

CRICKET COMMUNICATIONS INC

Form S-4

October 15, 2009

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As filed with the Securities and Exchange Commission on October 15, 2009
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.
SUBSIDIARY GUARANTORS LISTED ON SCHEDULE A HERETO
(Exact name of registrants as specified in their charters)

Leap Wireless International, Inc.
Delaware
Cricket Communications, Inc.
Delaware
(State or other jurisdiction of incorporation or organization)

Leap Wireless International, Inc.
33-0811062
Cricket Communications, Inc.
33-0879924
(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.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
 (Do not check if a smaller reporting company)

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 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
Secured Notes due 2016	\$1,100,000,000	100%	\$1,100,000,000	\$6,050,000
7.75% Senior Secured Notes due 2016	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) Pursuant to Rule 457(p) under the Securities Act, the Registrant is offsetting \$9,465.89 of the registration fee due under this Registration Statement against the remaining \$9,465.89 of the registration fee from the Registration Statement on Form S-1 (File No. 333-126246) originally filed by the Registrant on June 30, 2005 (the Prior Registration Statement). A total of \$37,856.89 was paid with respect to the unsold 11,755,806 shares of common stock that were registered on the Prior Registration Statement. The Registrant previously applied (1) \$301.00 of the unused registration fee from the Prior Registration Statement in connection with the registration of 300,000 shares of common stock on the Registration Statement on Form S-8 (File No. 333-157689) that was filed by the Registrant on March 4, 2009; (2) \$11,763.00 of the unused registration fee from the Prior Registration Statement in connection with the registration of 11,755,806 shares of common stock on the Registration Statement on Form S-3 (File No. 333-157697) that was filed by the Registrant on March 4, 2009, (3) \$15,207.00 of the unused registration fee from the Prior Registration Statement in connection with the registration of 7,000,000 shares of common stock on the Registration Statement on Form S-3 (File No. 333-157690) that was filed by the Registrant on March 4, 2009, as supplemented by the prospectus supplement filed by the Registrant pursuant to Rule 424(b)(5) under the Securities Act on May 29, 2009, and

(4) \$1,120.00 of the unused registration fee from the Prior Registration Statement in connection with the registration of 1,000,000 shares of common stock on the Registration Statement on Form S-8 (File No. 333-162068) that was filed by the Registrant on September 23, 2009.

(3) 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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**SCHEDULE A
SUBSIDIARY GUARANTORS**

Name	Jurisdiction	I.R.S. Employer Identification Number
Cricket Licensee I, LLC	Delaware	33-0931775
Cricket Licensee (Reaaction), LLC	Delaware	33-0874572
Cricket Licensee 2007, LLC	Delaware	26-1465560

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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 OCTOBER 15, 2009

PROSPECTUS

Cricket Communications, Inc.

Offer to exchange its 7.75% Senior Secured Notes due 2016, which have been registered under the Securities Act of 1933, for any and all of its outstanding 7.75% Senior Secured Notes due 2016

**The exchange offer and withdrawal rights will expire at 5:00 p.m.,
New York City time, on , 2009, unless extended.**

We are offering to exchange up to \$1,100,000,000 aggregate principal amount of our new 7.75% Senior Secured Notes due 2016, which have been registered under the Securities Act of 1933, referred to in this prospectus as the new notes, for any and all of our outstanding unregistered 7.75% Senior Secured Notes due 2016, referred to in this prospectus as the old notes. We issued the old notes on June 5, 2009 in a transaction not requiring registration under the Securities Act of 1933. 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 Material 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 , 2009



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 of 1933, as amended, or 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:

our Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on February 27, 2009;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009, filed with the SEC on May 11, 2009 and August 10, 2009, respectively; and

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our Current Reports on Form 8-K filed with the SEC on February 17, 2009, May 28, 2009, May 29, 2009, June 1, 2009, June 8, 2009 and September 4, 2009.

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 the initial registration statement of which this prospectus is a part and prior to effectiveness of the registration statement, as well as 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 _____, 2009, 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 contains or incorporates by reference forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management's current forecast of certain aspects of our future. You can generally identify forward-looking statements by forward-looking words such as believe, think, may, could, will, estimate, anticipate, intend, seek, plan, expect, should, would and similar expressions in this prospectus. 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 recession 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 offerings and execute effectively on our other strategic activities;

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

our ability to maintain effective internal control over financial reporting;

delays by existing U.S. government and other private sector wireless operations in clearing the Advanced Wireless Services, or AWS, spectrum, some of which users are permitted to continue using the spectrum for several years;

our ability to attract, motivate and retain an experienced workforce;

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

failure of our network or information technology systems to perform according to expectations; 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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PROSPECTUS 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 existing domestic restricted subsidiaries, including Cricket Communications, Inc., a Delaware corporation and the issuer of the notes, unless the context suggests otherwise. Unless otherwise specified, information relating to population and potential customers, or POPs, is based on 2009 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, and is also offered in Oregon by LCW Wireless Operations, LLC, or LCW Operations, and in the upper Midwest by Denali Spectrum Operations, LLC, or Denali Operations. Cricket owns an indirect 73.3% non-controlling interest in LCW Operations through a 73.3% non-controlling interest in LCW Wireless, LLC, or LCW Wireless, and owns an indirect 82.5% non-controlling interest in Denali Operations through an 82.5% non-controlling interest in Denali Spectrum, LLC, or Denali. LCW Wireless and Denali are designated entities under Federal Communications Commission, or FCC, regulations. We consolidate our interests in LCW Wireless and Denali in accordance with Financial Accounting Standards Board Interpretation No. 46(R), Consolidation of Variable Interest Entities, because these entities are variable interest entities and we will absorb a majority of their expected losses.

As of June 30, 2009, Cricket service was offered in 34 states and the District of Columbia and had approximately 4.5 million customers. As of June 30, 2009, we, LCW Wireless License, LLC, or LCW License (a wholly owned subsidiary of LCW Operations), and Denali Spectrum License Sub, LLC, or Denali License Sub (an indirect wholly owned subsidiary of Denali) owned wireless licenses covering an aggregate of approximately 179.4 million POPs (adjusted to eliminate duplication from overlapping licenses). The combined network footprint in our operating markets covered approximately 91.1 million POPs as of June 30, 2009, which includes incremental POPs attributed to ongoing footprint expansion in existing markets. The licenses we and Denali purchased in the FCC's auction for AWS spectrum, or Auction #66, together with the existing licenses we 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 License Sub were to make available to us certain of its spectrum.

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 plan combines unlimited local and U.S. long distance service from any Cricket service area with unlimited use of multiple calling features and messaging services. We also offer a flexible payment option, BridgePay™, which gives our customers greater flexibility in the use and payment of our Cricket Wireless service and which we believe will help us to improve customer retention. 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 with no long-term commitments or credit checks. As of June 30, 2009, our Cricket Broadband service was available in all of our and our consolidated joint ventures Cricket markets. In addition, we also

offer Cricket PAYGo™, a daily 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. We began an introductory launch of Cricket PAYGo in select markets in October 2008, and in April 2009 we expanded the availability of the service to make Cricket PAYGo available in all of our and our consolidated joint ventures Cricket markets.

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We believe that our business model is different from most other wireless companies. Our services primarily target market segments underserved by traditional communications companies: our customers tend to be younger, have lower incomes and include a greater percentage of ethnic minorities. We have designed our Cricket services to appeal to customers who value unlimited wireless services with predictable monthly billing and who use the majority of those wireless services from within Cricket service areas. Our internal customer surveys indicate that approximately 65% of our Cricket Wireless customers use our service as their sole phone service and approximately 90% as their primary phone service. For the three months ended June 30, 2009, our customers used our Cricket Wireless service for an average of approximately 1,500 minutes per month, which was substantially above the U.S. wireless national carrier customer average.

The majority of wireless customers in the U.S. subscribe to post-pay services that may require credit approval and a contractual commitment from the subscriber for a period of at least one year and may include overage charges for call volumes in excess of a specified maximum. According to International Data Corporation, U.S. wireless penetration was approximately 89% at December 31, 2008. We believe that a large portion of the remaining growth potential in the U.S. wireless market consists of customers who are price-sensitive, who have lower credit scores or who prefer not to enter into fixed-term contracts. We believe our prepaid and pay-in-advance services appeal strongly to these customer segments. We believe that we are able to serve these customers and generate significant operating income before depreciation and amortization, or OIBDA, because of our high-quality network and low customer acquisition and operating costs.

We believe that our business model is scalable and can be expanded successfully into adjacent and new markets 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, we have continued activities to broaden our product portfolio and to expand and improve our network coverage and capacity. In addition to our new product offerings described above, we and Denali Operations launched new markets in Chicago, Philadelphia, Washington, D.C. and Baltimore covering approximately 24 million additional POPs during the first half of 2009. We also continue to improve our network coverage and capacity in many of our existing markets and plan to deploy up to an additional 600 cell sites by the end of 2010 to enable us to provide improved service areas. In addition to our current business expansion efforts, we may pursue other activities to build our business. For example, we have identified new markets covering approximately 16 million additional POPs that we could elect to launch with Cricket service in the future using our wireless licenses. Other business expansion efforts could include (without limitation) the launch of new product and service offerings, the acquisition of additional spectrum through private transactions or FCC auctions, entering into partnerships with others to launch and operate additional markets or to reduce operating costs in existing markets, the acquisition of other wireless communications companies or complementary businesses or the deployment of next-generation network technology over the longer term. We also expect to continue to look for opportunities to optimize the value of our spectrum portfolio. Because some of the licenses that we and Denali License Sub 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 expect that we will continue to pursue business expansion activities for the next several years. We intend to be disciplined as we pursue these expansion efforts and to remain focused on our position as a low-cost leader in wireless telecommunications. We expect to achieve increased revenues and incur higher operating expenses as our existing business grows and as we broaden our product portfolio and expand and improve our network coverage and capacity. Any significant new activities may require significant expenditures and may suffer cost overruns. Any significant capital expenditures or increased operating expenses will decrease OIBDA and free cash flow for the periods in which we incur such costs. However, we are willing to incur such expenditures because we expect our business expansion activities will be beneficial to our business and create additional value for our stockholders.

Our Business Strategy

Our business strategy is to (1) target market segments underserved by traditional communications companies, (2) maintain an industry-leading cost structure, (3) continue to develop and evolve our product and service offerings, (4) build our brand awareness and improve the productivity of our distribution system, (5) continue to

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expand our network coverage and capacity in our existing markets and (6) continue to develop and enhance our market clusters and expand into new geographic markets.

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.

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: Cricket Wireless, MyPerks, Cricket MyPerks, Cricket PAYGo, BridgePay, Cricket By Week, Cricket Choice, Cricket Connect and Cricket Nation. 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. None of LCW Wireless, Denali or their respective subsidiaries is a guarantor of the notes, in the Restricted Group or a Subsidiary under the indenture governing the notes, and the collateral securing the notes excludes all of their respective assets. This chart excludes inactive subsidiaries of Leap that are not material for purposes of the offering or otherwise.

- (a) Guarantor of the notes and of Cricket's outstanding \$1.4 billion in aggregate principal amount of unsecured senior notes.
- (b) Of the remaining 26.7% interest, a 2.0% controlling interest is owned by WLPCS Management, LLC and a 24.7% interest is owned by CSM Wireless, LLC. Neither LCW Wireless nor any of its subsidiaries is in the Restricted Group or a Subsidiary under the indenture governing the notes or the indentures governing Cricket's outstanding \$1.4 billion in aggregate principal amount of unsecured senior notes. Effective as of August 31, 2009, CSM Wireless, LLC exercised its option to put its entire membership interest of 24.7% in LCW Wireless to Cricket in exchange for cash, Leap common stock or a combination thereof, as determined by Cricket at its discretion. Completion of this transaction is subject to customary closing conditions.
- (c) The remaining 17.5% controlling interest is owned by Denali Spectrum Manager, LLC. Neither Denali nor any of its subsidiaries is in the Restricted Group or a Subsidiary under the indenture governing the notes or the indentures governing Cricket's outstanding \$1.4 billion in aggregate principal amount of unsecured senior notes.

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The Exchange Offer

On June 5, 2009, we completed the private offering of \$1,100 million aggregate principal amount of 7.75% Senior Secured Notes due 2016. 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 Secured Notes due 2016.
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 \$1,100 million aggregate principal amount of 7.75% Senior Secured Notes due 2016 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 _____, 2009, unless extended.
Procedures for Tendering	<p>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.</p> <p>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.</p>
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

Wilmington Trust FSB 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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Material 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 **Material U.S. Federal Income Tax Considerations** on page 127.

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 \$1,100 million aggregate principal amount of 7.75% Senior Secured Notes due 2016. 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	May 15, 2016
Interest	Annual rate: 7.75%. The new notes will pay interest semi-annually in cash in arrears on May 15 and November 15 of each year.
Guarantees	The new notes will be guaranteed by our parent, Leap Wireless International, Inc., and by each of Leap's direct and indirect existing domestic restricted subsidiaries (other than Cricket) and any future wholly owned domestic restricted subsidiary that guarantees any indebtedness of Cricket or a guarantor of the new notes.
Ranking	<p>The new notes and guarantees:</p> <ul style="list-style-type: none"> will be our and the guarantors' senior secured obligations; will be effectively junior to all of our and the guarantors' obligations under any permitted debt that may be incurred in the future (up to the lesser of 0.30 times our consolidated cash flow for the prior four fiscal quarters and \$300 million in aggregate principal amount outstanding) which may be secured by liens on the collateral that rank senior to the liens securing the new notes and the guarantees (which we refer to in this prospectus as permitted priority debt); will be secured on a pari passu basis with all of our and the guarantors' obligations under any permitted debt that may be incurred in the future that is secured by liens on the collateral that rank equally with the liens on the collateral securing the new notes and the guarantees (which we refer to in this prospectus as parity lien debt); will be effectively senior to all of our and the guarantors' obligations under any permitted debt that may be incurred in the future that is secured by liens on the collateral that rank junior to the liens on the collateral securing the new notes and the guarantees (which we refer to in this prospectus as junior lien debt); will be effectively senior to all of our and the guarantors' existing and future unsecured indebtedness, including Cricket's \$1.4 billion aggregate principal amount of unsecured senior notes and, in the case of Leap, Leap's \$250 million aggregate principal amount of convertible senior notes, to

the extent of the value of the collateral securing the new notes and guarantees (after taking into consideration the application of proceeds of such collateral to satisfy any debt that may be issued in the future that is secured by liens on the collateral that either rank senior to (including permitted priority debt), or on parity with (including parity lien debt), the liens securing the new notes and the guarantees);

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will be equal in right of payment with all of our and the guarantors existing and future unsubordinated indebtedness, including Cricket's \$1.4 billion aggregate principal amount of unsecured senior notes and, in the case of Leap, Leap's \$250 million aggregate principal amount of convertible senior notes;

will be senior in right of payment to any of our and the guarantors' future subordinated indebtedness; and

will be effectively junior to existing and future liabilities of our subsidiaries that are not guarantors and of our designated entities to the extent of the value of the assets of such entities.

Collateral

The new notes and the guarantees will be secured on a first-priority basis, equally and ratably with all parity lien debt, by liens on substantially all of the tangible and intangible personal property of Leap, Cricket and the subsidiary guarantors (subject to permitted liens, including liens on the collateral securing up to the lesser of 0.30 times our consolidated cash flow for the prior four fiscal quarters and \$300 million in aggregate principal amount of permitted priority debt that may be incurred in the future). See Description of New Notes Collateral.

Collateral Trust Agreement

We and the guarantors have entered into a collateral trust agreement with the trustee under the indenture governing the new notes and a collateral trustee, which sets forth the terms on which the collateral trustee will receive, hold, administer, maintain, enforce and distribute the proceeds of all liens on the collateral securing the new notes and the guarantees, any other parity lien debt and any junior lien debt. The material terms of the collateral trust agreement are set forth under Description of New Notes Collateral Trust Agreement.

Intercreditor Agreement

We and the guarantors may in the future enter into an intercreditor agreement with the collateral trustee and an agent acting on behalf of holders of up to the lesser of 0.30 times our consolidated cash flow for the prior four fiscal quarters and \$300 million in aggregate principal amount of permitted priority debt that may be incurred in the future which would govern the relationship between, and set forth the provisions related to the respective rights of, such agent (on behalf of the holders of such permitted priority debt) and the collateral trustee (on behalf of the holders of the notes and the guarantees, and the holders of any other parity lien debt or junior lien debt). The material terms of the form of intercreditor agreement are set forth under Description of New Notes Collateral and the Intercreditor Agreement.

Optional Redemption

The new notes may be redeemed, in whole or in part, at any time on or after May 15, 2012, at the redemption prices described in this prospectus, plus accrued and unpaid interest. See Description of New Notes Optional Redemption. Prior to May 15, 2012, 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.

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Prior to May 15, 2012, 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 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. 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 section of this prospectus entitled Description of New Notes Certain Covenants.

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.

Original Issue Discount

The new notes will be issued with original issue discount (OID) for U.S. federal income tax purposes. Accordingly, U.S. holders will generally be

required to include such OID in their income as it accrues for U.S. federal income tax purposes in advance of receipt of any payment on the new notes to which the income is attributable. See Material U.S. Federal Income Tax Considerations U.S. Holders Original Issue Discount.

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

The following tables summarize the financial data for our business, which are derived from our unaudited financial accounting records. For a more detailed explanation of our financial condition and operating results, you should read Selected Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes incorporated by reference into this prospectus from our Annual Report on Form 10-K for the year ended December 31, 2008 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009. References in these tables to Predecessor Company refer to Leap and its subsidiaries on or prior to July 31, 2004. References to Successor Company refer to Leap and its subsidiaries after July 31, 2004, after giving effect to the implementation of fresh-start reporting. The financial statements of the Successor Company are not comparable in many respects to the financial statements of the Predecessor Company because of the effects of the consummation of the plan of reorganization as well as the adjustments for fresh-start reporting.

	Predecessor Company		Successor Company						
	Seven Months Ended July 31, 2004	Five Months Ended December 31, 2004	2005	Year Ended December 31, 2006		2007	2008	Six Months Ended June 30, 2008	2009
(Unaudited and in thousands, except per share data)									
Statement of Operations Data(1)									
Revenues:									
Operating revenues	\$ 405,850	\$ 289,355	\$ 768,916	\$ 956,365	\$ 1,395,667	\$ 1,709,101	\$ 816,072	\$ 1,050,000	\$ 1,050,000
Other revenues	86,906	61,492	188,855	210,822	235,136	249,761	127,170	127,170	127,170
Total revenues	492,756	350,847	957,771	1,167,187	1,630,803	1,958,862	943,242	1,177,170	1,177,170
Operating expenses:									
Cost of service									
Depreciation and amortization of intangible assets	(114,628)	(80,286)	(203,548)	(264,162)	(384,128)	(488,298)	(230,027)	(230,027)	(230,027)
Depreciation of equipment and other assets	(101,441)	(85,460)	(230,520)	(310,834)	(405,997)	(465,422)	(219,348)	(219,348)	(219,348)
Marketing and advertising	(51,997)	(39,938)	(100,042)	(159,257)	(206,213)	(294,917)	(132,376)	(132,376)	(132,376)
Administrative and general	(81,514)	(57,110)	(159,741)	(196,604)	(271,536)	(331,691)	(153,140)	(153,140)	(153,140)
Provision for doubtful accounts	(178,120)	(75,324)	(195,462)	(226,747)	(302,201)	(331,448)	(168,806)	(168,806)	(168,806)
Impairment of assets			(12,043)	(7,912)	(1,368)	(177)			
Total operating expenses	(527,700)	(338,118)	(901,356)	(1,165,516)	(1,571,443)	(1,911,953)	(903,697)	(903,697)	(903,697)

operating								
es								
ross) on sale or								
l of assets	532		14,587	22,054	902	(209)	961	
ing income								
(34,412)	12,729	71,002	23,725	60,262	46,700	40,506	2	
in net income								
f investee					(2,309)	(298)	(1,357)	
t income		1,812	9,957	23,063	28,939	14,571	7,367	
t expense	(4,195)	(16,594)	(30,051)	(61,334)	(121,231)	(158,259)	(63,758)	(9
income								
se), net	(293)	(117)	1,392	(3,089)	(6,182)	(7,125)	(4,343)	
n								
ishment of								(2
e (loss) before								
nization items,								
taxes and								
tive effect of								
n accounting								
le	(38,900)	(2,170)	52,300	(17,635)	(40,521)	(104,411)	(21,585)	(8
nization								
net	962,444							

stockholders(2): Earnings (loss) before cumulative effect of change in accounting principle and after accretion of redeemable noncontrolling interests, net of tax	\$	15.68	\$	(0.10)	\$	0.51	\$	(0.44)	\$	(1.20)	\$	(2.21)	\$	(0.67)	\$	(1.63)
Cumulative effect of change in accounting principle								0.01								
Basic earnings (loss) per share attributable to common stockholders	\$	15.68	\$	(0.10)	\$	0.51	\$	(0.43)	\$	(1.20)	\$	(2.21)	\$	(0.67)	\$	(1.63)
Diluted earnings (loss) per share attributable to common stockholders(2): Earnings (loss) before cumulative effect of change in accounting principle and after accretion of redeemable noncontrolling interests, net of tax	\$	15.68	\$	(0.10)	\$	0.50	\$	(0.44)	\$	(1.20)	\$	(2.21)	\$	(0.67)	\$	(1.63)
Cumulative effect of change in accounting principle								0.01								
Diluted earnings (loss) per share attributable to common stockholders	\$	15.68	\$	(0.10)	\$	0.50	\$	(0.43)	\$	(1.20)	\$	(2.21)	\$	(0.67)	\$	(1.63)

Shares used in
per share
calculations(2):

Basic	58,623	60,000	60,135	61,645	67,100	68,021	67,963	69,371
Diluted	58,623	60,000	61,003	61,645	67,100	68,021	67,963	69,371

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	2004	2005	As of December 31, 2006 2007 2008			As of June 30, 2009
	(Unaudited and in thousands)					
Balance Sheet Data:						
Cash, cash equivalents and short-term investments	\$ 254,224	\$ 384,054	\$ 439,212	\$ 612,570	\$ 595,851	\$ 713,760
Working capital	150,868	245,366	185,191	380,384	278,576	402,715
Restricted cash, cash equivalents and short-term investments(3)	31,427	13,759	13,581	15,550	4,780	3,248
Total assets	2,213,312	2,499,946	4,084,947	4,432,998	5,052,857	5,429,095
Capital leases				53,283	13,993	13,242
Long-term debt	371,355	588,333	1,676,500	2,033,902	2,566,025	2,754,253
Total stockholders equity	1,472,347	1,517,601	1,769,348	1,717,505	1,612,676	1,794,162

	June 30, 2007	September 30, 2007	December 31, 2007	Three Months Ended March 31, 2008 June 30, 2008		September 30, 2008	December 31, 2008	Ma 2
	(Unaudited)							
,172	2,674,963	2,711,447	2,863,519	3,093,581	3,305,251	3,460,140	3,844,660	4,
,346	126,791	36,484	152,072	230,062	171,171	155,779	385,292	
4.81	\$ 44.75	\$ 44.51	\$ 45.57	\$ 44.98	\$ 43.97	\$ 42.95	\$ 42.44	\$
166	\$ 182	\$ 199	\$ 178	\$ 159	\$ 205	\$ 201	\$ 182	\$
1.27	\$ 19.87	\$ 21.24	\$ 21.00	\$ 21.73	\$ 21.01	\$ 21.50	\$ 20.55	\$
3.4%	4.3%	5.2%	4.2%	3.6%	3.8%	4.2%	3.8%	

Predecessor Company
Seven Months Ended

Five Months Ended

Successor Company

July 31, 2004

December 31, 2004

2005

Year Ended December 31, 2006 2007

2008

Six Months Ended June 30, 2008 2009

(Unaudited and in thousands, except for ratios and percentages)

Financial

Adjusted OIBDA(9)	\$ 142,339	\$ 88,053	\$ 276,399	\$ 256,055	\$ 392,268	\$ 413,749	\$ 225,387	\$ 23
Adjusted OIBDA(10)	35%	30%	36%	27%	28%	24%	28%	
Adjusted business OIBDA(9)	\$ 142,339	\$ 88,053	\$ 276,399	\$ 256,055	\$ 392,268	\$ 585,780	\$ 289,439	\$ 35
Adjusted business OIBDA(10)	35%	30%	36%	27%	28%	36%	36%	
Adjusted expenditures	\$ 34,456	\$ 49,043	\$ 208,808	\$ 591,295	\$ 504,770	\$ 795,678	\$ 338,287	\$ 42
Amount of Cash								
Ratio:								
Amount provided by operating activities	\$ 120,623	\$ 69,752	\$ 308,280	\$ 289,871	\$ 316,181	\$ 350,646	\$ 181,590	\$ 14
Amount used in operating activities	\$ (50,299)	\$ (46,278)	\$ (332,112)	\$ (1,550,624)	\$ (622,728)	\$ (909,978)	\$ (491,646)	\$ (60)
Amount provided by financing activities	\$	\$ (36,727)	\$ 175,764	\$ 1,340,492	\$ 367,072	\$ 483,703	\$ 522,884	\$ 42
Ratio of earnings to charges(11)	63.6x		1.7x					

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- (1) The consolidated financial information for the Successor Company has been adjusted retrospectively to give effect to Leap's adoption on January 1, 2009 of Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51, or SFAS 160. The cumulative impact to our financial statements as a result of the adoption of SFAS 160 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 noncontrolling interests (formerly referred to as minority interests) as of December 31, 2008. We have retrospectively applied SFAS 160 to all prior periods.
- (2) Refer to Notes 2 and 5 to our annual consolidated financial statements, and to Note 4 to our condensed consolidated financial statements for the six months ended June 30, 2009, incorporated by reference in this prospectus for an explanation of the calculation of basic and diluted earnings (loss) per share.
- (3) Restricted cash, cash equivalents and short-term investments consist primarily of amounts that we have set aside to satisfy certain contractual obligations. From 2004 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.
- (4) We recognize a gross 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, Alaska Native Broadband 1 License, LLC (which entity was merged into Cricket on December 31, 2007), LCW Operations and Denali Operations. Net customer additions for the three months ended June 30, 2008 and 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, and net customer additions for the three months ended December 31, 2008, March 31, 2009 and June 30, 2009 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 and fees, affect average revenue per customer, and to forecast future service revenue. In addition, ARPU provides management with a useful measure to compare our subscriber revenue to that of other wireless communications providers. We do not recognize service revenue until payment has been received and services have been provided to the customer. In addition, 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 not paid their last bill and have yet to disconnect service, 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.
- (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 unrelated to initial customer acquisition, divided by the total number of gross new customer additions during the period being measured. The net loss on equipment transactions unrelated to initial customer acquisition includes the revenues and costs associated with the sale of handsets to existing customers as well as costs associated with handset replacements and repairs (other than warranty costs

which are the responsibility of the handset manufacturers). We deduct customers who do not pay their first monthly bill from our gross customer additions, which tends to increase CPGA because we incur the costs associated with this customer without receiving the benefit of a gross customer addition. Management uses CPGA to measure the efficiency of our customer acquisition efforts, to track changes in our average cost of acquiring new subscribers over time, and to help evaluate how changes in our sales and distribution strategies affect the cost-efficiency of our customer acquisition efforts. In addition,

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CPGA provides management with a useful measure to compare our per customer acquisition costs with those of other wireless communications providers. We believe investors use CPGA primarily as a tool to track changes in our average cost of acquiring new customers and to compare our per customer acquisition costs to those of other wireless communications providers. Other companies may calculate this measure differently. 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 unrelated to initial customer acquisition (which includes the gain or loss on the sale of handsets to existing customers and costs associated with handset replacements and repairs (other than warranty costs which are the responsibility of the handset manufacturers)), divided by the weighted-average number of customers, divided by the number of months during the period being measured. CCU does not include any depreciation and amortization expense. Management uses CCU as a tool to evaluate the non-selling cash expenses associated with ongoing business operations on a per customer basis, to track changes in these non-selling cash costs over time, and to help evaluate how changes in our business operations affect non-selling cash costs per customer. In addition, CCU provides management with a useful measure to compare our non-selling cash costs per customer with those of other wireless communications providers. We believe investors use CCU primarily as a tool to track changes in our non-selling cash costs over time and to compare our non-selling cash costs to those of other wireless communications providers. Other companies may calculate this measure differently. 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 first monthly bill 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 for 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 June 30, 2008 and September 30, 2008 excludes 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, and churn for the three months ended December 31, 2008, March 31, 2009 and June 30, 2009 includes customers in the former Hargray Wireless markets.
- (9) Adjusted OIBDA is 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 (benefit). Existing business adjusted OIBDA further adjusts adjusted OIBDA to exclude total revenues attributable to our business operations in markets launched after December 31, 2007 and our Cricket Broadband service offering that were included in total revenues, and to add back operating expenses attributable to such activities that were included in total operating expenses (other than depreciation and amortization and share-based compensation expense, which have already been added back to adjusted OIBDA). Generally, for purposes of calculating these measures, corporate-level and regional-level overhead expenses are allocated to our

markets based on gross customer additions and weighted-average customers by market.

Adjusted OIBDA and existing business adjusted OIBDA are non-GAAP financial measures. Adjusted OIBDA and existing business adjusted OIBDA should not be construed as alternatives to operating income or net income as determined in accordance with GAAP, as alternatives to cash flows from operating activities as determined in accordance with GAAP or as measures of liquidity.

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In a capital-intensive industry such as wireless telecommunications, management believes that adjusted OIBDA and existing business adjusted OIBDA, as well as the associated percentage margin calculations, are meaningful measures of our operating performance. We use adjusted OIBDA and existing business adjusted OIBDA as supplemental performance measures because management believes they facilitate 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 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 and existing business adjusted OIBDA facilitate internal comparisons of our historical operating performance, management also uses these metrics for business planning purposes and to measure our performance relative to that of our competitors. In addition, we believe that adjusted OIBDA, existing business 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 and existing business adjusted OIBDA have limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of our results as reported under GAAP. Some of these limitations include:

they do not reflect capital expenditures;

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

they do not reflect costs associated with share-based awards exchanged for employee services;

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

they do not reflect expenses incurred for the payment of income taxes and other taxes; and

other companies, including companies in our industry, may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Management understands these limitations and considers adjusted OIBDA and existing business adjusted OIBDA as financial performance measures that supplement but do 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. Existing business adjusted OIBDA margin is calculated by dividing existing business adjusted OIBDA by existing business service revenues. The term [existing business](#) refers to our and our consolidated joint ventures' business operations in markets in service on or prior to December 31, 2007, excluding any effects of our Cricket Broadband service. 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 noncontrolling

interests, net of tax, and equity in net (income) loss of investee plus fixed charges and amortization of capitalized interest, less interest capitalized. 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 six months ended June 30, 2009 and 2008 by \$101.2 million and \$40.9 million, respectively, for the years ended December 31, 2008, 2007 and 2006 by \$147.7 million, \$77.2 million and \$31.4 million, respectively, and for the five months ended December 31, 2004 by \$2.2 million.

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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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):

	Mar. 31, 2007	Jun. 30, 2007	Sep. 30, 2007	Dec. 31, 2007	Three Months Ended		Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	
					Mar. 31, 2008	Jun. 30, 2008				
	\$ 48,769	\$ 47,011	\$ 54,265	\$ 56,168	\$ 58,100	\$ 74,276	\$ 77,407	\$ 85,134	\$ 103,523	\$
	(1,001)	(560)	(843)	(926)	(1,356)	(1,179)	(871)	(1,174)	(1,583)	
	122,665	90,818	97,218	95,296	114,221	105,127	113,057	133,017	157,796	
	(71,734)	(50,661)	(55,161)	(57,580)	(69,455)	(57,715)	(62,174)	(60,417)	(72,982)	
	(4,762)	(2,591)	(5,747)	(4,766)	(14,020)	(9,389)	(7,880)	(10,885)	(13,448)	
	\$ 93,937	\$ 84,017	\$ 89,732	\$ 88,192	\$ 87,490	\$ 111,120	\$ 119,539	\$ 145,675	\$ 173,306	\$
	565,055	462,434	450,954	496,061	550,520	542,005	593,619	801,436	889,911	
	\$ 166	\$ 182	\$ 199	\$ 178	\$ 159	\$ 205	\$ 201	\$ 182	\$ 195	\$

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):

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Mar. 31, 2007	Jun. 30, 2007	Sep. 30, 2007	Dec. 31, 2007	Three Months Ended		Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009
				Mar. 31, 2008	Jun. 30, 2008			
90,440	\$ 90,559	\$ 100,907	\$ 102,222	\$ 111,170	\$ 118,857	\$ 129,708	\$ 128,563	\$ 144,000
65,234	66,407	68,686	71,209	75,907	77,233	87,522	91,029	96,000
(7,742)	(5,335)	(6,231)	(6,701)	(8,346)	(6,155)	(7,595)	(8,539)	(10,000)
4,762	2,591	5,747	4,766	14,020	9,389	7,880	10,885	13,000
152,694	\$ 154,222	\$ 169,109	\$ 171,496	\$ 192,751	\$ 199,324	\$ 217,515	\$ 221,938	\$ 243,000
2,393,161	2,586,900	2,654,555	2,722,631	2,956,477	3,162,028	3,371,932	3,600,393	4,058,000
21.27	\$ 19.87	\$ 21.24	\$ 21.00	\$ 21.73	\$ 21.01	\$ 21.50	\$ 20.55	\$ 21.00

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

	Predecessor Company		Successor Company					
	Seven Months	Five Months				Six Months		
	Ended July 31, 2004	Ended December 31, 2004	Year Ended December 31, 2005	2006	2007	2008	Ended June 30, 2008	2009
Operating income (loss)	\$ (34,412)	\$ 12,729						