

LEAP WIRELESS INTERNATIONAL INC

Form S-1

June 30, 2005

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As filed with the Securities and Exchange Commission on June 30, 2005

Registration No. 333-

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**Form S-1**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

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**LEAP WIRELESS INTERNATIONAL, INC.**

*(Exact name of registrant as specified in its charter)*

**Delaware**  
*(State or other jurisdiction of  
incorporation or organization)*

**4812**  
*(Primary Standard Industrial  
Classification Code Number)*

**33-0811062**  
*(I.R.S. Employer  
Identification Number)*

**10307 Pacific Center Court**

**San Diego, CA 92121  
(858) 882-6000**

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

**S. Douglas Hutcheson**

**Chief Executive Officer  
Leap Wireless International, Inc.  
10307 Pacific Center Court  
San Diego, CA 92121  
(858) 882-6000**

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

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***Copies To:***

**Barry M. Clarkson, Esq.**

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

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**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this registration statement.

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

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

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

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

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If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

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### CALCULATION OF REGISTRATION FEE

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Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, par value \$.0001 per share	17,198,252 shares	\$27.36	\$470,544,174.72	\$55,383.05

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- (1) Calculated pursuant to Rule 457(c) of the rules and regulations under the Securities Act with respect to common stock to be sold by selling stockholders based on the average of the high and low sale prices of our common stock reported on the OTC Bulletin Board on June 24, 2005.

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

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The information in this prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED JUNE 30, 2005**

**PROSPECTUS**

**17,198,252 Shares**

**LEAP WIRELESS INTERNATIONAL, INC.**

**Common Stock**

This prospectus relates to up to 17,198,252 shares of our common stock, par value \$0.0001 per share, which may be offered for sale from time to time by the selling stockholders named in this prospectus. The shares of common stock may be sold at fixed prices, prevailing market prices at the times of sale, prices related to the prevailing market prices, varying prices determined at the times of sale or negotiated prices. The shares of common stock offered by this prospectus and any prospectus supplement may be offered by the selling stockholders directly to investors or to or through underwriters, dealers or other agents. We will not receive any of the proceeds from the sale of the shares of common stock sold by the selling stockholders. We will bear all expenses of the offering of common stock, except that the selling stockholders will pay any applicable underwriting fees, discounts or commissions and transfer taxes.

Our common stock is listed for trading on the Nasdaq National Market, under the symbol LEAP. On June 29, 2005, the last reported sale price of our common stock on the Nasdaq National Market was \$28.25 per share.

**Investing in our common stock involves risks. See Risk Factors beginning on page 4.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2005

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### ABOUT THIS PROSPECTUS

This prospectus is part of a resale registration statement that we filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. The selling stockholders may offer and sell, from time to time, an aggregate of up to 17,198,252 shares of our common stock under the prospectus. In some cases, the selling stockholders will also be required to provide a prospectus supplement containing specific information about the selling stockholders and the terms on which they are offering and selling our common stock. We may also add, update or change in a prospectus supplement any information contained in this prospectus. You should read this prospectus and any accompanying prospectus supplement, as well as any post-effective amendments to the registration statement of which this prospectus is a part, together with the additional information described under Where You Can Find More Information before you make any investment decision.

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

As used in this prospectus, the terms we, our, ours and us refer to Leap Wireless International, Inc., a Delaware corporation and its subsidiaries, unless the context suggests otherwise. Leap refers to Leap Wireless International, Inc., and Cricket refers to Cricket Communications, Inc. Cricket and its subsidiaries are collectively referred to herein as the Cricket Companies.

### MARKET AND INDUSTRY DATA

This prospectus includes estimates regarding market data, which are based on our internal estimates, independent industry publications, reports by market research firms and/or other published independent sources. In each case, we believe these estimates are reasonable. However, market data is subject to change and cannot always be verified with complete certainty due to limitations and uncertainties inherent in any statistical survey of market data. As a result, you should be aware that market data set forth herein, and estimates and beliefs based on such data, may not be reliable. Unless otherwise specified, information relating to population and potential customers, or POPs, is based on 2005 population estimates provided by Claritas Inc.

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**PROSPECTUS SUMMARY**

*This summary highlights selected information from this prospectus and does not contain all the information that you should consider before buying shares in this offering. You should read the entire prospectus carefully, especially Risk Factors and the financial statements and notes, before deciding to invest in shares of our common stock.*

**Our Company**

Leap Wireless International, Inc., or Leap, together with its wholly owned subsidiaries, is a wireless communications carrier that offers digital wireless service in the United States of America under the brand Cricket®. Leap conducts operations through its subsidiaries; Leap has no independent operations or sources of operating revenue other than through dividends and distributions, if any, from its operating subsidiaries. Cricket service is operated by Leap's wholly owned subsidiary, Cricket Communications, Inc. (Cricket). Leap, Cricket and their subsidiaries are collectively referred to in this prospectus as the Company.

Leap was formed in 1998 by Qualcomm Incorporated, or Qualcomm. Qualcomm distributed the common stock of Leap in a spin-off distribution to Qualcomm's stockholders in September 1998. Under a license from Leap, the Cricket service was first introduced in Chattanooga, Tennessee in March 1999 by Chase Telecommunications, Inc., a company that Leap acquired in March 2000.

On April 13, 2003, or the Petition Date, Leap, Cricket and substantially all of their subsidiaries filed voluntary petitions for relief under Chapter 11 in the U.S. Bankruptcy Court for the Southern District of California, or the Bankruptcy Court. Our Fifth Amended Joint Plan of Reorganization, or Plan of Reorganization, was confirmed by the Bankruptcy Court on October 22, 2003. On August 5, 2004, all material conditions to the effectiveness of our Plan of Reorganization were resolved and, on August 16, 2004, the Plan of Reorganization became effective. On that date, Leap, Cricket and each of their subsidiaries that filed for Chapter 11 relief emerged from bankruptcy. In connection with the Plan of Reorganization, a new Board of Directors of Leap was appointed, Leap's previously issued stock, options and warrants were cancelled, and Leap issued 60 million shares of new Leap common stock for distribution to two classes of creditors. For a description of our bankruptcy proceedings, see Business Chapter 11 Proceedings Under the Bankruptcy Code below.

**Cricket Business Overview**

We conduct our business primarily through Cricket. Cricket provides mobile wireless services targeted to meet the needs of customers who are under-served by traditional communications companies. Cricket operates in 39 markets in 20 states stretching from New York to California. At March 31, 2005, we had approximately 1,615,000 customers and the total potential customer base covered by our networks in our 39 operating markets was approximately 26.7 million.

In May 2005, a wholly owned subsidiary of Cricket acquired from the FCC four wireless licenses covering approximately 11.1 million potential customers, after being named the winning bidder for such licenses in the FCC's Auction #58. We currently expect to build out and launch commercial operations in the markets covered by these licenses and are developing plans for such build-outs. In addition, a subsidiary of Alaska Native Broadband 1, LLC, an entity in which we own a 75% non-controlling interest and which is referred to in this prospectus as ANB 1, was the winning bidder in Auction #58 for nine wireless licenses covering approximately 10.1 million potential customers. The transfers of these wireless licenses to ANB 1's subsidiary are subject to FCC approval. Although we expect that such approvals will be issued in the normal course, we cannot assure you that the FCC will grant such approvals.

In March 2005, subsidiaries of Leap signed an agreement to sell 23 operating and non-operating wireless licenses and substantially all of the operating assets in our Michigan markets for up to \$102.5 million. We have not launched commercial operations in most of the markets covered by the licenses to be sold. Completion of the transaction is subject to FCC approval and other customary closing conditions. On June 22, 2005, the FCC granted its approval of the transaction. The FCC's approval may be subject to reconsideration or review

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until August 8, 2005. Although we expect to satisfy the closing conditions, we cannot assure you that such conditions will be satisfied. If this sale is completed, we would own wireless licenses covering approximately 60.2 million potential customers, including the licenses we acquired in Auction #58 and the license we recently acquired in Fresno, California.

Our service allows customers to make and receive virtually unlimited calls within a local calling area and receive virtually unlimited calls from any area for a flat monthly rate. Cricket customers may sign up for additional feature packages and may also make long distance calls on a per-minute basis or as part of packaged offerings. In addition to our basic Cricket service, we also offer a plan that bundles domestic long distance at a higher price. Additionally, we offer a premium plan, which includes virtually unlimited local and domestic long distance service, and virtually unlimited use of multiple calling features and messaging services for a flat rate. We also offer a plan that provides discounts on additional lines of service that are added to an existing qualified account.

Our business model is different from most other wireless cellular and PCS business models. Most other wireless cellular and PCS service providers offer consumers a complex array of rate plans that typically include additional charges for minutes above a set maximum. This approach may result in monthly service charges that are higher than their customers expect. We have designed the Cricket service to appeal to consumers who value virtually unlimited mobile calling with a predictable monthly bill, and who make the majority of their calls from within their local areas. We recently introduced an away-from-home calling option (roaming) for our customers who occasionally travel away from their home calling area.

Commencing in the second quarter of 2004, we began upgrading our networks to permit us to offer our customers a number of additional features to enhance the Cricket service. These enhancements, which are now available in most of our markets, include games and applications that utilize the BREW (a registered trademark of Qualcomm) handset application software platform, improved data services, and customized ringtones. Early in 2005, we expanded our available international long distance destinations to many additional countries and enhanced our product portfolio by adding instant messaging and multimedia (picture) messaging.

In addition, in March 2005, we launched our first per-minute prepaid service, Jump<sup>TM</sup> by Cricket, to bring Cricket's value proposition to customers who prefer active control over their wireless usage. Our Jump service allows customers to place local as well as domestic and international long distance calls to more than 70 countries at per-minute costs that are among the lowest in the industry. Unlike most other prepaid wireless offerings, Cricket's Jump service prepaid customers can also receive free unlimited inbound calls as long as there is a balance in their prepaid account. Jump service prepaid customers also receive voicemail, caller ID, call waiting, and three-way calling at no additional charge.

Our business strategy is to attract new customers by removing the price and complexity barriers that we believe have prevented many potential customers from using wireless service. Our offerings combine high quality service in simple packages at highly competitive prices that provide a high value/low price proposition for customers. To become one of the lowest cost providers in the industry, we minimize our capital costs by engineering high-quality, efficient networks that cover only the urban and suburban areas of our markets where most of our potential customers live, work and play, and reduce our general operating costs through streamlined billing procedures and operations and the control of customer care expenses. We have deployed numerous state-of-the-art CDMA networks that deliver high capacity and outstanding quality and that can be easily upgraded to support enhanced capacity.

## **Corporate Information**

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 website is located at [www.leapwireless.com](http://www.leapwireless.com). The information contained in, or that can be accessed through, our website is not part of this prospectus.

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Cricket® is a U.S. registered trademark of Cricket Communications, Inc. Jump™ by Cricket is a trademark of Cricket Communications, Inc. All other trademarks and trade names appearing in this prospectus are the property of their respective holders.

**The Offering**

Common stock offered by the selling stockholders 17,198,252 shares

Common stock outstanding before offering 60,806,423 shares

Common stock outstanding after the offering 60,806,423 shares

Use of Proceeds We will not receive any proceeds from this offering.

Registration Rights We have agreed to use all reasonable efforts to keep the shelf registration statement, of which this prospectus forms a part, effective and current until the date that all of the shares of common stock covered by this prospectus may be freely traded without the effectiveness of such registration statement.

Trading Our common stock is listed for trading on the Nasdaq National Market under the 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 our common stock.

The outstanding share information shown above is based on our shares outstanding as of June 29, 2005, and this information excludes:

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

1,406,121 shares of common stock reserved for issuance upon the exercise of outstanding stock options at a weighted average exercise price of \$26.50;

246,484 shares of common stock reserved for issuance upon the exercise of outstanding deferred stock units, which units generally vest on August 15, 2005 with an exercise price of \$0.0001 per share; and

an aggregate of 2,340,972 shares of common stock available for future issuance under our 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan.



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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 our common stock could decline, and you may lose all or part of the money you paid to buy our 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 losses of \$8.6 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, \$483.3 million for the year ended December 31, 2001, and \$0.2 million for the year ended December 31, 2000. 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 and on the value of the common stock of Leap.

***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 the Cricket service plan (and have also introduced products that consumers perceive to be similar to Cricket's service plan) 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 virtually 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 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.

We compete as a mobile alternative to landline service providers in the telecommunications industry. Wireline carriers have begun to advertise aggressively in the face of increasing competition from wireless carriers, cable operators and other competitors. Wireline carriers are also offering unlimited national calling plans and bundled offerings that include wireless and data services. We may not 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.

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.

***We may not be successful in increasing our customer base which would force us to change our business plans and financial outlook and would likely negatively affect the price of our stock.***

Our growth on a quarter by quarter basis has varied substantially in the recent past. In the first quarter of 2003, we gained approximately 1,000 net customers but we lost approximately 54,000 net customers in the second quarter of 2003. Net customers increased by approximately 18,000 in the third quarter of 2003, but decreased by approximately 4,000 during the fourth quarter of 2003. During the first and second quarters of 2004, we experienced a net increase of approximately 65,700 customers and 9,000 customers, respectively, but

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lost approximately 8,000 net customers in the third quarter of 2004. During the fourth quarter of 2004 and the first quarter of 2005, we gained approximately 30,000 net customers and approximately 45,000 net customers, respectively. We believe that this uneven growth over the last several quarters generally reflects seasonal trends in customer activity, promotional activity, the competition in the wireless telecommunications market, our attenuated 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, we would be forced to change our current business plans and financial outlook and there would likely be a material negative affect on the price of our common stock.

***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 these material weaknesses, or if we have other material weaknesses in our internal control over financial reporting.***

Following publication of a letter regarding accounting for leases issued by the Office of the Chief Accountant of the U.S. Securities and Exchange Commission on February 7, 2005, we reviewed our accounting for leases, including our site retirement and remediation obligations. As a result of this review, and in connection with preparing for our annual audit, we identified accounting errors in our unaudited interim financial statements included in the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2004. As more fully described in Note 2 to our audited annual consolidated financial statements included in this prospectus, our management and Audit Committee concluded that the Company's unaudited interim financial statements for the one and seven month periods ended July 31, 2004 and the two month period ended September 30, 2004 should be restated to correct these accounting errors.

According to the PCAOB's Auditing Standard No. 2, "An Audit of Internal Control over Financial Reporting Performed in Conjunction with an Audit of Financial Statements," restatement of financial statements in prior filings with the SEC is a strong indicator of the existence of a material weakness in internal control over financial reporting. 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 their evaluation of our disclosure controls and procedures, our CEO and CFO concluded that certain material weaknesses in our internal control over financial reporting existed as of December 31, 2004 and as of March 31, 2005 with respect to turnover and staffing levels in our accounting and financial reporting departments (arising in part in connection with the Company's now completed bankruptcy proceedings), the application of lease-related accounting principles, fresh-start reporting oversight, and account reconciliation procedures. 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, 2004 and as of March 31, 2005. We are actively recruiting additional qualified accounting staff, further automating our revenue and inventory processes, upgrading certain of our other systems, and implementing additional reconciliation procedures to address these weaknesses. For a description of these material weaknesses and the steps we are undertaking to remediate these material weaknesses, see Item 4. Controls and Procedures contained in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005. 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 any internal control deficiencies. If we cannot produce reliable financial reports, investors could lose confidence in our reported financial information, the market price of our 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.

***If our internal control over financial reporting does not comply with the requirements of the Sarbanes-Oxley Act of 2002, our business and stock price may be adversely affected.***

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 will be required to document and test our internal control over financial reporting; our management will be required to assess and issue a report

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concerning our internal control over financial reporting; and our independent auditors will be required to attest to and report on management's assessment. Reporting on our compliance with Section 404 of the Sarbanes-Oxley Act will first be required in connection with the filing of our Annual Report on Form 10-K for the fiscal year ending December 31, 2005. We have been conducting a rigorous review of our internal control over financial reporting in order to become compliant with the requirements of Section 404. However, 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 may identify the need for remediation of our internal control over financial reporting. We recently concluded that certain material weaknesses existed in our internal control over financial reporting. See Item 4. Controls and Procedures in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005. If management cannot favorably assess the effectiveness of our internal control over financial reporting as of December 31, 2005, or if our auditors cannot timely attest to management's assessment or if they identify material weaknesses in our internal control over financial reporting as of December 31, 2005, investors could lose confidence in our reported financial information, the market price of our 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.

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

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 long-term commitments 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. In addition, our rate of customer turnover may be affected by other factors, including the size of our calling areas, handset issues, 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.

Our operating costs can also 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 would have a material adverse impact on our financial condition and results of operations.

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

A major element of our business strategy is to offer consumers a service that allows them to make virtually unlimited calls within their Cricket service area and receive unlimited calls from any area for a flat monthly rate without entering into a long-term service commitment or passing a credit check. 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.

***Our indebtedness could adversely affect our financial health, and if we fail to maintain compliance with the covenants under our senior secured credit facilities, any such failure could materially adversely affect our liquidity and financial condition.***

As of May 31, 2005, we had approximately \$499 million of outstanding indebtedness and, to the extent we raise additional capital in the future, we expect to obtain much of such capital through debt financing. This existing indebtedness bears interest at a variable rate, but we have entered into interest rate swap agreements

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with respect to \$250 million of our debt which mitigates the interest rate risk. Our present and future debt financing could have important consequences. For example, it could:

Increase our vulnerability to general adverse economic and industry conditions;

Require us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital, 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; and

Reduce the value of stockholders' investments in Leap because debt holders have priority regarding our assets in the event of a bankruptcy or liquidation.

In addition, the Credit Agreement governing our senior secured credit facilities contains restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. The Credit Agreement also contains various affirmative and negative covenants, including covenants that require us to maintain compliance with certain financial leverage and coverage ratios. Our failure to comply with any of these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all of our debt. Any such acceleration would have a material adverse affect on our liquidity and financial condition and on the value of the common stock of Leap. Our failure to timely file our Annual Report on Form 10-K for the year ended December 31, 2004 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 constituted defaults under the Credit Agreement. Although we were able to obtain a limited waiver of these defaults, we cannot assure you that we will be able to obtain a waiver in the future should a default occur.

***We expect to be able to incur substantially more debt; this could increase the risks associated with our leverage.***

The covenants in our Credit Agreement allow us to incur substantial additional indebtedness in the future. If we incur additional indebtedness, the risks associated with our leverage could increase substantially.

***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. The cost of implementing future technological innovations may be prohibitive to us, and we may lose customers if we fail to keep up with these changes.

***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 maintaining our experienced workforce. We do not, however, generally provide employment contracts to our employees and the uncertainties associated with our bankruptcy and our emergence from bankruptcy have caused many employees to consider or pursue alternative employment. Since we announced reorganization discussions and filed for Chapter 11, we have experienced higher than normal employee turnover, including turnover of individuals at the chief executive officer, president and chief operating officer, senior vice president, vice president and other management levels. The loss of key individuals, and particularly the cumulative effect of such losses, may have a material adverse impact on our ability to effectively manage and operate our business.

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***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 products we sell if they 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 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. 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, specialized 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.

***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 networks. 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

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be fully protected against all losses associated with an infringement claim. 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 initiated similar discussions with other telecommunications carriers. We have begun to evaluate the third party's position but have not yet reached a conclusion as to the validity of its position. 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.***

Our operations are subject to varying degrees of regulation by the FCC, 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. 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. Governmental regulations and orders can significantly increase our costs and affect our competitive position compared to other 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.***

Cricket customers currently use their handsets approximately 1,500 minutes per month, and some markets are experiencing substantially higher call volumes. We own less spectrum in many of our markets than our competitors, but we design our networks to accommodate our expected high call volume, and we consistently assess and implement technological improvements to increase the efficiency of our wireless spectrum. However, if future wireless use by Cricket customers exceeds the capacity of our networks, 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 offer service plans that bundle certain features, long distance and virtually 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 increase. Further, long distance rates and the charges for interconnecting telephone call traffic between carriers can be affected by governmental regulatory actions (and in some cases are subject to regulatory control) and, as a result, could increase with limited warning. 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.

### ***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.

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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 allowed or required 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 bidding activity in recently concluded or upcoming FCC auctions.

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. If the market value of wireless licenses were to decline significantly in the future, the value of our wireless licenses could be subject to non-cash impairment charges in the future. 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 assets 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.

### ***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 from prior periods.***

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

## **Risks Related to this Offering and Ownership of Our Common Stock**

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

The trading prices of the securities of telecommunications companies have been highly volatile. Accordingly, the trading price of our common stock is likely to be subject to wide fluctuations. Factors affecting the trading price of our 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;

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changes in the estimates of our operating results or changes in recommendations by any securities analysts that elect to follow our common stock; and

market conditions in our industry and the economy as a whole.

***The 17,198,252 shares of our common stock registered for resale by this prospectus may adversely affect the market price of our common stock.***

As of June 29, 2005, approximately 60.8 million shares of our common stock were issued and outstanding. This prospectus registers for resale 17,198,252 shares, or approximately 28.3% of our 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 our common stock. We also have registered all shares of common stock that we may issue under our stock option plan. Once we issue these shares, they can be freely sold in the public market. If any of these holders cause a large number of securities to be sold in the public market, the sales could reduce the trading price of our common stock. These sales also could impede our ability to raise future capital.

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

Our directors and entities affiliated with them beneficially own in the aggregate approximately 28.4% of our outstanding common stock. 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 our 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 our common stock.***

Our amended and restated certificate of incorporation and bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of Leap 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, estimate, continue, intend, seek, plan, expect, should, would and similar expressions in this prospectus. Such statements are based on currently available operational, 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;

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

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 service expansion plans;

failure of network systems to perform according to expectations;

our ability to comply with the covenants in our senior secured credit facilities;

failure of the Federal Communications Commission, or the FCC, to approve the transfers: (a) to a third party of the wireless licenses covered by the asset purchase agreement between Cricket Communications, Inc., the third party and the other parties to such agreement; and (b) to Alaska Native Broadband 1 License, LLC of the wireless licenses for which it was the winning bidder in the FCC's Auction #58;

global political unrest, including the threat or occurrence of war or acts of terrorism; and

other factors detailed in the section entitled "Risk Factors" commencing on page 4 of this prospectus.

All forward-looking statements in this prospectus should be considered in the context of these risk factors. 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 of the proceeds from the sale of the shares by the selling stockholders.

**PRICE RANGE OF COMMON STOCK**

Our old common stock was quoted 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. Following our emergence from bankruptcy in August 2004 until June 28, 2005, the new shares of our common stock issued under our Plan of Reorganization were quoted on the OTC Bulletin Board under the symbol LEAP. Commencing on June 29, 2005, our common stock became listed for trading on the Nasdaq National Market under the symbol LEAP. Prior to December 11, 2002, our common stock was listed on the Nasdaq National Market under the symbol LWIN.



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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 in the table set forth below.

The following table sets forth the high and low sales prices per share of our 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 prices on the OTC Bulletin Board through August 15, 2004. Prices for our new common stock are prices on the OTC Bulletin Board from August 16, 2004 through June 28, 2005 and on the Nasdaq National Market on 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.

	<u>High(\$)</u>	<u>Low(\$)</u>
<b>Old Common Stock</b>		
<b>Calendar Year 2003</b>		
First Quarter	0.21	0.11
Second Quarter	0.21	0.05
Third Quarter	0.07	0.02
Fourth Quarter	0.09	0.01
<b>Calendar Year 2004</b>		
First Quarter	0.06	0.03
Second Quarter	0.04	0.01
Third Quarter through August 15, 2004	0.02	0.01
<b>New Common Stock</b>		
Third Quarter beginning August 16, 2004	27.80	19.75
Fourth Quarter	28.10	19.00
<b>Calendar Year 2005</b>		
First Quarter	29.87	25.01
Second Quarter (through June 29, 2005)	28.90	23.00

On June 29, 2005, the last reported sale price of Leap's common stock on the Nasdaq National Market was \$28.25 per share. As of June 29, 2005, there were 60,806,423 shares of common stock outstanding held by approximately 119 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 our common stock in the foreseeable future. The terms of our senior secured credit facilities entered into in January 2005 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.

**Table of Contents****SELECTED CONSOLIDATED FINANCIAL DATA****(In thousands, except per share data)**

The following selected financial data are derived from our audited annual and unaudited condensed consolidated financial statements and have been restated for the seven months ended July 31, 2004 to reflect adjustments that are further discussed in Note 2 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 the Company on or prior to July 31, 2004. References to Successor Company refer to the Company 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 3 to the audited annual consolidated financial statements included elsewhere in this prospectus.

Successor Company	Predecessor Company	Successor Company	Predecessor Company				
Three Months Ended March 31, 2005	Three Months Ended March 31, 2004	Five Months Ended December 31, 2004	Seven Months Ended July 31, 2004	Year Ended December 31,			
				2003	2002	2001	2000(4)
			(As Restated)				

Statement of Operations Data(1):