliation of Non-GAAP Financial Measures below.

- (7) 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 and third-party commissions unrelated to the initial customer acquisition (which includes the gain or loss on the sale of devices to existing customers, costs associated with device replacements and repairs (other than warranty costs which are the responsibility of the device manufacturers) and commissions paid to third parties for certain activities related to the continuing service of customers), 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. In connection with the launch of our new all-inclusive service plans in August 2010, regulatory fees and telecommunications taxes with respect to these plans that we pay and no longer bill and collect from our customers have been added to cost of service for purposes of calculating CCU. 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. See Reconciliation of Non-GAAP Financial Measures below.
- (8) 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 monthly bill for their second month of service are deducted from our gross customer additions in the month in which they are disconnected; as a result, these customers are not included in churn. Customers of our Cricket Wireless and Cricket Broadband service are generally disconnected from service approximately 30 days after failing to pay a monthly bill, and pay-in-advance customers who ask to terminate their service are disconnected when their paid service period ends. Customers of our Cricket PAYGo service are generally disconnected from service if they have not replenished or topped up their account within 60 days after the end of their current term of service. 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. Churn for the three months ended September 30, 2008 excludes customers in Hargray Wireless markets in South Carolina and Georgia that we acquired in April 2008. We completed the upgrade of the Hargray Wireless networks and introduced Cricket service in these markets in October 2008. Commencing with the fourth quarter of 2008, churn includes customers in the former Hargray Wireless markets.
- (9) Adjusted OIBDA is a non-GAAP financial measure defined as operating income (loss) before depreciation and amortization, adjusted to exclude the effects of: gain/(loss) on sale/disposal of assets; impairment of assets; and share-based compensation expense. Adjusted OIBDA should not be construed as an alternative to operating income or net income as determined in accordance with GAAP, or as an alternative to cash flows from operating activities as determined in accordance with GAAP or as a measure of liquidity.

In a capital-intensive industry such as wireless telecommunications, management believes that adjusted OIBDA and the associated percentage margin calculations are meaningful measures of our operating performance. We use adjusted OIBDA as a supplemental performance measure because management believes it facilitates comparisons of our operating performance from period to period and comparisons of our operating performance to that of other companies by backing out potential differences caused by the age and book depreciation of fixed assets (affecting relative depreciation expenses) as well as the items described above for which additional adjustments were made. While depreciation and amortization are considered

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operating costs under GAAP, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Because adjusted OIBDA facilitates internal comparisons of our historical operating performance, management also uses this metric for business planning purposes and to measure our performance relative to that of our competitors. In addition, we believe that adjusted OIBDA and similar measures are widely used by investors, financial analysts and credit rating agencies as measures of our financial performance over time and to compare our financial performance with that of other companies in our industry.

Adjusted OIBDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations include:

it does not reflect capital expenditures;

although it does not include depreciation and amortization, the assets being depreciated and amortized will often have to be replaced in the future and adjusted OIBDA does not reflect cash requirements for such replacements;

it does not reflect costs associated with share-based awards exchanged for employee services;

it does not reflect the interest expense necessary to service interest or principal payments on current or future indebtedness;

it does not reflect expenses incurred for the payment of income taxes and other taxes; and

other companies, including companies in our industry, may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Management understands these limitations and considers adjusted OIBDA as a financial performance measure that supplements but does not replace the information provided to management by our GAAP results. See Reconciliation of Non-GAAP Financial Measures below.

- (10) Adjusted OIBDA margin is calculated by dividing adjusted OIBDA by service revenues. See Reconciliation of Non-GAAP Financial Measures below.
- (11) For purposes of calculating the ratio of earnings to fixed charges, earnings represent income (loss) before income taxes, cumulative effect of change in accounting principle, accretion of redeemable non-controlling interests, net of tax and equity in net income (loss) of investees, net, plus fixed charges and amortization of capitalized interest, minus amounts of capitalized interest. Fixed charges consist of interest expense, whether expensed or capitalized, and the interest portion of rental expense inherent in our operating leases. The portion of total rental expense that represents the interest factor is estimated to be 33%. Our earnings were inadequate to cover fixed charges for the nine months ended September 30, 2010 and 2009 by \$591.2 million and \$160.9 million, respectively, and for the years ended December 31, 2009, 2008, 2007 and 2006 by \$211.8 million, \$153.4 million, \$81.0 million and \$33.5 million, respectively.

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.

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ARPU The following table reconciles total service revenues used in the calculation of ARPU to service revenues, which we consider to be the most directly comparable GAAP financial measure to ARPU (unaudited and in thousands, except weighted-average number of customers and ARPU). Effective August 2010 with the launch of our new all-inclusive service plans, we no longer bill and collect regulatory fees and telecommunications taxes from customers, although we incur a reduction to our reported service revenues when we remit these fees and taxes to governmental agencies. As a result, for purposes of our calculation of ARPU, these fees and taxes with respect to our all-inclusive service plans have been added back to service revenues in the third quarter of 2010.

	Three Months Ended							
	Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Jun. 30, 2009	Sep. 30, 2009	Dec. 31, 2009	Mar. 31, 2010	June 30, 2010
es e s and ations for ive	\$ 434,523	\$ 458,506	\$ 514,005	\$ 541,585	\$ 541,268	\$ 546,971	\$ 584,822	\$ 596,999
in the ARPU	\$ 434,523	\$ 458,506	\$ 514,005	\$ 541,585	\$ 541,268	\$ 546,971	\$ 584,822	\$ 596,999
age	3,371,932	3,600,393	4,058,819	4,432,381	4,555,605	4,716,185	5,135,102	5,290,825
	\$ 42.95	\$ 42.44	\$ 42.21	\$ 40.73	\$ 39.60	\$ 38.66	\$ 37.96	\$ 37.61

CPGA The following table reconciles 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 (unaudited and in thousands, except gross customer additions and CPGA):

	Three Months Ended								
	Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Jun. 30, 2009	Sep. 30, 2009	Dec. 31, 2009	Mar. 31, 2010	June 30, 2010	Sep. 30, 2010
ng and eting nse	\$ 77,407	\$ 85,134	\$ 103,523	\$ 96,688	\$ 111,702	\$ 99,651	\$ 111,884	\$ 96,449	\$ 98,9
e-based ensation nse ded in ng and	(871)	(1,174)	(1,583)	(1,466)	(1,866)	(1,349)	(1,106)	(1,831)	(1,5

Marketing expense	113,057	133,017	157,796	127,775	133,502	142,189	168,053	111,041	120,2
Cost of development	(62,174)	(60,417)	(72,982)	(55,823)	(58,200)	(52,328)	(69,132)	(36,542)	(37,4
Development expense	(7,880)	(10,885)	(13,448)	(8,392)	(7,708)	(12,521)	(16,141)	(22,025)	(38,8
Net loss from operations	\$ 119,539	\$ 145,675	\$ 173,306	\$ 158,782	\$ 177,430	\$ 175,642	\$ 193,558	\$ 147,092	\$ 141,3
Other income	593,619	801,436	889,911	790,933	851,230	968,039	1,132,998	683,315	644,3
Other expenses	\$ 201	\$ 182	\$ 195	\$ 201	\$ 208	\$ 181	\$ 171	\$ 215	\$ 2

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CCU The following table reconciles 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 (unaudited and in thousands, except weighted-average number of customers and CCU):

	Three Months Ended							
	Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Jun. 30, 2009	Sep. 30, 2009	Dec. 31, 2009	Mar. 31, 2010	June 30, 2010
\$	129,708	\$ 128,563	\$ 144,344	\$ 154,567	\$ 156,707	\$ 153,388	\$ 165,934	\$ 175,803
	87,522	91,029	96,177	90,938	87,077	84,260	92,256	88,944
	(7,595)	(8,539)	(10,072)	(8,941)	(9,141)	(8,295)	(6,059)	(8,885)
	7,880	10,885	13,448	8,392	7,708	12,521	16,141	22,025
\$	217,515	\$ 221,938	\$ 243,897	\$ 244,956	\$ 242,351	\$ 241,874	\$ 268,272	\$ 277,887
	3,371,932	3,600,393	4,058,819	4,432,381	4,555,605	4,716,185	5,135,102	5,290,825
\$	21.50	\$ 20.55	\$ 20.03	\$ 18.42	\$ 17.73	\$ 17.10	\$ 17.41	\$ 17.51

Adjusted OIBDA The following table reconciles adjusted OIBDA to operating income (loss), which we consider to be the most directly comparable GAAP financial measure to adjusted OIBDA (unaudited; in thousands):

Leap	Nine Months Ended
Year Ended December 31,	September 30,

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	2005	2006	2007	2008	2009	2009	2010
Operating income (loss)	\$ 71,002	\$ 23,725	\$ 60,262	\$ 46,700	\$ 31,124	\$ 26,634	\$ (423,755)
Plus depreciation and amortization	195,462	226,747	302,201	331,448	410,697	297,230	333,950
OIBDA	\$ 266,464	\$ 250,472	\$ 362,463	\$ 378,148	\$ 441,821	\$ 323,864	\$ (89,805)
Less (gain) loss on sale or disposal of assets	(14,587)	(22,054)	(902)	209	418	(1,436)	3,864
Plus impairment of assets	12,043	7,912	1,368	177	639	639	477,327
Plus share-based compensation expense	12,479	19,725	29,339	35,215	42,713	33,069	26,863
Adjusted OIBDA	\$ 276,399	\$ 256,055	\$ 392,268	\$ 413,749	\$ 485,591	\$ 356,136	\$ 418,249
Adjusted OIBDA margin:							
Service revenues	\$ 768,916	\$ 956,365	\$ 1,395,667	\$ 1,709,101	\$ 2,143,829	\$ 1,596,858	\$ 1,747,058
Adjusted OIBDA margin	36%	27%	28%	24%	23%	22%	24%

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RISK FACTORS

You should carefully consider the risk factors set forth below, as well as the other information contained or incorporated by reference in this prospectus, before exchanging your old notes for new notes pursuant to this prospectus. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such case, you may lose all or part of your original investment.

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 \$533.3 million and \$618.1 million for the three and nine months ended September 30, 2010, respectively, and net losses of \$238.0 million, \$143.4 million and \$76.4 million for the years ended December 31, 2009, December 31, 2008 and December 31, 2007, respectively. We may not generate profits in the future on a consistent basis or at all. Our strategic objectives depend on our ability to successfully and cost-effectively operate our launched markets, on our ability to forecast and respond appropriately to changes in the competitive and economic environment, on the successful expansion of our distribution channels and on customer acceptance of our Cricket product and service offerings. We have experienced and expect to continue to experience increased expenses in connection with our launch of significant new business expansion efforts, including activities to broaden our product portfolio and distribution channels and to enhance our network coverage and capacity. If we fail to attract additional customers for our Cricket products and services and fail to achieve consistent profitability in the future, 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, competition in the wireless telecommunications market, our pace of new market launches and varying national economic conditions. Our current business plans assume that we will continue to increase our customer base over time, providing us with increased economies of scale. However, we experienced net decreases in our total customers of 111,718 in the second quarter of 2010 and 199,949 in the third quarter of 2010. Our ability to continue to grow our customer base and achieve the customer penetration levels we currently believe are possible in our markets is subject to a number of risks, including, among other things, increased competition from existing or new competitors, higher than anticipated churn, our inability to increase our network capacity to meet increasing customer demand, unfavorable economic conditions (which may have a disproportionate negative impact on portions of our customer base), our inability to successfully expand our distribution channels, changes in the demographics of our markets, adverse changes in the legislative and regulatory environment and other factors that may limit our ability to grow our customer base. If we are unable to attract and retain a growing customer base, our current business plans and financial outlook may be harmed.

We Face Increasing Competition Which Could Have a Material Adverse Effect on Demand for Cricket Service.

The telecommunications industry is very competitive. In general, we compete with national facilities-based wireless providers and their prepaid affiliates or brands, local and regional carriers, non-facilities-based MVNOs, voice-over-internet-protocol service providers, traditional landline service providers and cable companies. Some of

these competitors are able to offer bundled service offerings which package wireless service offerings with additional service offerings, such as landline phone service, cable or satellite television, media and internet, that we are not able to duplicate.

Some of these competitors have greater name and brand recognition, larger spectrum holdings, larger footprints, access to greater amounts of capital, greater technical, sales, marketing and distribution resources and established relationships with a larger base of current and potential customers. These advantages may allow our

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competitors to provide service offerings with more extensive features or options than those we currently provide, offer the latest and most popular devices through exclusive vendor arrangements, market to broader customer segments, or purchase equipment, supplies, devices and services at lower prices than we can. As device selection and pricing become increasingly important to customers, our inability to offer customers the latest and most popular devices as a result of exclusive dealings between device manufacturers and our larger competitors could put us at a significant competitive disadvantage and make it more difficult for us to attract and retain customers. In addition, some of our competitors are able to offer their customers roaming services at lower rates. As consolidation in the industry creates even larger competitors, advantages that our competitors may have, as well as their bargaining power as wholesale providers of roaming services, may increase. For example, in connection with the offering of our nationwide roaming service, we have encountered problems with certain large wireless carriers in negotiating terms for roaming arrangements that we believe are reasonable, and we believe that consolidation has contributed significantly to such carriers' control over the terms and conditions of wholesale roaming services.

The competitive pressures of the wireless telecommunications industry and the attractive growth prospects in the prepaid segment have continued to increase and have caused a number of our competitors to offer competitively-priced unlimited prepaid and postpaid service offerings or increasingly large bundles of minutes of use at increasingly lower prices, which are competing with the predictable and unlimited Cricket Wireless service plans. For example, AT&T, Sprint Nextel, T-Mobile and Verizon Wireless each offer unlimited service offerings. Sprint Nextel also offers a competitively-priced unlimited service offering under its Boost Unlimited and Virgin Mobile brands, which are similar to our Cricket Wireless service. T-Mobile also offers an unlimited plan that is competitively priced with our Cricket Wireless service. In addition, a number of MVNOs offer competitively-priced service offerings. For example, Tracfone Wireless has introduced a wireless offering under its Straight Talk brand using Verizon's wireless network. Moreover, some competitors offer prepaid wireless plans that are being advertised heavily to the same demographic segments we target. These service offerings have presented, and are expected to continue to present, strong competition in markets in which our offerings overlap.

In addition to voice offerings, there are a number of mobile broadband services that compete with our Cricket Broadband service. AT&T, Sprint Nextel, T-Mobile and Verizon Wireless each offer mobile broadband services. In addition, Clearwire Corporation has launched unlimited 4G wireless broadband service in a number of markets in which we offer Cricket Broadband, and Clearwire has announced plans to launch this service in additional markets. Best Buy also recently launched a mobile broadband product using Sprint's wireless network. These broadband service offerings have presented, and are expected to continue to present, strong competition in markets in which our offerings overlap.

We may also face additional competition from new entrants in the wireless marketplace, many of whom may have significantly more resources than we do. The FCC is pursuing policies designed to increase the number of wireless licenses and spectrum available for the provision of wireless voice and data services in each of our markets, as well as policies to increase the level of intermodal broadband competition. For example, the FCC has adopted rules that allow the partitioning, disaggregation or leasing of wireless licenses, which may increase the number of our competitors. More recently, the FCC announced in March 2010, as part of its National Broadband Plan, the goal of making an additional 500 MHz of spectrum available for broadband use within the next 10 years, of which the FCC stated that 300 MHz should be made available for mobile use within five years. The FCC has also adopted policies to allow satellite operators to use portions of their spectrum for ancillary terrestrial use and recently made further changes intended to facilitate the terrestrial use of this spectrum for wireless voice and broadband services. Taking advantage of such developments, at least one new entrant, LightSquared, has announced plans to launch a new wholesale, nationwide 4G-LTE wireless broadband network integrated with satellite coverage to allow partners to offer terrestrial-only, satellite-only or integrated satellite-terrestrial services to their end users. The FCC has also permitted the offering of broadband services over power lines. The auction and licensing of new spectrum, the re-purposing of other spectrum or the pursuit of policies designed to encourage broadband adoption across wireline and wireless

platforms may result in new or existing competitors acquiring additional capacity, which could allow them to offer services that we may not be able to offer cost-effectively, or at all, with the licenses we hold or to which we have access.

Our ability to remain competitive will depend, in part, on our ability to anticipate and respond to various competitive factors and to keep our costs low. In August 2009 and March 2010, we revised a number of our Cricket

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Wireless service plans to provide additional features previously only available in our higher-priced plans, to eliminate certain fees we previously charged customers who changed their service plans and to include unlimited nationwide roaming and international long distance services. These changes, which were made in response to the competitive and economic environment, resulted in lower average monthly revenue per customer and increased costs. In August 2010, we introduced a number of new initiatives to respond to the evolving competitive landscape, including revising the features of a number of our Cricket service offerings, eliminating certain late fees we previously charged to customers who reinstated their service after having failed to pay their monthly bill on time, and entering into a new wholesale and nationwide roaming agreement and introducing new smartphones and other handsets and devices. These initiatives, however, are significant undertakings, and we expect to incur additional expense in the near term as we implement these changes. In addition, there can be no assurance that any of these new initiatives will be successful. The evolving competitive landscape may result in more competitive pricing, slower growth, higher costs and increased customer turnover. Any of these results or actions could have a material adverse effect on our business, financial condition and operating results.

General Economic Conditions May Adversely Affect Our Business, Financial Performance or Ability to Obtain Debt or Equity Financing on Reasonable Terms or at All.

Our business and financial performance are sensitive to changes in general economic conditions, including changes in interest rates, consumer credit conditions, consumer debt levels, consumer confidence, rates of inflation (or concerns about deflation), unemployment rates, energy costs and other macro-economic factors. Market and economic conditions have been unprecedented and challenging in recent years. Continued concerns about the systemic impact of a long-term downturn, high unemployment, high energy costs, the availability and cost of credit and unstable housing and mortgage markets have contributed to increased market volatility and diminished expectations for the economy. Concern about the stability of the financial markets and the strength of counterparties has led many lenders and institutional investors to reduce or cease to provide credit to businesses and consumers, and less liquid credit markets have adversely affected the cost and availability of credit. These factors have led to a decrease in spending by businesses and consumers alike.

Continued market turbulence and weak economic conditions may materially adversely affect our business and financial performance in a number of ways. Because we do not require customers to sign fixed-term contracts or pass a credit check, our service is available to a broad customer base and may be attractive to a market segment that is more vulnerable to weak economic conditions. As a result, during general economic downturns, we may have greater difficulty in gaining new customers within this base for our services and existing customers may be more likely to terminate service due to an inability to pay. For example, high unemployment levels have recently impacted our customer base, especially the lower-income