BLACKROCK ENHANCED CAPITAL & INCOME FUND, INC.
Form NSAR-BT
February 26, 2015

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TITLE       MANAGER
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99.1
Press Release: Magal Wins $10 Million in Orders to Secure and Maintain Critical Power Utility Sites in LatAm dated May 10, 2016.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAGAL SECURITY SYSTEMS LTD.
(Registrant)

By: /s/Saar Koursh
Saar Koursh
Chief Executive Officer

Date: May 10, 2016

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
99.1	Press Release: Magal Wins $10 Million in Orders to Secure and Maintain Critical Power Utility Sites in LatAm dated May 10, 2016.

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

Our premium Cricket service plan, which is our most popular service plan, offers customers unlimited local and domestic long distance service from their Cricket service area combined with unlimited use of multiple calling features and messaging services for a flat rate of $45 per month. Approximately 60% of Cricket customers as of March 31, 2006 subscribed to this premium plan, and a substantially higher percentage of new Cricket customers in the quarter ended March 31, 2006 purchased this plan. We also offer a basic service plan which allows customers to make unlimited calls within their Cricket service area and receive unlimited calls from any area for $35 per month and an intermediate service plan which also includes unlimited long distance service for $40 per month. In 2005 we launched our first per-minute prepaid service, Jump Mobile, to bring Cricket s attractive value proposition to customers who prefer active control over their wireless usage and to better target the urban youth market.

The majority of existing wireless customers in the U.S. subscribe to post-pay services that require credit approval and a contractual commitment from the subscriber for a period of at least one year, and include overage charges for call volumes in excess of a specified maximum. According to International Data Corporation, or IDC, U.S. wireless penetration is currently estimated at approximately 70%. We believe that customers who require a significantly larger amount of voice usage than average, are price-sensitive, have lower credit scores or prefer not to enter into fixed-term contracts represent a large portion of the remaining growth potential in the U.S. wireless market. We believe our services appeal strongly to these customer segments. We believe that we are able to serve these customers and generate significant OIBDA (operating income before depreciation and amortization) because of our high-quality networks and low customer acquisition and operating costs.

We sell our Cricket handsets and service primarily through two channels: Cricket s own retail locations and kiosks (the direct channel); and authorized dealers and distributors, including premier dealers, local market authorized dealers, national retail chains and other indirect distributors (the indirect channel). Premier dealers are independent dealers that sell Cricket products, usually exclusively, in stores that look and function similar to our company-owned stores, enhancing the in-store experience and level of service for our customers and expanding our brand presence within a market. As of March 31, 2006, we and ANB 1 License had 91 direct locations and 1,660 indirect distributors, including 202 premier dealers. Premier dealers tend to generate significantly more business than other indirect dealers, and we plan to continue to significantly expand the number of premier dealer locations in 2006. Our direct sales locations were responsible for approximately 32% of our gross customer additions in 2005. We place our direct and indirect retail locations strategically to focus on our target customer demographic and provide the most efficient market coverage while minimizing cost. As a result of our product design and cost-efficient distribution system, we have been able to achieve a cost per gross customer addition (CPGA), which measures the average cost of acquiring a new customer, that is significantly lower than most of our competitors.

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

Our Business Strengths

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

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

Low-Cost Provider. Our business model is designed to provide service to customers at a cost significantly lower than most of our competitors, enabling us to achieve attractive economics. We minimize capital costs by engineering our high-quality, efficient networks to cover only the areas of our markets where most of our potential customers live, work and play. We reduce general operating costs through our efficiently designed networks that focus on densely popu-

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lated areas, lean overhead structure, fast follower approach that reduces development costs, streamlined billing procedures and control of customer care expenses. We maintain low customer acquisition costs through our focused sales and marketing, low handset subsidies and cost-effective distribution strategies.

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

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

Our Business Strategy

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

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

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

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

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Auction #58, all of which meet our internally developed criteria concerning customer demographics and population density.

Corporate Information

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

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

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

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The Offering

Common stock offered	5,600,000 shares
Common stock to be outstanding after settlement of the forward sale agreements assuming physical settlement	66,824,279 shares
Use of proceeds	We will not receive any proceeds from the sale of the shares of common stock borrowed and sold by the forward counterparties (or their affiliates) pursuant to this prospectus. If the forward sale agreements are physically settled within one year of the date of this prospectus, then we will receive proceeds from the sale of common stock upon settlement of the forward sale agreements. If the forward sale agreements are not physically settled, then, depending on the price of Leap common stock at the time of settlement and the relevant settlement method, we may receive no proceeds from the settlement of the forward sale agreements. See Underwriting for a description of the forward sale agreements. To the extent the forward counterparties (or their affiliates) do not borrow the full amount of common stock to be sold in this offering, we will sell and receive proceeds from such number of shares of common stock as part of this offering. We intend to use the net proceeds, if any, received upon the settlement of the forward sale agreements and from any sales by us in this offering for general corporate purposes and working capital, including the acquisition of wireless licenses.
Nasdaq National Market symbol	LEAP
Risk factors	See Risk Factors and the other information in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in Leap common stock.

The number of shares of common stock to be outstanding after settlement of the forward sale agreements assuming physical settlement is based on our shares outstanding as of May 4, 2006, and this information excludes:

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

- 2,133,068 shares of common stock reserved for issuance upon the exercise of outstanding stock options at a weighted average exercise price of $26.50;

- 791,970 shares of common stock available for future issuance under our Employee Stock Purchase Plan;

- an aggregate of 1,450,683 shares of common stock available for future issuance under our 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan; and

- upon the closing of the LCW Wireless transaction, Leap will have reserved five percent of its outstanding common stock from time to time, which would have been 3,061,214 shares as of May 4, 2006, for potential issuance to CSM Wireless, LLC, or CSM, upon the exercise of CSM s option to put its entire equity interest in LCW Wireless, LLC, or LCW Wireless, to Cricket. Subject to certain conditions and restrictions in our senior secured credit facility, we will be obligated to satisfy the put price in cash or in shares of Leap common stock, or a combination of cash and common stock, in our sole discretion. See Business Arrangements with LCW Wireless.

In addition, except where we stated otherwise, the information we present in this prospectus assumes no exercise of the underwriters over-allotment option.

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Summary Consolidated Financial Data

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

	Predecessor Company				Successor Company			
	Year Ended December 31,			Seven Months Ended July 31,	Five Months Ended December 31,	Year Ended December 31,	Three Months Ended March 31,	
	2001	2002	2003	2004	2004	2005	2005	2006
					(As Restated)			
	(As Restated) (in thousands, except per share data)							
Statement of Operations Data:								
Revenues:								
Service revenues	$ 215,917	$ 567,694	$ 643,566	$ 398,451	$ 285,647	$ 763,680	$ 185,981	$ 215,840
Equipment revenues	39,247	50,781	107,730	83,196	58,713	150,983	42,389	50,848
Total revenues	255,164	618,475	751,296	481,647	344,360	914,663	228,370	266,688
Operating expenses:								
Cost of service (exclusive of items shown separately below)	(94,510)	(181,404)	(199,987)	(113,988)	(79,148)	(200,430)	(50,197)	(55,204)

Cost of equipment	(202,355)	(252,344)	(172,235)	(97,160)	(82,402)	(192,205)	(49,178)	(58,886)
Selling and marketing	(115,222)	(122,092)	(86,223)	(51,997)	(39,938)	(100,042)	(22,995)	(29,102)
General and administrative	(152,051)	(185,915)	(162,378)	(81,514)	(57,110)	(159,249)	(36,035)	(49,582)
Depreciation and amortization	(119,177)	(287,942)	(300,243)	(178,120)	(75,324)	(195,462)	(48,104)	(54,036)
Impairment of indefinite-lived intangible assets		(26,919)	(171,140)			(12,043)		
Loss on disposal of property and equipment		(16,323)	(24,054)					
Total operating expenses	(683,315)	(1,072,939)	(1,116,260)	(522,779)	(333,922)	(859,431)	(206,509)	(246,810)
Gain on sale of wireless licenses and operating assets	143,633	364	4,589	532		14,587		
Operating income (loss)	(284,518)	(454,100)	(360,375)	(40,600)	10,438	69,819	21,861	19,878
Equity in net loss of and write-down of investments in and loans receivable from unconsolidated wireless operating companies	(54,000)							
Minority interest in						(31)		(75)

loss of consolidated subsidiary								
Interest income	26,424	6,345	779		1,812	9,957	1,903	4,194
Interest expense	(178,067)	(229,740)	(83,371)	(4,195)	(16,594)	(30,051)	(9,123)	(7,431)
Foreign currency transaction losses, net	(1,257)							
Gain on sale of unconsolidated wireless operating company		39,518						
Other income (expense), net	8,443	(3,001)	(176)	(293)	(117)	1,423	(1,286)	535

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	Predecessor Company					Successor Company		
	Year Ended December 31,			Seven Months Ended July 31,	Five Months Ended December 31,	Year Ended December 31,	Three Months Ended March 31,	
	2001	2002	2003	2004	2004	2005	2005	2006
				(As Restated)	(As Restated)			
	(in thousands, except per share data)							
Income (loss) before reorganization items, income taxes and cumulative effect of change in accounting principle	(482,975)	(640,978)	(443,143)	(45,088)	(4,461)	51,117	13,355	17,101
Reorganization items, net			(146,242)	962,444				
Income (loss) before income taxes and cumulative effect of change in accounting principle	(482,975)	(640,978)	(589,385)	917,356	(4,461)	51,117	13,355	17,101
Income taxes	(322)	(23,821)	(8,052)	(4,166)	(3,930)	(21,151)	(5,839)	
Income (loss) before cumulative effect of change in accounting principle	(483,297)	(664,799)	(597,437)	913,190	(8,391)	29,966	7,516	17,101
Cumulative effect of								623

change in accounting principle								
Net income	$ (483,297)	$ (664,799)	$ (597,437)	$ 913,190	$ (8,391)	$ 29,966	$ 7,516	$ 17,724
Basic net income (loss) per share(1):								
Income (loss) before cumulative effect of change in accounting principle	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.50	$ 0.13	$ 0.28
Cumulative effect of change in accounting principle								0.01
Basic net income (loss) per share	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.50	$ 0.13	$ 0.29
Diluted net income (loss) per share(1):								
Income (loss) before cumulative effect of change in accounting principle	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.49	$ 0.12	$ 0.28
Cumulative effect of change in accounting principle								0.01
Diluted net income (loss) per share	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.49	$ 0.12	$ 0.29
Shares used in per share calculations(1):								
Basic	33,861	44,591	58,604	58,623	60,000	60,135	60,000	61,203

Diluted	33,861	44,591	58,604	58,623	60,000	61,003	60,236	61,961

	Predecessor Company			Successor Company		
	As of December 31,					
	2001	2002	2003	2004	2005	As of March 31, 2006
				(As Restated)		
Balance Sheet Data:						
Cash and cash equivalents	$ 242,979	$ 100,860	$ 84,070	$ 141,141	$ 293,073	$ 299,976
Working capital (deficit)(2)	189,507	(2,144,420)	(2,254,809)	145,762	240,862	255,671
Restricted cash, cash equivalents and short-term investments(3)	40,755	25,922	55,954	31,427	13,759	10,687
Total assets	2,450,895	2,163,702	1,756,843	2,220,887	2,506,318	2,503,510
Long-term debt(2)	1,676,845			371,355	588,333	586,806
Total stockholders equity (deficit)	358,440	(296,786)	(893,356)	1,470,056	1,514,357	1,538,549

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Three Months Ended

	March 31, 2004	June 30, 2004	September 30, 2004(8)	December 31, 2004	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	M
	1,538,231	1,547,364	1,539,770	1,569,630	1,615,205	1,617,941	1,622,526	1,668,293	1
	65,691	9,133	(7,594)	29,860	45,575	2,736	23,298(9)	45,767	
	$ 37.45	$ 37.28	$ 36.97	$ 37.29	$ 39.03	$ 39.24	$ 40.22	$ 39.74	$
	$ 124	$ 141	$ 141	$ 159	$ 128	$ 138	$ 142	$ 158	$
	$ 20.08	$ 18.47	$ 18.38	$ 18.74	$ 18.94	$ 18.43	$ 19.52	$ 18.67	$
	3.1%	3.7%	4.5%	4.1%	3.3%	3.9%	4.4%	4.1%	

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

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

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

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

(5) CPGA is selling and marketing costs (excluding applicable stock-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. Costs unrelated to initial customer acquisition include the revenues and costs associated with the sale of handsets to existing customers as well as costs associated with handset replacements and repairs (other than warranty costs which are the responsibility of the handset manufacturers). We deduct customers who do not pay their first monthly bill from our gross customer

additions, which tends to increase CPGA because we incur the costs associated with this customer without receiving the benefit of a gross customer addition. Management uses CPGA to measure the efficiency of our customer acquisition efforts, to track changes in our average cost of acquiring new subscribers over time, and to help evaluate how changes in our sales and distribution strategies affect the cost-efficiency of our customer acquisition efforts. In addition, CPGA provides management with a useful measure to compare our per customer acquisition costs with those of other wireless communications providers. We believe investors use CPGA primarily as a tool to track changes in our average cost of acquiring new customers over time and to compare our per customer acquisition costs to those of other wireless communications providers. Other companies may calculate this measure differently.

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

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

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

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

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Reconciliation of Non-GAAP Financial Measures

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

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

	Three Months Ended								
	Mar. 31, 2004	**Jun. 30, 2004**	**Sep. 30, 2004(8)**	**Dec. 31, 2004**	**Mar. 31, 2005**	**Jun. 30, 2005**	**Sep. 30, 2005**	**Dec. 31, 2005**	**Mar. 31, 2006**
Selling and marketing expense	$ 23,253	$ 21,939	$ 23,574	$ 23,169	$ 22,995	$ 24,810	$ 25,535	$ 26,702	$ 29,102
Less stock-based compensation expense included in selling and marketing expense						(693)	(203)	(125)	(327)
Plus cost of equipment	43,755	40,635	44,153	51,019	49,178	42,799	49,576	50,652	58,886
Less equipment revenue	(37,771)	(33,676)	(36,521)	(33,941)	(42,389)	(37,125)	(36,852)	(34,617)	(50,848)
Less net loss on equipment transactions unrelated to initial customer acquisition	(3,667)	(3,453)	(2,971)	(5,090)	(4,012)	(3,484)	(4,917)	(3,775)	(521)
Total costs used in the calculation of CPGA	$ 25,570	$ 25,445	$ 28,235	$ 35,157	$ 25,772	$ 26,307	$ 33,139	$ 38,837	$ 36,292
Gross customer additions	206,941	180,128	200,315	220,484	201,467	191,288	233,699	245,817	278,370
CPGA	$ 124	$ 141	$ 141	$ 159	$ 128	$ 138	$ 142	$ 158	$ 130

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

	Three Months Ended								
	Mar. 31, 2004	Jun. 30, 2004	Sep. 30, 2004(8)	Dec. 31, 2004	Mar. 31, 2005	Jun. 30, 2005	Sep. 30, 2005	Dec. 31, 2005	Mar. 3 200
of ce	$ 48,000	$ 47,827	$ 51,034	$ 46,275	$ 50,197	$ 49,608	$ 50,304	$ 50,321	$ 55
eral and inistrative ense	38,610	33,922	30,689	35,403	36,035	42,423	41,306	39,485	49
k-based pensation ense ded in of ce and eral and inistrative ense						(6,436)	(2,518)	(2,270)	(4
net on pment sactions lated to l omer isition	3,667	3,453	2,971	5,090	4,012	3,484	4,917	3,775	
al costs d in the ulation CCU	$ 90,277	$ 85,202	$ 84,694	$ 86,768	$ 90,244	$ 89,079	$ 94,009	$ 91,311	$ 100
hted-average per of mers	1,498,449	1,537,957	1,536,314	1,543,362	1,588,372	1,611,524	1,605,222	1,630,011	1,718
	$ 20.08	$ 18.47	$ 18.38	$ 18.74	$ 18.94	$ 18.43	$ 19.52	$ 18.67	$ 1

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RISK FACTORS

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

Risks Related to Our Business and Industry

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

We experienced net losses of $8.4 million and $49.3 million (excluding reorganization items, net) for the five months ended December 31, 2004 and the seven months ended July 31, 2004, respectively. In addition, we experienced net losses of $597.4 million for the year ended December 31, 2003, $664.8 million for the year ended December 31, 2002 and $483.3 million for the year ended December 31, 2001. Although we had net income of $30.0 million and $17.7 million for the year ended December 31, 2005 and the three months ended March 31, 2006, respectively, we expect net income to decrease in the subsequent quarters of 2006, and we expect to realize a net loss for the full year 2006, due mainly to our market launches and expenses associated with our financing activities. We may not generate profits in the future on a consistent basis, or at all. If we fail to achieve consistent profitability, that failure could have a negative effect on our financial condition.

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

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

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

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

We have made significant investment, and will continue to invest, in joint ventures, including ANB 1 and LCW Wireless, that we do not control.

In November 2004, we acquired a 75% non-controlling interest in Alaska Native Broadband 1, LLC, or ANB 1, whose wholly owned subsidiary ANB 1 License was awarded certain licenses in Auction #58. In November 2005, we entered into an agreement pursuant to which we intend to acquire a

73.3% non-controlling interest in LCW Wireless, which owns a wireless license for the Portland, Oregon market and to which we expect to contribute two wireless licenses and our operating assets in Eugene and Salem, Oregon. Both ANB 1 License and LCW Wireless hold their wireless licenses as very small business designated entities under the FCC s rules. Our participation in these joint ventures is structured as a non-controlling interest in order to comply with FCC rules and regulations. We have agreements with our joint venture partner in ANB 1 and we plan to have similar agreements in connection with future joint venture arrangements we may enter into that are intended to allow us to actively participate in the development of the business through the joint venture. However, these agreements do not provide us with control over the business strategy, financial goals, build-out plans or other operational aspects of any such joint venture. The FCC s rules restrict our ability to acquire controlling interests in such entities during the period that such entities must maintain their eligibility as a designated entity, as defined by the FCC. The entities that control the joint ventures may have interests and goals that are inconsistent or different from ours which could result in the joint venture taking actions that negatively impact our business or financial condition. In addition, if any of the other members of a joint venture files for bankruptcy or otherwise fails to perform its obligations or does not manage the joint venture effectively, we may lose our equity investment in, and any present or future rights to acquire the assets (including wireless licenses) of, such entity.

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

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

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

In addition, some of our competitors are able to offer their customers roaming services on a nationwide basis and at lower rates. We currently offer roaming services on a prepaid basis. Many competitors have substantially greater financial and other resources than we have, and we may not be able to compete successfully. Because of their size and bargaining power, our larger competitors may be able to purchase equipment, supplies and services at lower prices than we can. As consolidation in the industry creates even larger competitors, any purchasing advantages our competitors have may increase, as well as their bargaining power as wholesale providers of roaming services. For example,

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in connection with the offering of our Travel Time roaming service, we have encountered problems with certain large wireless carriers in negotiating terms for roaming arrangements that we believe are reasonable, and believe that consolidation has contributed significantly to such carriers control over the terms and conditions of wholesale roaming services.

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

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

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

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

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

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

In connection with their evaluations of our internal controls and procedures, our CEO and CFO also previously concluded that certain material weaknesses in our internal control over financial reporting existed as of December 31, 2004 and March 31, 2005 with respect to the application of lease-

related accounting principles, fresh-start reporting oversight, and account reconciliation procedures. We believe we have adequately remediated the material weaknesses associated with lease accounting, fresh-start reporting oversight and account reconciliation procedures.

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

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

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

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

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

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

Our ability to achieve our strategic objectives will depend in part on the successful, timely and cost-effective build-out of the networks associated with newly acquired FCC licenses, including those

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owned by ANB 1 License and LCW Wireless and any licenses we may acquire in Auction #66 or from third parties, into new markets that complement our clustering strategy or provide strategic expansion opportunities. Large scale construction projects such as the build-out of our new markets will require significant capital expenditures and may suffer cost-overruns. In addition, we may experience higher operating expenses for a period of time as we build out and after we launch our service in new markets. Any significant capital expenditures or increased operating expenses, including in connection with the build-out and launch of markets for any licenses that we may acquire in Auction #66, would negatively impact our earnings, OIBDA and free cash flow for those periods in which we incur such capital expenditures or increased operating expenses. In addition, the build-out of the networks may be delayed or adversely affected by a variety of factors, uncertainties and contingencies, such as natural disasters, difficulties in obtaining zoning permits or other regulatory approvals, our relationships with our joint venture partners, and the timely performance by third parties of their contractual obligations to construct portions of the networks. Any failure to complete the build-out of our new markets on budget or on time could delay the implementation of our clustering and strategic expansion strategies, and could have a material adverse effect on our results of operations and financial condition.

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

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

Our indebtedness could adversely affect our financial health.

We have now and will continue to have a significant amount of indebtedness. As of March 31, 2006, our total outstanding indebtedness under our secured credit facility was $592.9 million. We also had $110 million available for borrowing under our revolving credit facility (which forms part of our secured credit facility). We plan to raise additional funds in the future, and we expect to obtain much of such capital through debt financing. The existing indebtedness under our secured credit facility bears interest at a variable rate, but we have entered into interest rate swap agreements with respect to $355 million of our indebtedness.

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

- make it more difficult for us to satisfy our debt obligations;
- increase our vulnerability to general adverse economic and industry conditions;
- impair our ability to obtain additional financing in the future for working capital needs, capital expenditures, building out our network, acquisitions and general corporate purposes;
- require us to dedicate a substantial portion of our cash flows from operations to the payment of principal and interest on our indebtedness, thereby reducing the availability of our cash flows to fund working capital needs, capital expenditures, acquisitions and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a disadvantage compared to our competitors that have less indebtedness; and

expose us to higher interest expense in the event of increases in interest rates because our indebtedness under our secured credit facility bears interest at a variable rate. For a description

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of our secured credit facility, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Secured Credit Facility below.

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

We may incur substantial additional indebtedness in the future. To increase our flexibility to engage in strategic market expansion, including through participation in the upcoming Auction #66, we currently intend to raise additional funds by increasing the size of the term loan by up to $300 million and by increasing the revolving credit facility under our secured credit facility by up to $90 million.

We also are in discussions to obtain a bridge loan which would allow us to borrow additional capital, as needed, to finance the purchase of licenses in Auction #66 and/or the related build-out and initial operating costs of such licenses. We currently expect to obtain commitments for approximately $600 million under the bridge loan (or, if this offering is not completed prior to the commencement of Auction #66, approximately $850 million under the bridge loan). However, depending on the prices of licenses in the auction, especially if license prices are attractive, we may seek additional capital to purchase licenses by expanding the bridge loan or through other borrowings. Although we anticipate that our new senior secured credit facility will permit us to incur up to $1.2 billion of unsecured debt which could be used for the bridge loan, we currently expect to obtain commitments in the range of amounts noted above. Following the completion of Auction #66, when the capital requirements associated with our auction activity will be clearer, we expect to repay the bridge loan with proceeds from one or more offerings of unsecured debt securities, convertible debt securities and/or equity securities, although we cannot assure you that the financing will be available to us on acceptable terms or at all.

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

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

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

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

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

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

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

Rises in interest rates could adversely affect our financial condition.

An increase in prevailing interest rates would have an immediate effect on the interest rates charged on our variable rate debt, which rise and fall upon changes in prevailing interest rates. As of March 31, 2006, we estimate that approximately 40% of our debt was variable rate debt. If prevailing interest rates or other factors result in higher interest rates on our variable rate debt, the increased interest expense would adversely affect our cash flow and our ability to service our debt.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We cannot assure you that our pending, or any future, patent applications will be granted, that any existing or future patents will not be challenged, invalidated or circumvented, that any existing or future patents will be enforceable, or that the rights granted under any patent that may issue will provide competitive advantages to us. Similarly, we cannot assure you that any trademark or service mark registrations will be issued with respect to pending or future applications or that any registered trademarks or service marks will be enforceable or provide adequate protection of our brands.

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

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

acceptable terms, or at all), or requiring us to redesign our business operations or systems to avoid claims of infringement.

A third party with a large patent portfolio has contacted us and suggested that we need to obtain a license under a number of its patents in connection with our current business operations. We understand that the third party has raised similar issues with other telecommunications companies, and has obtained license agreements from one or more of such companies. If we cannot reach a mutually agreeable resolution with the third party, we may be forced to enter into a licensing or royalty agreement with the third party. We do not currently expect that such an agreement would materially adversely affect our business, but we cannot provide assurance to our investors about the effect of any such license.

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

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

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

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

If call volume under our Cricket flat price plans exceeds our expectations, our costs of providing service could increase, which could have a material adverse effect on our competitive position.

During the year ended December 31, 2005, Cricket customers used their handsets approximately 1,450 minutes per month, and some markets were experiencing substantially higher call volumes. We offer service plans that bundle certain features, long distance and unlimited local service for a fixed monthly fee to more effectively compete with other telecommunications providers. If customers exceed expected usage, we could face capacity problems and our costs of providing the services could

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increase. Although we own less spectrum in many of our markets than our competitors, we seek to design our network to accommodate our expected high call volume, and we consistently assess and try to implement technological improvements to increase the efficiency of our wireless spectrum. However, if future wireless use by Cricket customers exceeds the capacity of our network, service quality may suffer. We may be forced to raise the price of Cricket service to reduce volume or otherwise limit the number of new customers, or incur substantial capital expenditures to improve network capacity.

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

Because we offer unlimited calling services for a fixed fee, our customers average minutes of use per month is substantially above the U.S. wireless customer average. We intend to meet this demand by utilizing spectrum efficient technologies. There may come a point where we need to acquire additional spectrum in order to maintain an acceptable grade of service or provide new services to meet increasing customer demands. We also intend to acquire additional spectrum in order to enter new strategic markets. However, we cannot assure you that we will be able to acquire additional spectrum at auction, including at Auction #66, or in the after-market at a reasonable cost, or that additional spectrum would be made available by the FCC on a timely basis. If such additional spectrum is not available to us at that time or at a reasonable cost, our results of operations could be adversely affected. In addition, although we are seeking to have access to approximately $1,050 million in additional capital for Auction #66 through a combination of additional secured debt, bridge loans and this offering, we cannot assure you that such funds will be available to us on acceptable terms, or at all.

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

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

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

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

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

- consolidation in the wireless industry allows or requires carriers to sell significant portions of their wireless spectrum holdings;

a sudden large sale of spectrum by one or more wireless providers occurs; or

market prices decline as a result of the sales prices in upcoming FCC auctions, including Auction #66.

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

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

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

We may incur higher than anticipated intercarrier compensation costs.

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

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

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

As a result of adopting fresh-start reporting on July 31, 2004, the carrying values of our wireless licenses and our property and equipment, and the related depreciation and amortization expense, among other things, changed considerably from that reflected in our historical consolidated financial statements. Thus, our current and future balance sheets and results of operations will not be compara-

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ble in many respects to our balance sheets and consolidated statements of operations data for periods prior to our adoption of fresh-start reporting. You are not able to compare information reflecting our post-emergence balance sheet data, results of operations and changes in financial condition to information for periods prior to our emergence from bankruptcy without making adjustments for fresh-start reporting.

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

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

Risks Related to this Offering and Ownership of Leap Common Stock

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

Each forward counterparty will have the right to require us to physically settle its forward sale agreement on a date specified by such forward counterparty in certain events, including if (a) the average of the closing bid and offer price or, if available, the closing sale price of Leap common stock is less than or equal to $ per share on any trading day, (b) if our board of directors votes to approve an action that, if consummated, would result in a merger or other takeover event of Leap, (c) we declare any dividend or distribution on shares of Leap common stock and set a record date for payment on or prior to the final settlement date, (d) such forward counterparty (or an affiliate thereof) determines that it is impracticable for it to continue to borrow a number of shares of Leap common stock equal to the number of shares underlying its forward sale agreement or (e) the cost of borrowing the common stock has increased above a specified amount. In the event that early settlement of the forward sale agreements occurs as a result of any of the foregoing events, we will be required to physically settle such forward sale agreement by delivering shares of Leap common stock. Each forward counterparty also will have the right to accelerate the respective forward sale agreement, and to require us to physically settle such forward sale agreement on a date specified by such forward counterparty, if a nationalization, delisting or change in law occurs, each as defined in the forward sale agreements, or in connection with certain events of default and termination events under the master agreement governing such forward sale agreement, including, among other things, any material misrepresentation made in connection with entering into that agreement. Each forward counterparty s decision to exercise its right to require us to settle its forward sale agreement will be made irrespective of our need for capital. In the event that we elect, or are required, to settle either forward sale agreement with shares of Leap common stock, delivery of such shares would likely result in dilution to our earnings per share and return on equity.

In addition, upon certain events of bankruptcy, insolvency or reorganization relating to Leap, each forward sale agreement will terminate without settlement obligations of either party. Following any such termination, we would not issue any shares, and we would not receive any proceeds pursuant to the forward sale agreements.

Except under the circumstances described above, we have the right to elect physical, cash or net stock settlement under the forward sale agreements (subject, in the case of net stock settlement, to certain conditions on our share price). If we elect cash or net stock settlement, we would expect each forward counterparty under its forward sale agreement (or one of its affiliates) to purchase in the open market the number of shares necessary, based upon the portion of such forward sale agreement that we have elected to so settle, to return to share lenders the shares of Leap common stock that such forward counterparty (or its affiliate) has borrowed in connection with the sale of Leap common stock under this prospectus and, if applicable in connection with net stock settlement, to deliver shares to us. If the market value of Leap common stock at the time of these purchases is above the forward price, we would pay, or deliver, as the case may be, to each forward counterparty under its forward sale agreement an amount of cash, or common stock with a value, equal to this difference. Any such difference could be significant. If the market value of Leap common stock at the time of the purchases is below the forward price, we would be paid this difference in cash by, or we would receive the value of this difference in common stock from, each forward counterparty (or its affiliate) under its forward sale agreement, as the case may be. See Underwriting.

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

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

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

The 16,860,077 shares of Leap common stock registered for resale by our shelf Registration Statement on form S-1 may adversely affect the market price of Leap s common stock.

As of May 4, 2006, 61,224,279 shares of Leap common stock were issued and outstanding. Our resale shelf Registration Statement on Form S-1, as amended, registers for resale 16,860,077 shares, or approximately 27.5% of Leap s outstanding common stock. We are unable to predict the potential effect that sales into the market of any material portion of such shares may have on the then prevailing market price of Leap s common stock. If any of Leap s stockholders cause a large number of securities to be sold in the public market, these sales could reduce the trading price of Leap s common stock. These sales also could impede our ability to raise future capital.

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

As of May 4, 2006, 61,224,279 shares of Leap common stock were issued and outstanding, and 4,975,721 additional shares of Leap common stock were reserved for issuance, including 3,583,751 shares reserved for issuance upon exercise of awards granted or available for grant under Leap s 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan, 791,970 shares reserved for issuance under Leap s Employee Stock Purchase Plan, and 600,000 shares reserved for issuance upon exercise of outstanding warrants.

In addition, upon the closing of the LCW Wireless transaction, Leap will have reserved five percent of its outstanding shares from time to time, which would have been 3,061,214 shares as of May 4, 2006, for potential issuance to CSM upon the exercise of CSM s option to put its entire equity interest in LCW Wireless to Cricket. Under the amended and restated limited liability company agreement with CSM and WLPCS Management, LLC, or WLPCS, which is referred to in this prospectus as the LCW LLC Agreement, the purchase price for CSM s equity interest will be calculated on a *pro rata* basis using either the appraised value of LCW Wireless or a multiple of Leap s enterprise value divided by its adjusted EBITDA and applied to LCW Wireless adjusted EBITDA to impute an enterprise value and equity value for LCW Wireless. Cricket may satisfy the put price either in cash or in Leap common stock, or a combination thereof, as determined by Cricket in its discretion. However, the covenants in Cricket s $710 million senior secured credit facility do not permit Cricket to satisfy any substantial portion of its put obligations to CSM in cash. If Cricket elects to satisfy its put obligations to CSM with Leap common stock, the obligations of the parties are conditioned upon the block of Leap common stock issuable to CSM not constituting more than five percent of Leap s outstanding common stock at the time of issuance. Dilution of the outstanding number of shares of Leap s common stock could adversely affect prevailing market prices for Leap s common stock.

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

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

Our directors and entities affiliated with them beneficially owned in the aggregate approximately 27.2% of Leap common stock as of May 4, 2006. These stockholders have the ability to exert substantial influence over all matters requiring approval by our stockholders. These stockholders will be able to influence the election and removal of directors and any merger, consolidation or sale of all or substantially all of Leap s assets and other matters. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control or impeding a merger or consolidation, takeover or other business combination.

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

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

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

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

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- our ability to attract and retain customers in an extremely competitive marketplace;
- changes in economic conditions that could adversely affect the market for wireless services;
- the impact of competitors initiatives;
- our ability to successfully implement product offerings and execute market expansion plans;
- our ability to comply with the covenants in our senior secured credit facilities;
- our ability to attract, motivate and retain an experienced workforce;
- failure of network systems to perform according to expectations; and
- other factors detailed in the section entitled Risk Factors commencing on page 10 of this prospectus.

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

USE OF PROCEEDS

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

We intend to use the net proceeds, if any, received upon the settlement of the forward sale agreements for general corporate purposes and working capital, including the acquisition of wireless licenses. Pending these uses, we plan to invest the net proceeds, if any, received upon the settlement of the forward sale agreements in short- and medium-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

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

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PRICE RANGE OF LEAP COMMON STOCK

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

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

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

	High($)	Low($)
Old Common Stock:		
Calendar Year 2004		
First Quarter	0.06	0.03
Second Quarter	0.04	0.01
Third Quarter through August 16, 2004	0.02	0.01
New Common Stock:		
Third Quarter beginning August 17, 2004	27.80	19.75
Fourth Quarter	28.10	19.00
Calendar Year 2005		
First Quarter	29.87	25.01
Second Quarter	28.90	23.00
Third Quarter	37.47	25.87
Fourth Quarter	39.45	31.15
Calendar Year 2006		
First Quarter	44.69	34.54
Second Quarter (through May 11, 2006)	49.20	43.34

On May 11, 2006, the last reported sale price of Leap s common stock on the Nasdaq National Market was $45.74 per share. As of May 4, 2006, there were 61,224,279 shares of common stock outstanding held by approximately 165 holders of record.

DIVIDEND POLICY

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

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CAPITALIZATION

The following table sets forth our cash, cash equivalents and short-term investments and our capitalization as of March 31, 2006:

on an actual basis; and

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

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

	March 31, 2006	
	Actual	As Adjusted(3)(4)
Cash and cash equivalents	$ 299,976	$
Short-term investments	65,975	65,975
Restricted cash, cash equivalents and short-term investments(1)	10,687	10,687
Total cash and cash equivalents, short-term investments and restricted cash	376,638	
Secured credit facility(2)	$ 592,917	$ 592,917
Total debt	592,917	592,917
Shareholders Equity:		
Preferred stock authorized 10,000,000 shares, $.0001 par value; no shares issued and outstanding	$	
Common stock authorized 160,000,000 shares, $.0001 par value; 61,214,398 shares issued and outstanding at March 31, 2006	6	7
Additional paid-in capital	1,494,974	
Retained earnings	39,299	39,299
Accumulated other comprehensive income	4,270	4,270
Total stockholders equity	1,538,549	
Total capitalization	$ 2,131,466	$

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

(2) The secured credit facility consists of (a) a $600 million term loan ($592.9 million of which was outstanding as of March 31, 2006) and (b) a $110 million revolving credit facility. As of March 31, 2006, we had no borrowings outstanding under our revolving credit facility. In anticipation of our participation in Auction #66, we currently intend to increase the size of the term loan and the revolving credit facility under our secured credit facility by up

to $300 million and up to $90 million, respectively. We are also in discussions to obtain other potentially substantial indebtedness as needed. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources below.

(3) The As Adjusted column reflects our capitalization assuming physical settlement of the forward sale agreements at the public offering price, less the applicable underwriting discount and expenses, for the common stock offered in connection with the forward sale agreements (excluding any exercise of the over-allotment option). Whether we elect to settle the forward sale agreements entirely by the physical delivery of shares of Leap common stock, or elect cash or net stock

settlement for all or a portion of our obligations under the forward sale agreements, will depend on several factors, including the outcome of Auction #66. See Use of Proceeds above.

(4) At this point, the forward sale agreements have not been completed. However, it is the intention of the parties to construct the terms and conditions of the agreements to meet the requirements in the accounting literature for equity classification of the forward sale agreements. There can be no assurance, however, that such requirements will be met.

The number of shares in the table above excludes:

- 600,000 shares of common stock issuable upon the exercise of outstanding warrants at an exercise price of $16.83;
- 2,080,823 shares of common stock reserved for issuance upon the exercise of outstanding stock options at a weighted average exercise price of $26.50;
- 791,970 shares of common stock available for future issuance under our Employee Stock Purchase Plan;
- an aggregate of 1,512,809 shares of common stock available for future issuance under our 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan; and
- upon the closing of the LCW Wireless transaction, Leap will have reserved five percent of its outstanding common stock from time to time, which would have been 3,060,720 shares as of March 31, 2006, for potential issuance to CSM Wireless, LLC upon the exercise of CSM s option to put its entire equity interest in LCW Wireless to Cricket. Subject to certain conditions and restrictions in our senior secured credit facility, we will be obligated to satisfy the put price in cash, or in shares of Leap common stock, or a combination of cash and common stock, in our sole discretion. See Business Arrangements with LCW Wireless.

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SELECTED CONSOLIDATED FINANCIAL DATA
(In thousands, except per share data)

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

	Predecessor Company				Successor Company			
	Year Ended December 31,			Seven Months Ended July 31,	Five Months Ended December 31,	Year Ended December 31,	Three Months Ended March 31,	
	2001	2002	2003	2004	2004	2005	2005	2006
					(As Restated)		(As Restated)	
Statement of Operations Data:								
Revenues:								
Service revenues	$ 215,917	$ 567,694	$ 643,566	$ 398,451	$ 285,647	$ 763,680	$ 185,981	$ 215,840
Equipment revenues	39,247	50,781	107,730	83,196	58,713	150,983	42,389	50,848
Total revenues	255,164	618,475	751,296	481,647	344,360	914,663	228,370	266,688
Operating expenses:								
Cost of service (exclusive of items shown separately below)	(94,510)	(181,404)	(199,987)	(113,988)	(79,148)	(200,430)	(50,197)	(55,204)

Cost of equipment	(202,355)	(252,344)	(172,235)	(97,160)	(82,402)	(192,205)	(49,178)	(58,886)
Selling and marketing	(115,222)	(122,092)	(86,223)	(51,997)	(39,938)	(100,042)	(22,995)	(29,102)
General and administrative	(152,051)	(185,915)	(162,378)	(81,514)	(57,110)	(159,249)	(36,035)	(49,582)
Depreciation and amortization	(119,177)	(287,942)	(300,243)	(178,120)	(75,324)	(195,462)	(48,104)	(54,036)
Impairment of indefinite-lived intangible assets		(26,919)	(171,140)			(12,043)		
Loss on disposal of property and equipment		(16,323)	(24,054)					
Total operating expenses	(683,315)	(1,072,939)	(1,116,260)	(522,779)	(333,922)	(859,431)	(206,509)	(246,810)
Gain on sale of wireless licenses and operating assets	143,633	364	4,589	532		14,587		
Operating income (loss)	(284,518)	(454,100)	(360,375)	(40,600)	10,438	69,819	21,861	19,878
Equity in net loss of and write-down of investments in and loans receivable from unconsolidated wireless operating companies	(54,000)							
Minority interest in						(31)		(75)

loss of consolidated subsidiary								
Interest income	26,424	6,345	779		1,812	9,957	1,903	4,194
Interest expense	(178,067)	(229,740)	(83,371)	(4,195)	(16,594)	(30,051)	(9,123)	(7,431)
Foreign currency transaction losses, net	(1,257)							
Gain on sale of unconsolidated wireless operating company		39,518						
Other income (expense), net	8,443	(3,001)	(176)	(293)	(117)	1,423	(1,286)	535
Income (loss) before reorganization items, income taxes and cumulative effect of change in accounting principle	(482,975)	(640,978)	(443,143)	(45,088)	(4,461)	51,117	13,355	17,101

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	Predecessor Company				Successor Company			
	Year Ended December 31,			Seven Months Ended July 31,	Five Months Ended December 31,	Year Ended December 31,	Three Months Ended March 31,	
	2001	2002	2003	2004	2004	2005	2005	2006
					(As Restated)		(As Restated)	
Reorganization items, net			(146,242)	962,444				
Income (loss) before income taxes	(482,975)	(640,978)	(589,385)	917,356	(4,461)	51,117	13,355	17,101
Income taxes	(322)	(23,821)	(8,052)	(4,166)	(3,930)	(21,151)	(5,839)	
Income (loss) before cumulative effect of change in accounting principle	(483,297)	(664,799)	(597,437)	913,190	(8,391)	29,966	7,516	17,101
Cumulative effect of change in accounting principle								623
Net income	$ (483,297)	$ (664,799)	$ (597,437)	$ 913,190	$ (8,391)	$ 29,966	$ 7,516	$ 17,724
Basic net income (loss) per share(1):								
Income (loss) before cumulative effect of change in accounting principle	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.50	$ 0.13	$ 0.28
								0.01

Cumulative effect of change in accounting principle								
Basic net income (loss) per share	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.50	$ 0.13	$ 0.29
Diluted net income (loss) per share(1):								
Income (loss) before cumulative effect of change in accounting principle	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.49	$ 0.12	$ 0.28
Cumulative effect of change in accounting principle								0.01
Diluted net income (loss) per share	$ (14.27)	$ (14.91)	$ (10.19)	$ 15.58	$ (0.14)	$ 0.49	$ 0.12	$ 0.29
Shares used in per share calculations(1):								
Basic	33,861	44,591	58,604	58,623	60,000	60,135	60,000	61,203
Diluted	33,861	44,591	58,604	58,623	60,000	61,003	60,236	61,961

	Predecessor Company			**Successor Company**		
			As of December 31,			
	2001	**2002**	**2003**	**2004**	**2005**	**As of March 31, 2006**
				(As Restated)		
Balance Sheet Data:						
	$ 242,979	$ 100,860	$ 84,070	$ 141,141	$ 293,073	$ 299,976

Cash and cash equivalents						
Working capital (deficit)(2)	189,507	(2,144,420)	(2,254,809)	145,762	240,862	255,671
Restricted cash, cash equivalents and short-term investments(3)	40,755	25,922	55,954	31,427	13,759	10,687
Total assets	2,450,895	2,163,702	1,756,843	2,220,887	2,506,318	2,503,510
Long-term debt(2)	1,676,845			371,355	588,333	586,806
Total stockholders equity (deficit)	358,440	(296,786)	(893,356)	1,470,056	1,514,357	1,538,549

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

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

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

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

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

Overview

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

Our Business. We and ANB 1 License offer wireless voice and data services under the Cricket and Jump Mobile brands. Our Cricket service offers customers unlimited wireless service in their Cricket service area for a flat monthly rate without requiring a fixed-term contract or credit check, and our new Jump Mobile service offers customers a per-minute prepaid service. At March 31, 2006, Cricket and Jump Mobile services were offered in 20 states in the U.S. and had approximately 1,779,000 customers. As of March 31, 2006, we and ANB 1 License owned wireless licenses covering a total of 70.0 million POPs, in the aggregate, and our networks in our operating markets covered approximately 29.0 million POPs. We are currently building out and launching the new markets that we and ANB 1 License have acquired, and we anticipate that our combined network footprint will cover over 42 million POPs by the end of 2006.

Our premium Cricket service plan, which is our most popular service plan, offers customers unlimited local and domestic long distance service from their Cricket service area combined with unlimited use of multiple calling features and messaging services for a flat rate of $45 per month. Approximately 60% of Cricket customers as of March 31, 2006 subscribed to this premium plan, and a substantially higher percentage of new Cricket customers in the quarter ended March 31, 2006 purchased this plan. We also offer a basic service plan which allows customers to make unlimited calls within their Cricket service area and receive unlimited calls from any area for $35 per month and an intermediate service plan which also includes unlimited long distance service for $40 per month. In 2005 we launched our first per-minute prepaid service, Jump Mobile, to bring Cricket s attractive value proposition to customers who prefer active control over their wireless usage and to better target the urban youth market. During the last two years, we have added instant text messaging, multimedia (picture) messaging, games and our Travel Time roaming option to our product portfolio, and we anticipate launching new usage-based data platforms and services in 2006 to better meet our customer needs.

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

- In 2005 we acquired four wireless licenses in the FCC s Auction #58 covering 11.3 million POPs and ANB 1 License acquired nine licenses covering 10.2 million POPs. See Business Arrangements with Alaska Native Broadband below.

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

In November 2005 we entered into a series of agreements with CSM and the controlling members of WLPCS to obtain a 73.3% non-controlling equity interest in LCW Wireless, which currently holds a license for the Portland, Oregon market. We have agreed to contribute our existing Eugene and Salem, Oregon markets to LCW Wireless to create a new Oregon market cluster covering 3.2 million POPs. Completion of this transaction is subject to customary closing conditions, including third party consents. See Business Arrangements with LCW Wireless below.

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

We are currently seeking additional opportunities to enhance our current market clusters and expand into new geographic markets by participating in FCC spectrum auctions (including the upcoming Auction #66), by acquiring spectrum and related assets from third parties, or by participating in new partnerships or joint ventures. Any large scale construction projects for the build-out of our new markets will require significant capital expenditures and may suffer cost-overruns. In addition, we may experience higher operating expenses for a period of time as we build out and after we launch our service in new markets. Any significant capital expenditures or increased operating expenses, including in connection with the build-out and launch of markets for any licenses that we may acquire in Auction #66, would negatively impact our earnings, OIBDA and free cash flow for those periods in which we incur such capital expenditures and increased operating expenses.

Our principal sources of liquidity are our existing unrestricted cash, cash equivalents and short-term investments, cash generated from operations, and cash available from borrowings under our $110 million revolving credit facility (which was undrawn at March 31, 2006). From time to time, we may also generate additional liquidity through the sale of assets that are not material to or are not required for the ongoing operation of our business. We also intend to generate additional liquidity in connection with Auction #66, see Liquidity and Capital Resources below.

Critical Accounting Policies and Estimates

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

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

Principles of Consolidation

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

Revenues and Cost of Revenues

Cricket s business revenues principally arise from the sale of wireless services, handsets and accessories. Wireless services are generally provided on a month-to-month basis. Amounts received in advance for wireless services from customers who pay in advance are initially recorded as deferred revenues and are recognized as service revenue as services are rendered. Service revenues for customers who pay in arrears are recognized only after the service has been rendered and payment has been received. This is because we do not require any of our customers to sign fixed-term service commitments or submit to a credit check, and therefore some of our customers may be more likely to terminate service for inability to pay than the customers of other wireless providers. We also charge customers for service plan changes, activation fees and other service fees. Revenues from service plan change fees are deferred and recorded to revenue over the estimated customer relationship period, and other service fees are recognized when received. Activation fees are allocated to the other elements of the multiple element arrangement (including service and equipment) on a relative fair value basis. Because the fair values of our handsets are higher than the total consideration received for the handsets and activation fees combined, we allocate the activation fees entirely to equipment revenues and recognize the activation fees when received. Activation fees included in equipment revenues during the three months ended March 31, 2006 and 2005 totaled $6.2 million and $4.6 million, respectively. Direct costs associated with customer activations are expensed as incurred. Cost of service generally includes direct costs and related overhead, excluding depreciation and amortization, of operating our networks.

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

Sales incentives offered without charge to customers and volume-based incentives paid to our third-party dealers and distributors are recognized as a reduction of revenue and as a liability when the related service or equipment revenue is recognized. Customers have limited rights to return handsets and accessories based on time and/or usage. Customer returns of handsets and accessories have historically been insignificant.

Starting in May 2006, all new and reactivating customers pay for their service in advance, and we no longer charge activation fees for new customers.

Wireless Licenses

Wireless licenses are initially recorded at cost and are not amortized. Wireless licenses are considered to be indefinite-lived intangible assets because we expect to continue to provide wireless service using the relevant licenses for the foreseeable future and the wireless licenses may be renewed

every ten years for a nominal fee. Wireless licenses to be disposed of by sale are carried at the lower of carrying value or fair value less costs to sell.

Goodwill and Other Intangible Assets

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

Impairment of Long-Lived Assets

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

Impairment of Indefinite-Lived Intangible Assets

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

Share-Based Payments

In December 2004, the Financial Accounting Standards Board (FASB) revised Statement of Financial Accounting Standards No. 123 (SFAS 123R), Share-Based Payment, which establishes the accounting for share-based awards exchanged for employee services. Under SFAS 123R, share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee s requisite service period. We adopted SFAS 123R, as required, on January 1, 2006. Prior to fiscal 2006, we recognized estimated compensation expense for employee share-based awards based on their intrinsic value on the date of grant pursuant to Accounting Principles Board Opinion No. 25 (APB 25), Accounting for Stock Issued to Employees and provided the required pro forma disclosures of FASB Statement No. 123 (SFAS 123), Accounting for Stock-Based Compensation.

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

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

The determination of the fair value of stock options using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. The methods used to determine these variables are generally similar to the methods used prior to fiscal 2006 for purposes of our pro forma information under SFAS 123. The volatility assumption is based on a combination of the historical volatility of our common stock and the volatilities of similar companies over a period of time equal to the expected term of the stock options. The volatilities of similar companies are used in conjunction with our historical volatility because of the lack of sufficient relevant history equal to the expected term. The expected term of employee stock options represents the weighted-average period the stock options are expected to remain outstanding. The expected term assumption is estimated based primarily on the options vesting terms and remaining contractual life and employees expected exercise and post-vesting employment termination behavior. The risk-free interest rate assumption is based upon observed interest rates on the grant date appropriate for the term of the employee stock options. The dividend yield assumption is based on the expectation of future dividend payouts by us.

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

Income Taxes

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

Subscriber Recognition and Disconnect Policies

We recognize a new customer as a gross addition in the month that he or she activates service. The customer must pay his or her monthly service amount by the payment due date or his or her handset will be disabled after a grace period of up to three days. When a handset is disabled, the customer is suspended and will not be able to make or receive calls. Any call attempted by a suspended customer is routed directly to our customer service center in order to arrange payment. In order to

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re-establish service, a customer must make all past-due payments and pay a $15 reconnection charge to re-establish service. If a new customer does not pay all amounts due on his or her first bill within 30 days of the due date, the account is disconnected and deducted from gross customer additions during the month in which the customer s service was discontinued. If a customer has made payment on his or her first bill and in a subsequent month does not pay all amounts due within 30 days of the due date, the account is disconnected and counted as churn.

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

Costs and Expenses

Our other costs and expenses include:

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

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

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

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

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

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

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

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Seasonality

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

Results of Operations

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

Financial Performance

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

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(As Restated)			(As Restated)	
Revenues:					
Service revenues	$ 643,566	$ 684,098	$ 763,680	$ 185,981	$ 215,840
Equipment revenues	107,730	141,909	150,983	42,389	50,848
Total revenues	751,296	826,007	914,663	228,370	266,688
Operating expenses:					
Cost of service (exclusive of items shown separately below)	(199,987)	(193,136)	(200,430)	(50,197)	(55,204)
Cost of equipment	(172,235)	(179,562)	(192,205)	(49,178)	(58,886)
Selling and marketing	(86,223)	(91,935)	(100,042)	(22,995)	(29,102)
General and administrative	(162,378)	(138,624)	(159,249)	(36,035)	(49,582)
Depreciation and amortization	(300,243)	(253,444)	(195,462)	(48,104)	(54,036)
Impairment of indefinite-lived intangible assets	(171,140)		(12,043)		
Loss on disposal of property and equipment	(24,054)				

Total operating expenses	(1,116,260)	(856,701)	(859,431)	(206,509)	(246,810)

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	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(As Restated)			(As Restated)	
Gain on sale of wireless licenses and operating assets	4,589	532	14,587		
Operating income (loss)	(360,375)	(30,162)	69,819	21,861	19,878
Minority interest in loss of consolidated subsidiary			(31)		(75)
Interest income	779	1,812	9,957	1,903	4,194
Interest expense	(83,371)	(20,789)	(30,051)	(9,123)	(7,431)
Other income (expense), net	(176)	(410)	1,423	(1,286)	535
Income (loss) before reorganization items, income taxes and cumulative effect of changes in accounting principle	(443,143)	(49,549)	51,117	13,355	17,101
Reorganization items, net	(146,242)	962,444			
Income (loss) before income taxes and cumulative effect of change in accounting principle	(589,385)	912,895	51,117	13,355	17,101
Income taxes	(8,052)	(8,096)	(21,151)	(5,839)	
Income (loss) before cumulative effect of change in accounting principle	(597,437)	904,799	29,966	7,516	17,101
Cumulative effect of change in accounting principle					623
Net income	$ (597,437)	$ 904,799	$ 29,966	$ 7,516	$ 17,724

Three Months Ended March 31, 2006 Compared to Three Months Ended March 31, 2005

At March 31, 2006, we and ANB 1 License had approximately 1,779,000 customers compared to approximately 1,615,000 customers at March 31, 2005. Gross customer additions during the three months ended March 31, 2006 and 2005 were approximately 278,000 and 201,000, respectively, and net customer additions during these periods were approximately 110,000 and 45,000, respectively. The weighted average number of customers during the three months ended March 31, 2006 and 2005 was approximately 1,718,000 and 1,588,000, respectively. At March 31, 2006, the total potential customer base covered by our combined networks in our operating markets was approximately 29.0 million.

During the three months ended March 31, 2006, service revenues increased $29.9 million, or 16%, compared to the corresponding period of the prior year. This increase resulted from a higher average number of customers and higher average revenues per customer compared with the corresponding period of the prior year. The higher average revenues per customer primarily reflects increased customer adoption of our higher-value, higher-priced service offerings.

During the three months ended March 31, 2006, equipment revenues increased $8.5 million, or 20%, compared to the corresponding period of the prior year. The increase resulted from an increase in handset sales of 28%, partially offset by lower net revenue per handset sold due to increased promotional costs associated with bundling the first month of service with the initial handset price for new customer additions.

During the three months ended March 31, 2006, cost of service increased $5.0 million, or 10%, compared to the corresponding period of the prior year. The increase was primarily attributable to increases of $3.5 million in variable product usage costs and $1.5 million in site lease costs related mainly to the build out and launch of our new markets. During 2006, we expect network costs to increase significantly as we build out infrastructure for our new markets, as we add customers and as customer adoption and usage of our value-added services increases.

Cost of equipment for the three months ended March 31, 2006 increased by $9.7 million, or 20%, compared to the corresponding period of the prior year. The increase consisted of $12.2 million in costs associated with higher handset sales volumes, partially offset by a $1.4 million reduction in costs to support our handset replacement programs for existing customers and a $1.4 million reduction due to a lower average cost per handset sold.

During the three months ended March 31, 2006, selling and marketing expenses increased by $6.1 million, or 27%, compared to the corresponding period of the prior year. The increase consisted primarily of increases of $2.1 million in media and advertising costs and $4.0 million in labor and related costs, partially to support our new market launches in the first quarter of 2006.

During the three months ended March 31, 2006, general and administrative expenses increased $13.5 million, or 38%, compared to the corresponding period of the prior year. The increase was primarily due to increases of $5.7 million in labor and related costs, $4.1 million in stock-based compensation expense and $2.6 million in professional services.

During the three months ended March 31, 2006, we adopted FASB Statement No. 123R and recorded stock-based compensation expense of $4.7 million, of which $4.1 million was recorded in general and administrative expenses, $0.3 million in selling and marketing expenses and $0.3 million in cost of service. In addition, we recorded a gain of $0.6 million as a cumulative effect of change in accounting principle related to the adoption of SFAS 123R. No share-based compensation expense was recorded during the three months ended March 31, 2005.

During the three months ended March 31, 2006, depreciation and amortization expense increased $5.9 million, or 12%, compared to the corresponding period of the prior year. The increase was due primarily to the build-out and operation of new markets and the upgrade of network assets in our other markets since the first quarter of fiscal 2005. As a result of the build-out and operation of our planned new markets, we expect a significant increase in depreciation and amortization expense in subsequent quarters.

During the three months ended March 31, 2006, interest income increased $2.3 million, or 120%, compared to the corresponding period of the prior year. The increase was primarily due to an increase in the average cash and cash equivalents and investment balances as we generate positive and increasing cash flow from operations.

During the three months ended March 31, 2006, interest expense decreased $1.7 million, or 19%, compared to the corresponding period of the prior year. The decrease in interest expense resulted primarily from the capitalization of interest of $4.4 million during the first quarter of fiscal 2006. We capitalize interest costs associated with our wireless licenses and property and equipment during the build-out of new markets. The amount of such capitalized interest depends on the carrying values of the licenses and property and equipment involved in those markets and the duration of the build-out. We expect capitalized interest to continue to be significant during the build-out of our planned new markets. At March 31, 2006, the effective interest rate on our $600 million of outstanding term loans was 6.8%, including the effect of interest rate swaps described below. We expect that interest expense will increase significantly in subsequent quarters of 2006 due to our planned financing activities. See Liquidity and Capital Resources below.

During the three months ended March 31, 2006, we recorded no income tax expense compared to income tax expense of $5.8 million for the three months ended March 31, 2005. Income tax expense for the full year 2006 is projected to consist primarily of the deferred tax effect of the amortization of wireless licenses and tax goodwill for income tax purposes. We do not expect to release fresh-start related valuation allowances in 2006. The resulting estimate of our annual effective tax rate for fiscal 2006 is then applied to pre-tax income (loss) for each quarterly period to arrive at the provision for income taxes for the quarter. Because we are projecting a pre-tax loss for fiscal 2006, yet also projecting income tax expense for fiscal 2006, the estimated annual effective tax rate for the year is negative. No income tax expense has been recorded in the first quarter of 2006, since the application of the negative tax rate to pre-tax income would result in a tax benefit for the quarter that would be reversed in subsequent quarters. We expect to pay only minimal cash taxes for fiscal 2006.

During the three months ended March 31, 2005, we recorded income tax expense at an effective tax rate of 43.7%. Despite the fact that we have recorded a full valuation allowance on our deferred tax assets, we recognized income tax expense for the first quarter of fiscal 2005 because the release of valuation allowance associated with the reversal of deferred tax assets recorded in fresh-start reporting is recorded as a reduction of goodwill rather than as a reduction of income tax expense. The effective tax rate for the quarter was higher than the statutory tax rate due primarily to permanent items not deductible for tax purposes.

Net income for the first quarter of 2006 was $17.7 million, or $0.29 per diluted share, compared to net income of $7.5 million, or $0.12 per diluted share, for the first quarter of 2005. We expect net income to decrease in the subsequent quarters of 2006, and we expect to realize a net loss for the full year 2006, due mainly to our new market launches and expenses associated with our financing activities.

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

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

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

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

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

and customer adoption of new products. In addition, new market launches in 2006 will contribute to increases in cost of service associated with incremental fixed and variable network costs.

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

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

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

During the year ended December 31, 2005, we recorded stock-based compensation expense of $12.2 million in connection with the grant of restricted common shares and deferred stock units exercisable for common stock. The total intrinsic value of the deferred stock units of $6.9 million was recognized as expense because they vested immediately upon grant. The total intrinsic value of the restricted stock awards as of the measurement date was recorded as unearned compensation in the consolidated balance sheet as of December 31, 2005. The unearned compensation is amortized on a straight-line basis over the maximum vesting period of the awards of either three or five years. Stock-based compensation expense of $5.3 million was recorded for the amortization of the unearned compensation for the year ended December 31, 2005.

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

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

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

During the year ended December 31, 2005, interest expense increased $9.3 million, or 45%, compared to the year ended December 31, 2004. The increase in interest expense resulted from the

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

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

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

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

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

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

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

During the year ended December 31, 2004, equipment revenues increased $34.2 million, or 32%, compared to the year ended December 31, 2003. Approximately $24.9 million of the increase in equipment revenues resulted from higher average net revenue per handset sold, of which higher prices contributed $15.9 million of the $24.9 million increase, and higher handset sales volumes contributed the remaining $9.0 million of the $24.9 million increase. The primary driver of the increase in revenue per handset sold was the implementation of a policy to increase handset prices commencing in the fourth quarter of 2003, offset in part by increases in promotional activity and in dealer compensation costs in 2004. Additionally, activation fees included in equipment revenue increased by $9.3 million for the year ended December 31, 2004 compared to the year ended December 31, 2003 due to the inclusion of activation fees in equipment revenue for all of 2004 versus only the last two quarters in 2003 as a result of our adoption of EITF Issue No. 00-21 in July 2003.

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

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

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

For the year ended December 31, 2004, general and administrative expenses decreased $23.8 million, or 15%, compared to the year ended December 31, 2003. The decrease in general and administrative expenses was primarily due to a decrease of $4.7 million in insurance costs and a reduction of $15.2 million in call center and billing costs resulting from improved operating efficiencies

and cost reductions negotiated during the course of our bankruptcy, partially offset by a $2.9 million increase in employee-related expenses. In addition, for the year ended December 31, 2004, there was a decrease of $9.2 million in legal costs compared to the corresponding period in the prior year, primarily reflecting the classification of costs directly related to our bankruptcy filings and incurred after the Petition Date as reorganization expenses.

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

During the year ended December 31, 2004, interest expense decreased $62.6 million, or 75%, compared to the year ended December 31, 2003. The decrease in interest expense resulted from the application of SOP 90-7 which required that, commencing on the Petition Date, we cease to accrue interest and amortize debt discounts and debt issuance costs on pre-petition liabilities that were subject to compromise. As a result, we ceased to accrue interest and to amortize our debt discounts and debt issuance costs for our senior notes, senior discount notes, senior secured vendor credit facilities, note payable to GLH, Inc. and Qualcomm term loan. Upon our emergence from bankruptcy, we began accruing interest on the newly issued 13% senior secured pay-in-kind notes. The 13% notes were refinanced in January 2005 and replaced with a $500 million term loan that accrues interest at a variable rate.

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

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

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Summary of Quarterly Results of Operations

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

	Three Months Ended				
	March 31, 2005	**June 30, 2005**	**September 30, 2005**	**December 31, 2005**	**March 31, 2006**
	(As Restated)	**(As Restated)**	**(As Restated)**		
Revenues:					
Service revenues	$ 185,981	$ 189,704	$ 193,675	$ 194,320	$ 215,840
Equipment revenues	42,389	37,125	36,852	34,617	50,848
Total revenues	228,370	226,829	230,527	228,937	266,688
Operating expenses:					
Cost of service (exclusive of items shown separately below)	(50,197)	(49,608)	(50,304)	(50,321)	(55,204)
Cost of equipment	(49,178)	(42,799)	(49,576)	(50,652)	(58,886)
Selling and marketing	(22,995)	(24,810)	(25,535)	(26,702)	(29,102)
General and administrative	(36,035)	(42,423)	(41,306)	(39,485)	(49,582)
Depreciation and amortization	(48,104)	(47,281)	(49,076)	(51,001)	(54,036)
Impairment of indefinite-lived intangible assets		(11,354)	(689)		
Total operating expenses	(206,509)	(218,275)	(216,486)	(218,161)	(246,810)
Gain (loss) on sale of wireless licenses and operating assets			14,593	(6)	
Operating income (loss)	21,861	8,554	28,634	10,770	19,878
Minority interest in loss of consolidated subsidiary				(31)	(75)
Interest income	1,903	1,176	2,991	3,887	4,194
Interest expense	(9,123)	(7,566)	(6,679)	(6,683)	(7,431)
Other income (expense), net	(1,286)	(39)	2,352	396	535

Income before income taxes and cumulative effect of change in accounting principle	13,355	2,125	27,298	8,339	17,101
Income taxes	(5,839)	(1,022)	(10,901)	(3,389)	
Income before cumulative effect of change in accounting principle	$ 7,516	$ 1,103	$ 16,397	$ 4,950	17,101
Cumulative effect of change in accounting principle					623
Net income	$ 7,516	$ 1,103	$ 16,397	$ 4,950	$ 17,724

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

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

Performance Measures

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

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

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

CPGA is selling and marketing costs (excluding applicable stock-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. Costs unrelated to initial customer acquisition include the revenues and costs associated with the sale of handsets to existing customers as well as costs associated with handset replacements and repairs (other than warranty costs which are the responsibility of the handset manufacturers). We deduct customers who do not pay their first monthly bill from our gross customer additions, which tends to increase CPGA because we incur the costs associated with this customer without receiving the benefit of a gross customer addition. Management uses CPGA to measure the efficiency of our customer acquisition efforts, to track changes in our average cost of acquiring new subscribers over time, and to help evaluate how changes in our sales and distribution strategies affect the cost-efficiency of our customer acquisition efforts. In addition, CPGA provides management with a useful measure to compare our per customer acquisition costs with those of other wireless communications providers. We believe investors use CPGA primarily as a tool to track changes in our average cost of acquiring new customers over time and to compare our per customer acquisition costs to those of other wireless communications providers. Other companies may calculate this measure differently.

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

Churn, which measures customer turnover, is calculated as the net number of customers that disconnect from our service divided by the weighted average number of customers divided by the number of months during the period being measured. Customers who do not pay their first monthly bill are deducted from our gross customer additions in the month that they are disconnected; as a result,

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

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

	Three Months Ended					Three Months Ended
	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	Year Ended December 31, 2005	March 31, 2006
ARPU	$ 39.03	$ 39.24	$ 40.22	$ 39.74	$ 39.56	$ 41.87
CPGA	$ 128	$ 138	$ 142	$ 158	$ 142	$ 130
CCU	$ 18.94	$ 18.43	$ 19.52	$ 18.67	$ 18.89	$ 19.57
Churn	3.3%	3.9%	4.4%	4.1%	3.9%	3.3%

	Three Months Ended				
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004	Year Ended December 31, 2004
ARPU	$ 37.45	$ 37.28	$ 36.97	$ 37.29	$ 37.28
CPGA	$ 124	$ 141	$ 141	$ 159	$ 142
CCU	$ 20.08	$ 18.47	$ 18.38	$ 18.74	$ 18.91
Churn	3.1%	3.7%	4.5%	4.1%	3.9%

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

	Three Months Ended				Year Ended	Three Months Ended
	March 31, 2005	**June 30, 2005**	**September 30, 2005**	**December 31, 2005**	**December 31, 2005**	**March 31, 2006**
Selling and marketing expense	$ 22,995	$ 24,810	$ 25,535	$ 26,702	$ 100,042	$ 29,102
Less stock-based compensation expense included in selling and marketing expense		(693)	(203)	(125)	(1,021)	(327)
Plus cost of equipment	49,178	42,799	49,576	50,652	192,205	58,886
Less equipment revenue	(42,389)	(37,125)	(36,852)	(34,617)	(150,983)	(50,848)
Less net loss on equipment transactions unrelated to initial customer acquisition	(4,012)	(3,484)	(4,917)	(3,775)	(16,188)	(521)
Total costs used in the calculation of CPGA	$ 25,772	$ 26,307	$ 33,139	$ 38,837	$ 124,055	$ 36,292
Gross customer additions	201,467	191,288	233,699	245,817	872,271	278,370
CPGA	$ 128	$ 138	$ 142	$ 158	$ 142	$ 130

	Three Months Ended				Year Ended
	March 31, 2004	**June 30, 2004**	**September 30, 2004**	**December 31, 2004**	**December 31, 2004**
Selling and marketing expense	$ 23,253	$ 21,939	$ 23,574	$ 23,169	$ 91,935
Less stock-based compensation expense included in selling and					

marketing expense					
Plus cost of equipment	43,755	40,635	44,153	51,019	179,562
Less equipment revenue	(37,771)	(33,676)	(36,521)	(33,941)	(141,909)
Less net loss on equipment transactions unrelated to initial customer acquisition	(3,667)	(3,453)	(2,971)	(5,090)	(15,181)
Total costs used in the calculation of CPGA	$ 25,570	$ 25,445	$ 28,235	$ 35,157	$ 114,407
Gross customer additions	206,941	180,128	200,315	220,484	807,868
CPGA	$ 124	$ 141	$ 141	$ 159	$ 142

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

	Three Months Ended				Year Ended	Three Months Ended
	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	December 31, 2005	March 31, 2006
Cost of service	$ 50,197	$ 49,608	$ 50,304	$ 50,321	$ 200,430	$ 55,204
Plus general and administrative expense	36,035	42,423	41,306	39,485	159,249	49,582
Less stock-based compensation expense included in cost of service and general and administrative expense		(6,436)	(2,518)	(2,270)	(11,224)	(4,399)
Plus net loss on equipment transactions unrelated to initial customer acquisition	4,012	3,484	4,917	3,775	16,188	521
Total costs used in the calculation of CCU	$ 90,244	$ 89,079	$ 94,009	$ 91,311	$ 364,643	100,908
Weighted-average number of customers	1,588,372	1,611,524	1,605,222	1,630,011	1,608,782	1,718,349
CCU	$ 18.94	$ 18.43	$ 19.52	$ 18.67	$ 18.89	$ 19.57

	Three Months Ended				Year Ended
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004	December 31, 2004

Cost of service	$ 48,000	$ 47,827	$ 51,034	$ 46,275	$ 193,136
Plus general and administrative expense	38,610	33,922	30,689	35,403	138,624
Less stock-based compensation expense included in cost of service and general and administrative expense					
Plus net loss on equipment transactions unrelated to initial customer acquisition	3,667	3,453	2,971	5,090	15,181
Total costs used in the calculation of CCU	$ 90,277	$ 85,202	$ 84,694	$ 86,768	$ 346,941
Weighted-average number of customers	1,498,449	1,537,957	1,536,314	1,543,362	1,529,020
CCU	$ 20.08	$ 18.47	$ 18.38	$ 18.74	$ 18.91

Liquidity and Capital Resources

Overview

Our principal sources of liquidity are our existing unrestricted cash, cash equivalents and short-term investments, cash generated from operations, and cash available from borrowings under our $110 million revolving credit facility (which was undrawn at March 31, 2006). At March 31, 2006, we had a total of $366.0 million in unrestricted cash, cash equivalents and short-term investments. We currently are seeking to replace our existing $710 million senior secured credit facility with a new senior secured credit facility consisting of a term loan of up to $900 million and a revolving credit facility of up to $200 million. From time to time, we may also generate additional liquidity through the sale of assets that are not material to or are not required for the ongoing operation of our business. We believe that our existing unrestricted cash, cash equivalents and short-term investments, liquidity under our revolving credit facility and our anticipated cash flows from operations, will be sufficient to meet the projected operating and capital requirements for our existing business, including the build-out and launch of the

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wireless licenses that we and ANB 1 License acquired in Auction #58 and the acquisition of the wireless licenses that we have agreed to acquire in North Carolina, South Carolina and Rochester, New York.

We also expect that we will use a portion of the expected proceeds from the term loan under our new senior secured facility to finance the build-out and initial operating costs for our pending license acquisitions in North Carolina, South Carolina and Rochester, New York. We do not intend to commence the build-out of any of these licenses until we have sufficient funds available to us to pay for all of the related build-out and initial operating costs associated with any such license.

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

In anticipation of our participation in Auction #66, we intend to expand our access to sources of capital. As noted above, we are currently seeking to replace our existing $710 million senior secured credit facility with a new senior secured credit facility, which we expect will result in up to approximately $200 million of additional term loan proceeds that would be available to finance purchases of licenses in Auction #66 and/or the related build-out and initial operating costs for such licenses. Furthermore, if the forward sale agreements entered into in connection with this offering are physically settled, then we will receive proceeds from the sale of common stock upon settlement of the forward agreements within approximately one year of the date of this prospectus. If the forward sale agreements are not physically settled, then depending on the price of Leap common stock at the time of settlement and the relevant settlement method, we may receive no proceeds from the settlement of the forward sale agreements.

We also are in discussions to obtain a bridge loan which would allow us to borrow additional capital, as needed, to finance the purchase of licenses in Auction #66 and/or the related build-out and initial operating costs of such licenses. We currently expect to obtain commitments for approximately $600 million under the bridge loan (or, if this offering is not likely to be completed prior to the commencement of Auction #66, approximately $850 million under the bridge loan). However, depending on the prices of licenses in the auction, especially if license prices are attractive, we may seek additional capital to purchase licenses by expanding the bridge loan or through other borrowings. Although we anticipate that our new senior secured credit facility will permit us to incur up to $1.2 billion of unsecured debt which could be used for the bridge loan, we currently expect to only obtain commitments in the range of amounts noted above. Following the completion of Auction #66 when the capital requirements associated with our auction activity will be clearer, we expect to repay the bridge loan with proceeds from one or more offerings of unsecured debt securities, convertible debt securities and/or equity securities, although we cannot assure you that the financing will be available to use on acceptable terms or at all.

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

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

Operating Activities

Cash provided by operating activities was $38.3 million during the three months ended March 31, 2006 compared to $23.5 million during the three months ended March 31, 2005. The increase was primarily attributable to higher net income (net of depreciation and amortization expense and non-cash stock-based compensation expense) in the three months ended March 31, 2006, the timing of payments on accounts payable and to interest payments on Cricket s 13% senior secured pay-in-kind notes and FCC debt made in the three months ended March 31, 2005.

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

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

Investing Activities

Cash used in investing activities was $30.7 million during the three months ended March 31, 2006 compared to $221.6 million during the three months ended March 31, 2005. This decrease was due primarily to a decrease in payments by subsidiaries of Cricket and ANB 1 License for the purchase of wireless licenses totaling $212.0 million and a net decrease in the purchase of investments of $11.2 million, partially offset by an increase in purchases of property and equipment of $38.2 million.

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

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

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Financing Activities

Cash used in financing activities was $0.7 million during the three months ended March 31, 2006, compared to cash provided by financing activities of $79.2 million during the three months ended March 31, 2005. This decrease was due primarily to a decrease in borrowing under the term loan of $500 million, partially offset by a decrease in the payments on Cricket s 13% senior secured pay-in-kind notes, FCC debt and term loan of $412.5 million and a decrease in the payment of debt issuance costs of $6.7 million.

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

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

Secured Credit Facility

Long-term debt as of March 31, 2006 consisted of our senior secured Credit Agreement, which included $600 million of fully-drawn term loans and an undrawn $110 million revolving credit facility available until January 2010. Under our Credit Agreement, the term loans bear interest at the London Interbank Offered Rate (LIBOR) plus 2.5 percent, with interest periods of one, two, three or six months, or bank base rate plus 1.5 percent, as selected by Cricket. Outstanding borrowings under $500 million of the term loans must be repaid in 20 quarterly payments of $1.25 million each, which commenced on March 31, 2005, followed by four quarterly payments of $118.75 million each, commencing March 31, 2010. Outstanding borrowings under $100 million of the term loans must be repaid in 18 quarterly payments of approximately $278,000 each, which commenced on September 30, 2005, followed by four quarterly payments of $23.75 million each, commencing March 31, 2010.

The maturity date for outstanding borrowings under our revolving credit facility is January 10, 2010. The commitment of the lenders under the revolving credit facility may be reduced in the event mandatory prepayments are required under the Credit Agreement and by one-twelfth of the original aggregate revolving credit commitment on January 1, 2008 and by one-sixth of the original aggregate revolving credit commitment on January 1, 2009 (each such amount to be net of all prior reductions) based on certain leverage ratios and other tests. The commitment fee on the revolving credit facility is payable quarterly at a rate of 1.0 percent per annum when the utilization of the facility (as specified in the Credit Agreement) is less than 50 percent and at 0.75 percent per annum when the utilization exceeds 50 percent. Borrowings under the revolving credit facility would currently accrue interest at LIBOR plus 2.5 percent, with interest periods of one, two, three or six months, or bank base rate plus 1.5 percent, as selected by Cricket, with the rate subject to adjustment based on our consolidated leverage ratio.

The facilities under the Credit Agreement are guaranteed by Leap and all of its direct and indirect domestic subsidiaries (other than Cricket, which is the primary obligor, ANB 1 and ANB 1 License) and are secured by all present and future personal property and owned real property of Leap, Cricket and such direct and indirect domestic subsidiaries. Under the Credit Agreement, we are subject to certain limitations, including limitations on our ability to: incur additional debt or sell assets, with restrictions on the use of proceeds; make certain investments and acquisitions; grant liens; and pay dividends and make certain other restricted payments. In addition, we will be required to pay down the facilities under certain circumstances if we issue debt or equity, sell assets or property, receive certain extraordinary receipts or generate excess cash flow (as defined in the Credit Agreement). We are also subject to financial covenants which include a minimum interest coverage ratio, a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum fixed charge coverage ratio. The Credit

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Agreement allows us to invest up to $325 million in ANB 1 and ANB 1 License and up to $60 million in other joint ventures and allows us to provide limited guarantees for the benefit of ANB 1 License and other joint ventures.

Affiliates of Highland Capital Management, L.P. (a beneficial stockholder of Leap and an affiliate of James D. Dondero, a director of Leap) participated in the syndication of the Credit Agreement in the following amounts: $109 million of the $600 million of term loans and $30 million of the $110 million revolving credit facility.

At March 31, 2006, the effective interest rate on the term loans was 6.8%, including the effect of interest rate swaps, and the outstanding indebtedness was $592.9 million. The terms of the Credit Agreement require us to enter into interest rate hedging agreements in an amount equal to at least 50% of our outstanding indebtedness. In accordance with this requirement, in April 2005 we entered into interest rate swap agreements with respect to $250 million of our debt. These swap agreements effectively fix the interest rate on $250 million of the outstanding indebtedness at 6.7% through June 2007. In July 2005, we entered into another interest rate swap agreement with respect to a further $105 million of our outstanding indebtedness. This swap agreement effectively fixes the interest rate on $105 million of the outstanding indebtedness at 6.8% through June 2009. The $5.7 million fair value of the swap agreements at March 31, 2006 was recorded in other assets in our consolidated balance sheet with a corresponding increase in other comprehensive income, net of tax.

Our restatement of our historical consolidated financial results as described in Note 3 to the consolidated financial statements included elsewhere in this prospectus may have resulted in defaults under the Credit Agreement. On March 10, 2006, the required lenders under the Credit Agreement granted a waiver of the potential defaults, subject to conditions which we have met.

As described above, we currently intend to increase the size of our term loan and revolving credit facility by up to $300 million and $90 million, respectively, in anticipation of our participation in Auction #66.

Capital Expenditures and Other Asset Acquisitions and Dispositions

Capital Expenditures. We and ANB 1 License currently expect to incur between $430 million and $500 million in capital expenditures, including capitalized interest, for the year ending December 31, 2006. We may revise our estimate of capital expenditures for 2006 in the coming quarters, after our proposed financing activities are completed and depending on the timing of our pending purchases of spectrum in the Carolinas and Rochester, New York, and the potential launch of some of our markets ahead of schedule.

During the three months ended March 31, 2006, we and ANB 1 License incurred approximately $60.9 million in capital expenditures. These capital expenditures were primarily for: (i) expansion and improvement of our existing wireless networks, (ii) costs associated with the build-out of markets covered by licenses acquired in Auction #58, (iii) costs incurred by ANB 1 License in connection with the build-out of licenses ANB 1 License acquired in Auction #58, and (iv) expenditures for EV-DO technology.

During the year ended December 31, 2005, we and ANB 1 incurred approximately $208.8 million in capital expenditures. These capital expenditures were primarily for: (i) expansion and improvement of our existing wireless networks, (ii) the build-out and launch of the Fresno, California market and the related expansion and network change-out of our existing Visalia and Modesto/ Merced markets, (iii) costs associated with the build-out of markets covered by licenses acquired in Auction #58, (iv) costs incurred by ANB 1 License in connection with the initial development of licenses ANB 1 License acquired in the FCC s Auction #58, and (v) initial expenditures for EV-DO technology.
intend to commence the build-out of any of these licenses until we have sufficient funds available to us to pay for all of the related build-out and initial operating costs associated with any such license.

Auction #58 Properties and Build-Out. In May 2005, our wholly owned subsidiary, Cricket Licensee (Reauction), Inc., completed the purchase of four wireless licenses covering approximately 11.3 million POPs in the FCC s Auction #58 for $166.9 million.

In September 2005, ANB 1 License completed the purchase of nine wireless licenses covering approximately 10.2 million POPs in Auction #58 for $68.2 million. We have made acquisition loans under our senior secured credit facility with ANB 1 License, as amended, in the aggregate amount of $64.2 million, which were used by ANB 1 License, together with $4.0 million of equity contributions, to purchase the Auction #58 wireless licenses. In addition, we have committed to loan ANB 1 License up to $225.8 million in additional funds to finance the build-out and launch of its networks and working capital requirements, of which $123.8 million was drawn at March 31, 2006. Under Cricket s Credit Agreement, we are permitted to invest up to an aggregate of $325 million in loans to and equity investments in ANB 1 and ANB 1 License.

We and ANB 1 License have launched four of the 13 markets we acquired in Auction #58. We currently expect to launch commercial operations in the markets covered by the other licenses that we and ANB 1 License acquired as a result of Auction #58. Pursuant to a management services agreement, we are providing services to ANB 1 License with respect to the build-out and launch of the licenses it acquired in Auction #58. See Business Arrangements with Alaska Native Broadband below for further discussion of our arrangements with ANB 1.

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

On August 3, 2005, we completed the sale of 23 wireless licenses and substantially all of the operating assets in our Michigan markets for $102.5 million, resulting in a gain of $14.6 million. We had not launched commercial operations in most of the markets covered by the licenses sold.

In November 2005, we signed an agreement to sell our wireless licenses and operating assets in our Toledo and Sandusky, Ohio markets in exchange for $28.5 million and an equity interest in LCW Wireless, a designated entity which owns a wireless license in the Portland, Oregon market. We also agreed to contribute to the joint venture approximately $25 million and two wireless licenses and related operating assets in Eugene and Salem, Oregon, which would increase our non-controlling equity interest in LCW Wireless to 73.3%. We received the final FCC consent required for these transactions on April 26, 2006. Completion of these transactions is subject to customary closing conditions, including third party consents. Although we expect to satisfy these conditions, we cannot assure you that they will be satisfied. See Business Arrangements with LCW Wireless below for further discussion of our arrangements with LCW Wireless.

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

On March 1, 2006, we entered into an agreement with a debtor-in-possession for the purchase of 13 wireless licenses in North Carolina and South Carolina for an aggregate purchase price of $31.8 million. Completion of this transaction is subject to customary closing conditions, including FCC approval and the receipt of an FCC order agreeing to extend certain build-out requirements with respect to certain of the licenses. Although we expect to receive such approvals and order and to satisfy the other conditions, we cannot assure you that such approvals and order will be granted or that the other conditions will be satisfied.

On May 9, 2006, we entered into a license swap agreement, whereby we will exchange our wireless license in Grand Rapids, Michigan for a wireless license in Rochester, New York. This new Rochester, New York market will form a new market cluster with our existing Buffalo-Niagara Falls and Syracuse markets in upstate New York. Completion of this transaction is subject to customary closing

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conditions, include FCC approval. Although we expect to receive such approval and satisfy the other conditions, we cannot assure you that such approval will be granted or that the other conditions will be satisfied.

Certain Contractual Obligations, Commitments and Contingencies

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

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

(1) Amounts shown for Cricket s term loans include principal only. Interest on the term loans, calculated at the current interest rate, is stated separately.

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

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

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

The table above also does not include the following contractual obligations relating to ANB 1: (1) Cricket s obligation to loan to ANB 1 License up to $225.8 million in additional funds to finance the build-out and launch of its networks and working capital requirements, of which approximately $123.8 million was drawn at March 31, 2006, (2) Cricket s obligation to pay $4.2 million plus interest to ANB if ANB exercises its right to sell its membership interest in ANB 1 to Cricket following the initial build-out of ANB 1 License s wireless licenses, and (3) ANB 1 License s obligation to purchase a minimum of $39.5 million and $6.0 million of products and services from Nortel Networks Inc. and Lucent Technologies Inc., respectively, over the same three year terms as those for Cricket.

The table above also does not include the following contractual obligations relating to LCW Wireless which would arise at and after the closing of the LCW Wireless transaction: (1) Cricket s obligation to contribute $25.0 million to LCW Wireless in cash, (2) Cricket s obligation to contribute approximately $3.0 million to LCW Wireless in the form of replacement network equipment, (3) Cricket s obligation to pay up to $3.0 million to WLPCS if WLPCS exercises its right to sell its membership interest in LCW Wireless to Cricket, and (4) Cricket s obligation to pay to CSM an amount equal to CSM s pro rata share of the fair value of the outstanding membership interests in LCW

Wireless, determined either through an appraisal or based on a multiple of Leap s enterprise value divided by its adjusted EBITDA and applied to LCW Wireless adjusted EBITDA to impute an enterprise value and equity value for LCW Wireless, if CSM exercises its right to sell its membership interest in LCW Wireless to Cricket.

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Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at March 31, 2006.

Recent Accounting Pronouncements

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

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

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk. As of March 31, 2006, we had $592.9 million in outstanding floating rate debt under our secured Credit Agreement. Changes in interest rates would not significantly affect the fair value of our outstanding indebtedness. The terms of our Credit Agreement require that we enter into interest rate hedging agreements in an amount equal to at least 50% of our outstanding indebtedness. In accordance with this requirement, we entered into interest rate swap agreements with respect to $250 million of our indebtedness in April 2005, and with respect to an additional $105 million of our indebtedness in July 2005. The swap agreements effectively fix the interest rate on $250 million of our indebtedness at 6.7% through June 2007, and on $105 million of our indebtedness at 6.8% through June 2009.

As of March 31, 2006, net of the effect of the interest rate swap agreements described above, our outstanding floating rate indebtedness totaled $237.9 million. The primary base interest rate is the three month LIBOR. Assuming the outstanding balance on our floating rate indebtedness remains constant over a year, a 100 basis point increase in the interest rate would decrease pre-tax income and cash flow, net of the effect of the swap agreements, by approximately $2.4 million.

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

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

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

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

Management s Report on Internal Control over Financial Reporting

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

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

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

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

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

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

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

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

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

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

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

Management s Remediation Initiatives

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

As of September 30, 2005, June 30, 2005, March 31, 2005, December 31, 2004 and September 30, 2004, we reported a material weakness related to insufficient staffing in the accounting and financial reporting functions. During 2005, we have taken the following actions to remediate the material weakness related to insufficient staffing in our accounting, financial reporting and tax functions:

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

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

Based on the new leadership and management in the accounting department, on its identification of the historical errors in our accounting for income taxes, and the timely completion of the Annual Report on Form 10-K for the year ended December 31, 2005 and the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, September 30, 2005 and June 30, 2005, we believe that we have made substantial progress in addressing this material weakness as of March 31, 2006. However, the material weakness was not yet remediated as of March 31, 2006. We expect that this material weakness will be fully remediated once we have filled the remaining key open management positions, including a full-time tax department leader, with qualified personnel and those personnel have had sufficient time in their positions.

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

We have initiated a search for a qualified full-time tax department leader and continue to make this a priority. We have been actively recruiting for this position for several months, but have experienced difficulty in finding qualified applicants. Nevertheless, we are striving to fill the position as soon as possible.

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

We used experienced qualified consultants to assist management in interpreting and applying income tax accounting literature and preparing our 2005 annual income tax provision, and will continue to use such consultants in the future to obtain access to as much income tax accounting expertise as we need. We recognize, however, that a full-time tax department leader with appropriate tax accounting expertise is important for us to maintain effective internal controls on an ongoing basis.

As a result of the remediation initiatives described above, we identified certain of the errors that gave rise to the restatements of the consolidated financial statements for deferred income taxes.

We expect that the material weakness related to our accounting for income taxes will be remediated once we have hired a full-time leader of the tax department, that person has had sufficient time in his or her position, and we demonstrate continued accurate and timely preparation of our income tax provisions.

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

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BUSINESS

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

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

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

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

Cricket Business Overview

Cricket Service

At March 31, 2006, Cricket and Jump Mobile services were offered in 20 states in the U.S. and had approximately 1,779,000 customers. As of March 31, 2006, we and ANB 1 License owned wireless licenses covering a total of 70.0 million POPs in the aggregate, and our networks in our operating markets covered approximately 29.0 million POPs. ANB 1 License is a wholly owned subsidiary of ANB 1, an entity in which we own a 75% non-controlling interest. We are currently building out and launching the new markets that we and ANB 1 License have acquired, and we anticipate that our combined network footprint will cover over 42 million POPs by the end of 2006.

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

Our premium Cricket service plan, which is our most popular service plan, offers customers unlimited local and domestic long distance service from their Cricket service area combined with unlimited use of multiple calling features and messaging services for a flat rate of $45 per month.

Approximately 60% of Cricket customers as of March 31, 2006 subscribed to this premium plan, and a substantially higher percentage of new Cricket customers in the quarter ended March 31, 2006 purchased this plan. We also offer a basic service plan which allows customers to make unlimited calls within their Cricket service area and receive unlimited calls from any area for $35 per month and an intermediate service plan which also includes unlimited long distance service for $40 per month. In 2005 we launched our first per-minute prepaid service, Jump Mobile, to bring Cricket s attractive value proposition to customers who prefer active control over their wireless usage and to better target the urban youth market.

The majority of existing wireless customers in the U.S. subscribe to post-pay services that require credit approval and a contractual commitment from the subscriber for a period of at least one year, and include overage charges for call volumes in excess of a specified maximum. According to IDC, U.S. wireless penetration is currently estimated at approximately 70%. We believe that customers who require a significantly larger amount of voice usage than average, are price-sensitive, have lower credit scores or prefer not to enter into fixed-term contracts represent a large portion of the remaining growth potential in the U.S. wireless market. We believe our services appeal strongly to these customer segments. We believe that we are able to service these customers and generate significant OIBDA (operating income before depreciation and amortization) performance because of our high-quality networks and low customer acquisition and operating costs.

We sell our Cricket handsets and service primarily through two channels: Cricket s own retail locations and kiosks (the direct channel); and authorized dealers and distributors, including premier dealers, local market authorized dealers, national retail chains and other indirect distributors (the indirect channel). Premier dealers are independent dealers that sell Cricket products, usually exclusively, in stores that look and function similar to our company-owned stores, enhance the in-store experience for customers and level of customer service and expand our brand presence within a market. As of March 31, 2006, we and ANB 1 License had 91 direct locations and 1,660 indirect distributors, including 202 premier dealers. Premier dealers tend to generate significantly more business than other indirect dealers, and we plan to continue to significantly expand the number of premier dealer locations in 2006. Our direct sales locations were responsible for approximately 32% of our gross customer additions in 2005. We place our direct and indirect retail locations strategically to focus on our target customer demographic and provide the most efficient market coverage while minimizing cost. As a result of our product design and cost-efficient distribution system, we have been able to achieve a cost per gross customer addition (CPGA), which measures the average cost of acquiring a new customer, that is significantly lower than most of our competitors.

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

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Our Business Strengths

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

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

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

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

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

Our Business Strategy

Target Underserved Customer Segments. Our services are targeted primarily toward market segments underserved by traditional communications companies. On average, our customers tend to be younger and have lower incomes than the customers of other wireless carriers. Moreover, our customer base also reflects a greater percentage of ethnic minorities than those of the national carriers. We believe these underserved market segments are among the fastest growing population segments in the U.S. According to IDC, U.S. wireless penetration is currently estimated at approximately 70%. We believe that the majority of existing wireless customers subscribe to post-pay services that require credit approval and a contractual commit-

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

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

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

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

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Cricket Business Operations

Products and Services

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

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

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

(b) Excludes Alaska.

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

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

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

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

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

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

In addition, we anticipate launching new usage-based data platforms and services in 2006 to better meet our customer needs.

Handsets. Our handsets include models that provide color screens, camera phones and other features to facilitate digital data transmission. Currently, all of the handsets that we offer are CDMA 1XRTT enabled. We currently provide 10 different handsets that are available for purchase at our retail stores, through our distributors and through our website. We also facilitate warranty exchanges between our customers and the handset manufacturers for handset issues that occur during the applicable warranty period, and we work with a third party to provide a handset insurance program. In addition, we occasionally offer selective handset upgrade incentives for customers who meet certain criteria.

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

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

Customer Care and Billing

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

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

Sales and Distribution

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

We sell our Cricket handsets and service primarily through two channels: Cricket s own retail locations and kiosks (the direct channel); and authorized dealers and distributors, including premier dealers, local market authorized dealers, national retail chains and other indirect distributors (the indirect channel). Premier dealers are independent dealers that sell Cricket products, usually exclusively, in stores that look and function similar to our company-owned stores, enhance the in-store experience for customers and level of customer service and expand our brand presence within a market. As of March 31, 2006, we and ANB 1 License had 91 direct locations and 1,660 indirect distributors, including approximately 202 premier dealers. Our direct sales locations were responsible for approximately 32% of our gross customer additions in 2005. Premier dealers tend to generate significantly more business than other indirect dealers, and we plan to continue to significantly expand the number of premier dealer locations in 2006. We place our direct and indirect retail locations strategically to focus on our target customer demographic and provide the most efficient market coverage while minimizing cost. As a result of our product design and cost-efficient distribution system, we have been able to achieve a cost per gross customer addition (CPGA), which measures the average cost of acquiring a new customer, that is significantly lower than most of our competitors.

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

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

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

Network and Operations

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

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

As of March 31, 2006, our core wireless networks consisted of approximately 2,600 cell sites (most of which are co-located on leased facilities), a Network Operations Center, or NOC, and 27 switches in 24 switching centers. A switching center serves several purposes, including routing calls, managing call handoffs, managing access to and from the public switched telephone network, or PSTN, and other value-added services. These locations also house platforms that enable services including text messaging, picture messaging, voice mail, and data services. Our NOC provides dedicated, 24 hours per day monitoring capabilities every day of the year for all network nodes to ensure highly reliable service to our customers.

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

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

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

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

Wireless Licenses

The following tables show the wireless licenses that we and ANB 1 License owned at May 10, 2006, covering approximately 70.0 million POPs. The tables include wireless licenses won by our subsidiary Cricket Licensee (Reauction), Inc. and by ANB 1 License in Auction #58.

Cricket

Market	Population	Total MHz	Channel Block
Houston, TX(2)	5,693,661	10	C
Phoenix, AZ(1)	4,055,495	10	C
San Diego, CA(2)	3,026,854	10	C
Denver/Boulder, CO(1)	2,948,779	10	F
Pittsburgh/Butler/Uniontown/Washington/Latrobe, PA(1)	2,437,336	10	E
Charlotte/Gastonia, NC(1)	2,302,773	10	F
Kansas City, MO(2)	2,169,252	10	C
Nashville/Murfreesboro, TN(1)	1,889,365	15	C
Salt Lake City/Ogden, UT(1)	1,741,912	15	C
Memphis, TN(1)	1,608,980	15	C
Greensboro/Winston- Salem/High Point, NC(1)	1,528,564	10	F
Dayton/Springfield, OH(1)	1,218,322	10	F
Buffalo, NY(1),(3)	1,195,157	10	E
Knoxville, TN(1)	1,185,948	15	C
Grand Rapids, MI(6)	1,140,950	10	D
Omaha, NE(1)	1,032,469	10	F
Fresno, CA(1)	1,020,480	30	C
Little Rock, AR(1)	998,263	15	C
Tulsa, OK(1)	988,686	15	C
Tucson, AZ(1)	941,615	15	C
Albuquerque, NM(1)	897,787	15	C
Toledo, OH(1),(4)	789,506	15	C
Syracuse, NY(1)	788,466	15	C
Spokane, WA(1)	786,557	15	C
Ft. Wayne, IN(7)	736,670	10	E
Macon, GA(1)	694,451	30	C
Wichita, KS(1)	673,043	15	C
Boise, ID(1)	664,341	30	C
Reno, NV(1)	661,047	10	C
Saginaw-Bay City, MI	641,102	10	D
Chattanooga, TN(1)	589,905	15	C
Modesto, CA(1)	574,191	15	C
Salem/Corvallis, OR(1),(5)	564,062	20	C
Visalia, CA(1)	548,177	15	C
Lakeland, FL	531,706	10	F
Evansville, IN	527,827	10	F

Lansing, MI	526,606	10	D
Appleton-Oshkosh, WI	475,841	10	E
Peoria, IL	458,653	15	C
Provo, UT(1)	434,151	15	C
Fayetteville, AR(1)	379,468	20	C
Temple, TX(2)	378,197	10	C
Columbus, GA(1)	373,094	15	C
Lincoln, NE(1)	365,642	15	C
Albany, GA	364,149	15	C
Hickory, NC	355,795	10	F
Fort Smith, AR(1)	339,088	20	C
Eugene, OR(1),(5)	336,803	10	C
La Crosse, WI, Winona, MN	325,933	10	D
Pueblo, CO(1)	325,794	20	C
Fargo, ND	320,715	15	C
Utica, NY	297,672	10	F
Ft. Collins, CO(1)	273,954	10	F
Clarksville, TN(1)	273,730	15	C
Merced, CA(1)	260,066	15	C
Santa Fe, NM(1)	234,691	15	C
Muskegon, MI	232,822	10	D
Greeley, CO(1)	229,860	10	F
Johnstown, PA	226,326	10	C
Stevens Point, Marshfield, Wisconsin Rapids, WI	218,663	20	D,E
Grand Forks, ND	194,679	15	C
Jonesboro, AR(1)	186,556	10	C
Lufkin, TX	167,326	10	C
Owensboro, KY	166,891	10	F
Pine Buff, AR(1)	149,995	20	C
Hot Springs, AR(1)	144,727	15	C
Gallup, NM	139,910	15	C
Sandusky, OH(1),(4)	138,340	15	C
Steubenville, OH-Weirton, WV(1)	126,335	10	C
Eagle Pass, TX	124,186	15	C
Lewiston, ID	123,933	15	C
Marion, OH	101,577	10	C
Roswell, NM	81,947	15	C
Blytheville, AR	66,293	15	C
Coffeyville, KS	59,053	15	C
Nogales, AZ	41,728	20	C
Subtotal Cricket	**59,814,888**		

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ANB 1 License

Market	Population	Total MHz	Channel Block
Cincinnati, OH(2)	2,243,257	10	C
San Antonio, TX(1)	2,047,158	10	C
Louisville, KY(2)	1,548,162	10	C
Austin, TX(2)	1,536,178	10	C
Lexington, KY(2)	972,910	10	C
El Paso, TX(1)	795,224	10	C
Colorado Springs, CO(1)	589,731	10	C
Las Cruces, NM(1)	263,039	10	C
Bryan, TX(2)	203,606	10	C
Subtotal ANB 1 License	**10,199,265**		
Total Cricket and ANB 1 License	**70,014,153**		

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

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

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

(4) Designates wireless licenses or portions of wireless licenses used in commercial operations that, subject to certain conditions, we have agreed to sell to a third party along with associated network assets and subscribers. Upon completion of the sale, Cricket will no longer offer service in these designated markets.

(5) Designates wireless licenses or portions of wireless licenses used in commercial operations that, subject to certain conditions, we have agreed to contribute, along with associated network assets and subscribers, to LCW Wireless.

(6) Designates a wireless license which we have agreed, subject to certain conditions, to exchange for a wireless license in Rochester, New York.

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

Arrangements with Alaska Native Broadband

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

Under the Credit Agreement governing our secured credit facility, we are permitted to invest up to an aggregate of $325 million in loans to and equity investments in ANB 1 and ANB 1 License (excluding capitalized interest). Cricket s aggregate equity capital contributions to ANB 1 were $3.0 million and $9.7 million as of December 31, 2005 and May 8, 2006, respectively. Cricket is also a secured lender to ANB 1 License. Under a senior secured credit facility, as amended, Cricket has agreed to loan ANB 1 License up to $290.0 million plus capitalized interest, of which $188.0 million was drawn as of March 31, 2006.

ANB 1 License operates a wireless telecommunications business in its markets using the Cricket business model and brands. As of May 10, 2006, ANB 1 License had launched Cricket service in San Antonio and El Paso, Texas, Colorado Springs, Colorado and Las Cruces, New Mexico.

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

Limited Liability Company Agreement. In December 2004, Cricket and ANB entered into an amended and restated limited liability company agreement which, as amended by the parties, is referred to in this prospectus as the ANB 1 LLC Agreement. Under the ANB 1 LLC Agreement, ANB, as the sole manager of ANB 1, has the exclusive right and power to manage, operate and control ANB 1 and its business and affairs, subject to certain protective provisions for the benefit of Cricket, including among others, Cricket s consent to the sale of any of ANB 1 License s wireless licenses (other than the

Bryan, TX, El Paso, TX, and Las Cruces, NM licenses) or any material network assets related thereto, or a sale of additional equity interests in ANB 1. Subject to FCC approval, ANB can be removed as the manager of ANB 1 in certain circumstances, including ANB s fraud, gross negligence or willful misconduct, ANB s insolven