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8 **UNITED STATES BANKRUPTCY COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**

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11 In re
12 LEAP WIRELESS INTERNATIONAL, INC.,
13 and CRICKET COMMUNICATIONS, INC., et
al.,

14 Debtors.

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18 Fed. Tax Id. Nos. 33-0811062 and 33-0879924

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Chapter 11 Case No.: 03-3470-All
through 03-3535-All

(Jointly Administered)

Chapter 11

**DISCLOSURE STATEMENT
ACCOMPANYING JOINT PLAN OF
REORGANIZATION DATED AS OF
MAY 9, 2003**

Hearing

Date: June 17, 2003

Time: TBA

Place: Courtroom 2

Judge: The Honorable Louise DeCarl Adler

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I. INTRODUCTION

Leap Wireless International, Inc. (“Leap”), its indirect wholly owned subsidiary Cricket Communications, Inc. (“Cricket”) and their respective 64 subsidiaries and/or affiliates¹ (collectively, the “Debtors”) hereby submit this disclosure statement (the “Disclosure Statement”) pursuant to Section 1125 of the Bankruptcy Code, for use in the solicitation of votes on their Joint Plan of Reorganization (as it may be amended, modified or supplemented, the “Plan”), filed with the United States Bankruptcy Court for the Southern District of California on or about May 9, 2003.

On April 13, 2003 (the “Petition Date”), each of the Debtors filed with the Clerk of the United States Bankruptcy Court for the Southern District of California (the “Court”) a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors have also filed with the Court the Plan, which sets forth the manner in which Claims against, and Interests in, the Debtors will be treated. The Plan is attached to the Disclosure Statement as Exhibit A. This Disclosure Statement describes certain aspects of the Plan, the Debtors’ businesses, and

¹ Cricket Communications Holdings, Inc., a Delaware corporation; Backwire.com, Inc., a Delaware corporation; Telephone Entertainment Network, Inc., a Delaware corporation; Chasetel Licensee Corporation, a Delaware corporation; Cricket Licensee (Albany), Inc., a Delaware corporation; Cricket Licensee (Columbus), Inc., a Delaware corporation; Cricket Licensee (Denver), Inc., a Delaware corporation; Cricket Licensee (Lakeland), Inc., a Delaware corporation; Cricket Licensee (Macon), Inc., a Delaware corporation; Cricket Licensee (North Carolina), Inc., a Delaware Corporation; Cricket Licensee (Pittsburgh), Inc., a Delaware corporation; Cricket Licensee (Reauction), Inc., a Delaware corporation; Cricket Licensee I, Inc., a Delaware corporation; Cricket Licensee II, Inc., a Delaware corporation; Cricket Licensee III, Inc., a Delaware corporation; Cricket Licensee IV, Inc., a Delaware corporation; Cricket Licensee V, Inc., a Delaware corporation; Cricket Licensee VI, Inc., a Delaware corporation; Cricket Licensee VII, Inc., a Delaware corporation; Cricket Licensee VIII, Inc., a Delaware corporation; Cricket Licensee IX, Inc., a Delaware corporation; Cricket Licensee X, Inc., a Delaware corporation; Cricket Licensee XI, Inc., a Delaware corporation; Cricket Licensee XII, Inc., a Delaware corporation; Cricket Licensee XIII, Inc., a Delaware corporation; Cricket Licensee XIV, Inc., a Delaware corporation; Cricket Licensee XV, Inc., a Delaware corporation; Cricket Licensee XVI, Inc., a Delaware corporation; Cricket Licensee XVII, Inc., a Delaware corporation; Cricket Licensee XVIII, Inc., a Delaware corporation; Cricket Licensee XIX, Inc., a Delaware corporation; Cricket Licensee XX, Inc., a Delaware corporation; Cricket Holdings Dayton, Inc., a Delaware corporation; MCG PCS Licensee Corporation, Inc., a Delaware corporation; Chasetel Real Estate Company, Inc., a Tennessee corporation; Cricket Alabama Property Company, a Delaware corporation; Cricket Arizona Property Company, a Delaware corporation; Cricket Arkansas Property Company, a Delaware corporation; Cricket California Property Company, a Delaware corporation; Cricket Colorado Property Company, a Delaware corporation; Cricket Florida Property Company, a Delaware corporation; Cricket Georgia Property Company, inc., a Delaware corporation; Cricket Idaho Property Company, a Delaware corporation; Cricket Illinois Property Company, a Delaware corporation; Cricket Indiana Property Company, a Delaware corporation; Cricket Kansas Property Company, a Delaware corporation; Cricket Kentucky Property Company, a Delaware corporation; Cricket Michigan Property Company, a Delaware corporation; Cricket Minnesota Property Company, a Delaware corporation; Cricket Mississippi Property Company, a Delaware corporation; Cricket Nebraska Property Company, a Delaware corporation; Cricket Nevada Property Company, a Delaware corporation; Cricket New Mexico Property Company, a Delaware corporation; Cricket New York Property Company, Inc., a Delaware corporation; Cricket North Carolina Property Company, a Delaware corporation; Cricket Ohio Property Company, a Delaware corporation; Cricket Oklahoma Property Company, a Delaware corporation; Cricket Oregon Property Company, a Delaware corporation; Cricket Pennsylvania Property Company, a Delaware corporation; Cricket Texas Property Company, a Delaware corporation; Cricket Utah Property Company, a Delaware corporation; Cricket Washington Property Company, a Delaware corporation; Cricket Wisconsin Property Company, a Delaware corporation; Leap PCS Mexico, Inc., a California corporation.

1 related matters. Unless otherwise defined herein, each capitalized term contained herein has the
2 meaning ascribed thereto in the Plan.

3 The Plan represents a global settlement of all Intercompany Claims and Litigation
4 Claims between the Debtors, the Holders of Old Vendor Debt (in their capacity as such Holders)
5 and Holders of Old Leap Notes (in their capacity as such Holders), and is the product of months
6 of intense investigation and negotiations among the foregoing parties. As a result of the
7 foregoing settlement, the Debtors have been able to file the Plan – which provides for substantial
8 distributions and the preservation of the Debtors as viable going-concern businesses – and expect
9 to confirm the Chapter 11 Cases on an expedited timetable.

10 On the other hand, without the settlement memorialized in the Plan (and described
11 in greater detail in the Disclosure Statement), the Chapter 11 Cases could deteriorate into free-
12 fall chapter 11 cases and Holders of Allowed Claims and Interests would receive distributions
13 only after the conclusion of lengthy and expensive complex litigation. Those distributions,
14 moreover, would be reduced substantially due to the likely deterioration of the value of the
15 Debtors during prolonged Chapter 11 Cases and the millions of dollars in legal and expert fees
16 which would be incurred to litigate the Intercompany Claims and Litigation Claims.

17 In sum, the settlement provides that: (a) on the Effective Date, or as soon
18 thereafter as practicable, the Holders of Old Vendor Debt Claims will receive, on a Pro Rata
19 basis, [93-97%] of the New Leap Common Stock and New Senior Notes aggregating [\$300-500
20 million] in principal amount; (b) on the Initial Distribution Date, and notwithstanding the
21 occurrence of the Effective Date (i) Holders of General Unsecured Claims against Leap,
22 including the Holders of Old Leap Notes, will receive on a Pro Rata basis, beneficial interests in
23 the Leap Creditor Trust and (ii) Leap shall transfer approximately [\$80 million] in Cash to the
24 Leap Creditor Trust; and (c) on the latter of the Initial Distribution Date and the Effective Date,
25 Leap will transfer to the Leap Creditor Trust (i) the Leap Creditor Trust Assets and (ii) [3-5%] of
26 the New Leap Common Stock. Holders of Old Leap Common Stock will receive no Cash or
27 property on account of their Interests.

28 The Holders of Old Vendor Debt hold valid, perfected and duly enforceable
security interests in all of the stock and assets of the License Holding Companies, the assets of
CCH, the stock and assets of Cricket and the stock and assets of the Real Property Holding
Companies. The only assets available to Holders of Old Leap Notes are those assets that will be
transferred to such Holders pursuant to the Plan. There are no material assets available for any
Holders of Unsecured Claims against Cricket, the License Holding Companies, the Property
Holding Companies or the Other Subsidiaries (and in a chapter 7 liquidation such holders would
receive nothing). As a result, [95-97%] of the New Leap Common Stock will be issued to the
Holders of Old Vendor Debt, and all New Cricket Common Stock, New License Holding
Company Stock, New Retained Property Company Common Stock and New Other Subsidiary
Common Stock will be directly or indirectly held by Reorganized Leap for the benefit of the
Holders of New Leap Common Stock. The issuance of such stock does not reflect any so-called
“new value” plan; instead, such issuance reflects the economic realities of these Chapter 11
Cases. In other words, if the Holders of Old Vendor Debt foreclosed on their collateral, such
Holders would own the Old License Holding Company Common Stock (and the assets of the
License Holding Companies, subject to the FCC Claim), the Old Cricket Common Stock (and
the assets of Cricket) and the Old Property Holding Company Common Stock (and the assets of

1 the Property Holding Companies). Moreover, the Intercompany Releases provided on account
2 of Intercompany Claims do not take any value away from any Holder of a Claim against or
3 Interest in Cricket, the License Holding Companies or the Property Holding Companies because
4 any such Intercompany Claims are pledged to the Holders of Old Vendor Debt and any recovery
5 thereon would inure solely to the benefit of such Holders.

6 Accordingly, on the Effective Date, Reorganized Leap will own directly or
7 indirectly 100% of the issued and outstanding shares of Reorganized Cricket, the Reorganized
8 License Holding Companies and the Reorganized Other Subsidiaries. Reorganized Cricket will
9 own 100% of the issued and outstanding shares of each of the Reorganized Retained Property
10 Holding Companies. On the Effective Date, Cricket Communications Holdings, Inc. will be
11 merged with and into Cricket Communications, Inc. in a “tax-free” reorganization intended to
12 comply with Section 368 (a)(1)(G) of the Internal Revenue Code.

13 **THE PLAN IS THE PRODUCT OF INTENSE NEGOTIATIONS AMONG
14 THE DEBTORS, THE INFORMAL VENDOR DEBT COMMITTEE, THE INFORMAL
15 NOTEHOLDER COMMITTEE AND THE COMMITTEE AND LIKELY REPRESENTS
16 THE BEST POSSIBLE RETURN TO HOLDERS OF CLAIMS AND INTERESTS. THE
17 DEBTORS, THE INFORMAL VENDOR DEBT COMMITTEE AND THE COMMITTEE
18 STRONGLY URGE YOU TO READ THE DISCLOSURE STATEMENT AND VOTE IN
19 FAVOR OF THE PLAN.**

20 All Holders of Claims and Interests are encouraged to read the Plan and the
21 Disclosure Statement in their entirety before voting to accept or reject the Plan. No materials,
22 other than the Disclosure Statement, the exhibits and schedules attached hereto or referenced
23 herein, have been approved by the Debtors for use in soliciting acceptances or rejections of the
24 Plan.

25 This Disclosure Statement is submitted pursuant to Section 1125 of the
26 Bankruptcy Code to holders of Interests or Claims against the Debtors in connection with (i) the
27 solicitation of acceptances of the Plan and (ii) the hearing to consider confirmation of the Plan,
28 scheduled for [____], 2003 at 8:30 a.m.

Attached as Exhibits to this Disclosure Statement are copies of the following:

- The Plan (Exhibit A);
- An Order of the Court dated [____], 2003 (the “Disclosure Statement Order”) approving the Disclosure Statement and establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan (Exhibit B);
- Leap Wireless International, Inc. Organizational Chart (Exhibit C);
- Leap Wireless International, Inc. Form 10-K for the period ending [December 31, 2002] (Exhibit D);
- Liquidation Analysis (Exhibit E);

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- Projections for Reorganized Leap (Exhibit F);
- Leap Budget (Exhibit G);
- Cricket Budget (Exhibit H),
- Leap Creditor Trust (Exhibit I);
- Leap Creditor Trust Agreement (Exhibit J);
- Schedule of Skagit Licenses (Exhibit K);
- Description of New Cricket Common Stock, New Leap Common Stock, New License Holding Company Common Stock, New Retained Property Holding Company Common Stock and New Other Subsidiary Common Stock (Exhibit L);
- Description of the New Senior Notes and Related Risk Factors (Exhibit M);
- Schedule of Litigation Claims (Exhibit N);
- Retained Property Holding Companies (Exhibit O); and
- Liquidating Property Holding Companies (Exhibit P).

In addition, a Ballot for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement submitted to the holders of Claims and Interests that the Debtors believe are entitled to vote to accept or reject the Plan.

On [_____], 2003, after notice and a hearing, the Court entered the Disclosure Statement Order approving this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable hypothetical, reasonable investors typical of Holders of Claims against and Interests in the Debtors to make an informed judgment as to whether to accept or reject the Plan. Approval of the Disclosure Statement does not constitute a determination by the Court as to the fairness or merits of the Plan.

The Disclosure Statement Order sets forth in detail the deadlines, procedures and/or instructions for, inter alia, (a) voting to accept or reject the Plan, (b) filing objections to Confirmation of the Plan, (c) the Record Date, and (d) the applicable standards for tabulating votes. In addition, detailed voting instructions accompany each Ballot. Each holder of a Claim or Interest entitled to vote on the Plan should read the Disclosure Statement, the Plan, the Disclosure Statement Order and the instructions accompanying the Ballots in their entirety before voting on the Plan.

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II. OVERVIEW OF THE PLAN

The following table briefly summarizes the classification and treatment of Claims and Interests under the Plan.²

The following is a designation of the Classes of Claims and Interests under the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and are excluded from the following Classes. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class, and is classified in another Class or Classes to the extent that any remainder of the Claim or Interest qualifies within the description of such other Class or Classes. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released or otherwise satisfied before the Effective Date; a Claim or Interest which is not an Allowed Claim or Allowed Interest is not in any Class. A Disputed Claim or Disputed Interest, to the extent that it subsequently becomes an Allowed Claim or Allowed Interest, shall be included in the Class for which it would have qualified had it not been disputed. Notwithstanding anything to the contrary contained in the Plan, no distribution shall be made on account of any Claim or Interest which is not an Allowed Claim or an Allowed Interest.

CLAIMS AGAINST AND INTERESTS IN LEAP

Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
--	Administrative Claims	Paid in full in Cash held by Leap on the Effective Date or as soon as practicable thereafter (unless the Holder of a particular claim and Leap agree to less favorable treatment), or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Chapter 11 Cases.	100%
--	Priority Tax Claims	Paid in full in Cash held by Leap on the Effective Date or as soon as practicable thereafter.	100%

² As this table merely provides a summary of the classification and treatment of Claims and Interests under the Plan, reference should be made to the entire Disclosure Statement and the Plan for a complete description of the classification and treatment of Claims and Interests.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
	<u>Class</u>	<u>Type of Allowed Claim or Interest</u>	<u>Treatment</u>																								
		SECURED CLAIMS:																									
	1A	GLH Claim	Unimpaired if paid in full in Cash; if receives alternate treatment.																								
	1B	12 ½% Senior Notes Secured Claim	Unimpaired; satisfied by payment in full in Cash pursuant to Court order.																								
	1C	Old Vendor Debt Claim	Impaired; on the Effective Date or as soon thereafter as practicable, each Holder of an Allowed Old Vendor Debt Claim shall receive, on a Pro Rata basis, the Old Vendor Debt Distribution.																								
	2A et seq.	Other Secured Claims	Impaired.																								
		Unsecured Claims:																									
	3	Priority Claims	Unimpaired; paid in full in Cash held by Leap on or before the later of (i) the Effective Date or as soon as practicable thereafter, (ii) the date such Claim becomes an Allowed Claim and (iii) the date that such Claim would be paid in accordance with any terms and conditions of any agreements or understandings relating thereto between Leap and the Holder of such Claim.																								
	4	General Unsecured Claims	Impaired; each Holder of an Allowed Class 4 Claim to receive a Pro Rata distribution of beneficial interests in the Leap Creditor Trust.																								
	5	Intercompany Claims	Impaired; each Holder of an Allowed Class 5 Claim to receive the Intercompany Release.																								
	6	Old Leap Common Stock and Securities Claims against Leap	Impaired; each Holder of an Allowed Class 6 Interest to receive no Cash or property on account of such Interest.																								

1	2	3	4	5
Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery	
7	Old Stock Rights in Leap	Impaired; each Holder of an Allowed Class 7 Interest to receive no Cash or property on account of such Interest.	0%	

CLAIMS AGAINST AND INTERESTS IN CCH

6	7	8	9	10	11	12	13	14	15
Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery						
--	Administrative Claims	Paid in full in Cash on the Effective Date or as soon as practicable thereafter (unless the Holder of a particular claim and CCH agree to some other treatment), or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Chapter 11 Cases.	100%						
--	Priority Tax Claims	Paid in full in Cash on the Effective Date or as soon as practicable thereafter.	100%						

SECURED CLAIMS:

1A	Old Vendor Debt Claim	Impaired; on the Effective Date or as soon thereafter as practicable, each Holder of an Allowed Old Vendor Debt Claim shall receive, on a Pro Rata basis, the Old Vendor Debt Distribution.	[]						
2A et seq.	Other Secured Claims	Unimpaired if paid in full in Cash or Reinstated on the Effective Date or as soon as practicable thereafter; Impaired if Holder of Claim agrees to alternative treatment.	100%						

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<u>Class</u>	<u>Type of Allowed Claim or Interest</u>	<u>Treatment</u>	<u>Estimated Recovery</u>
<u>Unsecured Claims:</u>			
3	Priority Claims	Unimpaired; paid in full on or before the later of (i) the Effective Date or as soon as practicable thereafter, (ii) the date such Claim becomes an Allowed Claim and (iii) the date that such Claim would be paid in accordance with any terms and conditions of any agreements or understandings relating thereto between CCH and the Holder of such Claim.	100%
4	General Unsecured Claims	Impaired; each Holder of an Allowed Class 4 Claim shall receive no Cash or property on account of such Claim.	0%
5	Intercompany Claims	Impaired; each Holder of an Allowed Class 5 Claim to receive the Intercompany Release.	[0%]
6	Old CCH Common Stock and Securities Claims against CCH	Impaired; on the Effective Date, CCH shall be merged into Cricket.	0%
7	Old Stock Rights in CCH	Impaired; each Holder of an Allowed Class 7 Interest shall receive no Cash or property on account of such Interest.	0%

1 **CLAIMS AGAINST AND INTERESTS IN CRICKET**

2 <u>Class</u>	<u>Type of Allowed Claim or Interest</u>	<u>Treatment</u>	<u>Estimated Recovery</u>
3 --	Administrative Claims	Paid in full in Cash by Reorganized Cricket on the Effective Date or as soon as practicable thereafter (unless the Holder of a particular claim and Cricket agree to some other treatment), or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Chapter 11 Case.	100%
10 --	Priority Tax Claims	At the option of Reorganized Cricket either (i) Reinstated, (ii) paid in full in Cash on the Effective Date or as soon as practicable thereafter, or (iii) paid over a six-year period from the date of assessment, as provided in Section 1129(a)(9)(C) of the Bankruptcy Code with interest payable at a rate of 8¼% per annum or as otherwise established by the Court.	100%
16	<u>Secured Claims:</u>		
17 1A	Old Vendor Debt Claims	Impaired; on the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Old Vendor Debt Claim shall receive, on a Pro Rata basis, the Old Vendor Debt Distribution.	[]
21 2A	Other Secured Claims	Unimpaired if paid in full in Cash or Reinstated on the Effective Date or as soon as practicable thereafter; Impaired if Holder of Claim agrees to alternative treatment.	100%
24	<u>Unsecured Claims:</u>		
26 3	Priority Claims	Unimpaired; paid in full on or before the later of (i) the Effective Date or as soon as practicable thereafter, (ii) the date such Claim becomes an Allowed Claim and (iii) the date that such Claim would	100%

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16	17	18	19	20
21	22	23	24	25
26	27	28	29	30
			be paid in accordance with any terms and conditions of any agreements or understandings relating thereto between Cricket and the Holder of such Claim.	
4	General Unsecured Claims	Impaired; each Holder of an Allowed Class 4 Claim shall receive on a Pro Rata basis its share of the Cricket General Unsecured Creditor Distribution.	[]	
5	Intercompany Claims	Impaired; each Holder of an Allowed Class 5 Claim shall receive the Intercompany Release.	[0%]	
6	Old Common Stock of Cricket and Securities Claims against Cricket	Impaired; each Holder of an Allowed Class 6 Interest shall receive no Cash or property on account of such Interest.	0%	
7	Old Stock Rights in Cricket	Impaired; each Holder of an Allowed Class 7 Interest shall receive no Cash or property on account of such Interest.	0%	

CLAIMS AGAINST AND INTERESTS IN LICENSE HOLDING COMPANIES

18	19	20	21	22
23	24	25	26	27
28	29	30	31	32
--	Administrative Claims	Paid in full in Cash by the applicable License Holding Company on the Effective Date or as soon as practicable thereafter (unless the Holder of a particular claim and the applicable License Holding Company agree to some other treatment), or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Chapter 11 Cases.	100%	

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Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
--	Priority Tax Claims	Paid in full in Cash by the applicable License Holding Company on the Effective Date or as soon as practicable thereafter.	100%
	SECURED CLAIMS:		
1A	Old Vendor Debt Claim	Impaired; on the Effective Date or as soon thereafter as practicable, each Holder of an Allowed Old Vendor Debt Claim shall receive, on a Pro Rata basis, the Old Vendor Debt Distribution.	[]
1B	FCC Claims	On the Effective Date or as soon thereafter as practicable, the Holder of the FCC Claims shall either (a) remain fully secured, but the payment terms of the FCC Claims shall be extended for a two year grace period for principal and interest and a four year amortization schedule thereafter or (b) be Reinstated. Under (a), the Holder of the FCC Claims will be Impaired under the Plan; under (b), the Holder of the FCC Claims will be deemed Unimpaired.	100%
2A et seq.	Other Secured Claims	Unimpaired if paid in full in Cash by the applicable License Holding Company or Reinstated on the Effective Date or as soon as practicable thereafter; Impaired if Holder of Claim agrees to alternative treatment.	100%

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Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
<u>Unsecured Claims:</u>			
3	Priority Claims	Unimpaired; paid in full in cash by the applicable License Holding Company on or before the later of (i) the Effective Date or as soon as practicable thereafter, (ii) the date such Claim becomes an Allowed Claim and (iii) the date that such Claim would be paid in accordance with any terms and conditions of any agreements or understandings relating thereto between the applicable License Holding Company and the Holder of such Claim.	100%
4	General Unsecured Claims	Impaired; each Holder of an Allowed Class 4 Claim to receive no Cash or property on account of such Claims.	0%
5	Intercompany Claims	Impaired; each Holder of an Allowed Class 5 Claim to receive the Intercompany Release.	[0%]
6	Old License Holding Company Common Stock	Impaired; each Holder of an Allowed Class 6 Interest shall retain no Cash or property an account of such Interest.	[0%]
7	Old Stock Rights in License Holding Company	Impaired; each Holder of an Allowed Class 7 Interest shall receive no Cash or property on account of such Interest.	0%

1 **CLAIMS AGAINST AND INTERESTS IN RETAINED PROPERTY**
2 **HOLDING COMPANIES (APPLICABLE TO EACH RETAINED PROPERTY**
3 **HOLDING COMPANY)**

<u>Class</u>	<u>Type of Allowed Claim or Interest</u>	<u>Treatment</u>	<u>Estimated Recovery</u>
--	Administrative Claims	Paid in full in Cash by the applicable Retained Property Holding Company on the Effective Date or as soon as practicable thereafter (unless the Holder of a particular claim and the applicable Retained Property Holding Company agree to some other treatment), or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Chapter 11 Cases.	100%
--	Priority Tax Claims	Paid in full in Cash by the applicable Retained Property Holding Company on the Effective Date or as soon as practicable thereafter.	100%
SECURED CLAIMS:			
1A	Old Vendor Debt Claims	Impaired; on the Effective Date or as soon thereafter as practicable, each Holder of an Allowed Old Vendor Debt Claim shall receive, on a Pro Rata basis, the Old Vendor Debt Distribution.	[]
2A et seq.	Other Secured Claims	Unimpaired if paid in full in Cash by the applicable Retained Property Holding Company or Reinstated on the Effective Date or as soon as practicable thereafter; Impaired if Holder of Claim agrees to alternative treatment.	100%

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Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
<u>Unsecured Claims:</u>			
3	Priority Claims	Unimpaired; paid in full on or before the later of (i) the Effective Date or as soon as practicable thereafter, (ii) the date such Claim becomes an Allowed Claim and (iii) the date that such Claim would be paid in accordance with any terms and conditions of any agreements or understandings relating thereto between the applicable Retained Property Holding Company and the Holder of such Claim.	100%
4	General Unsecured Claims	Impaired; each Holder of an Allowed Class 4 Claim to receive no Cash or property on account of such Claims.	0%
5	Intercompany Claims	Impaired; each Holder of an Allowed Class 5 Claim to receive the Intercompany Release.	[0%]
6	Old Retained Property Holding Company Common Stock	Impaired; each Holder of an Allowed Class 6 Interest shall receive no Cash or property on account of such Interest.	[0%]
7	Old Stock Rights in Retained Property Holding Company	Impaired; each Holder of an Allowed Class 7 Interest shall receive no Cash or property on account of such Interest.	0%

1 **CLAIMS AGAINST AND INTERESTS IN LIQUIDATING PROPERTY**
2 **HOLDING COMPANIES (APPLICABLE TO EACH LIQUIDATING PROPERTY**
3 **HOLDING COMPANY)**

4 <u>Class</u>	5 <u>Type of Allowed Claim or Interest</u>	6 <u>Treatment</u>	7 <u>Estimated Recovery</u>
8 --	9 Administrative Claims	10 Paid in full in Cash on the Effective Date or as soon as practicable thereafter (unless the Holder of a particular claim and the applicable Liquidating Property Holding Company agree to some other treatment), or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Chapter 11 Cases.	11 100%
12 --	13 Priority Tax Claims	14 Paid in full in Cash on the Effective Date or as soon as practicable thereafter.	15 100%
16	17 SECURED CLAIMS:		
18 1A	19 Old Vendor Debt Claims	20 Impaired; on the Effective Date or as soon thereafter as practicable, each Holder of an Allowed Old Vendor Debt Claim shall receive, on a Pro Rata basis, the Old Vendor Debt Distribution.	21 []
22 2A et seq.	23 Other Secured Claims	24 Unimpaired if paid in full in Cash or Reinstated on the Effective Date or as soon as practicable thereafter; Impaired if Holder of Claim agrees to alternative treatment.	25 100%
26	27 <u>Unsecured Claims:</u>		
28 3	29 Priority Claims	30 Impaired; each Holder of an Allowed Class 3 Claim to receive no Cash or property on account of such Claims	31 0%
32 4	33 General Unsecured Claims	34 Impaired; each Holder of an Allowed Class 4 Claim to receive no Cash or property on account of such Claim.	35 0%

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Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
5	Intercompany Claims	Impaired; each Holder of an Allowed Class 5 Claim to receive the Intercompany Release.	[0%]
6	Old Liquidating Property Holding Company Common Stock	Impaired; each Holder of an Allowed Class 6 Interest to receive no Cash or property on account of such Interest.	0%
7	Old Stock Rights in Liquidating Property Holding Company	Impaired; each Holder of an Allowed Class 7 Interest shall receive no Cash or property on account of such Interest.	0%

CLAIMS AGAINST AND INTERESTS IN OTHER SUBSIDIARIES (APPLICABLE TO EACH OTHER SUBSIDIARY)

Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
–	Administrative Claims	Paid in full in Cash on the Effective Date or as soon as practicable thereafter (unless the Holder of a particular claim and the applicable Other Subsidiary agree to some other treatment), or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Chapter 11 Cases.	100%
–	Priority Tax Claims	Paid in full in Cash on the Effective Date or as soon as practicable thereafter.	100%
SECURED CLAIMS:			
1A et seq.	Other Secured Claims	Unimpaired if paid in full in Cash or Reinstated on the Effective Date or as soon as practicable thereafter; Impaired if Holder of Claim agrees to alternative treatment.	100%

1	2	Type of Allowed		Estimated
2	Class	Claim or Interest	Treatment	Recovery
3		<u>Unsecured Claims:</u>		
4	2	Priority Claims	Unimpaired; paid in full on or before the later of (i) the Effective Date or as soon as practicable thereafter, (ii) the date such Claim becomes an Allowed Claim and (iii) the date that such Claim would be paid in accordance with any terms and conditions of any agreements or understandings relating thereto between the applicable Other Subsidiary and the Holder of such Claim.	100%
5				
6				
7				
8				
9				
10	3	General Unsecured Claims	Impaired; each Holder of an Allowed Class 3 Claim to receive no Cash or property on account of such Claims.	0%
11				
12	4	Intercompany Claims	Impaired; each Holder of an Allowed Class 4 Claim to receive the Intercompany Release.	[0%]
13				
14				
15	5	Old Other Subsidiary Common Stock	Impaired; each Holder of an Allowed Class 5 Interest shall receive no Cash or property on account of such Interest.	[0%]
16				
17	6	Old Stock Rights in Other Subsidiary	Impaired; each Holder of an Allowed Class 6 Interest shall receive no Cash or property on account of such Interest.	0%
18				
19				

20 **A. Holders Of Claims and Interests Entitled To Vote**

21 Pursuant to the provisions of the Bankruptcy Code, only holders of Allowed
 22 Claims and Allowed Interests in Classes of Claims and Interests, respectively, that are Impaired
 23 are entitled to vote to accept or reject a proposed chapter 11 plan. Holders of Claims and
 24 Interests in classes that are Unimpaired under a chapter 11 plan are deemed to accept the Plan
 25 and are not entitled to vote. Holders of Claims and Interests in classes that will receive no
 26 property or interest under the Plan are deemed to have rejected the Plan and are not entitled to
 27 vote.

26 **1. Leap**

27 With respect to Leap, Class 1A (GLH Claim against Leap) (if paid in full in
 28 Cash), Class 1B (12 ½% Senior Notes Secured Claim against Leap), certain of Class 2A et seq.

1 Claims (Other Secured Claims against Leap), and Class 3 (Priority Claims) are Unimpaired and
2 are presumed to have accepted the Plan.

3 With respect to Leap, Class 1A (GLH Claim against Leap) (if paid in full in
4 Cash), Class 1C (Old Vendor Debt Claim), Class 4 (General Unsecured Claims against Leap),
5 and Class 5 (Intercompany Claims against Leap) are Impaired and will receive distributions
6 under the Plan. To the extent Claims and Interests in such classes are Allowed Claims and
7 Interests, the Holders of such Claims and Interests are entitled to vote to accept or reject the Plan.

8 With respect to Leap, Class 6 (Old Leap Common Stock and Securities Claims
9 against Leap) and Class 7 (Old Stock Rights in Leap) are Impaired, but the votes of Class 6 and
10 Class 7 are not being solicited. Holders of Class 6 and 7 Interests are not receiving any
11 distributions under the Plan and therefore are deemed to have rejected the Plan.

12 **2. CCH**

13 With respect to CCH, certain of Class 2A et seq. Claims (Other Secured Claims
14 against CCH), and Class 3 (Priority Claims) are Unimpaired and are presumed to have accepted
15 the Plan.

16 With respect to CCH, Class 1A (Old Vendor Debt Claim), and Class 5
17 (Intercompany Claims against CCH) are Impaired and will receive distributions under the Plan.
18 To the extent Claims in such classes are Allowed Claims, the Holders of such Claims are entitled
19 to vote to accept or reject the Plan.

20 With respect to CCH, Class 4 (General Unsecured Claims against CCH), Class 6
21 (Old CCH Common Stock and Securities Claims against CCH) and Class 7 (Old Stock Rights in
22 CCH) are not being solicited. Holders of Class 4 Claims, and Class 6 and 7 Interests are not
23 receiving any distributions under the Plan and therefore are deemed to have rejected the Plan.

24 **3. Cricket**

25 With respect to Cricket, certain of Class 2A et seq. Claims (Other Secured Claims
26 against Cricket) and Class 3 (Priority Claims) are Unimpaired and are presumed to have accepted
27 the Plan.

28 With respect to Cricket, Class 1A (Old Vendor Debt Claim), Class 4 (General
Unsecured Claims against Cricket) and Class 5 (Intercompany Claims) are Impaired and will
receive distributions under the Plan. To the extent Claims in such classes are Allowed Claims,
the Holders of such Claims are entitled to vote to accept or reject the Plan.

With respect to Cricket, Class 6 (Old Cricket Common Stock and Securities
against Cricket), and Class 7 (Old Stock Rights in Cricket) are Impaired, but the votes of Classes
6 and 7 are not being solicited. Holders of Classes 6 and 7 Interests are not receiving any
distributions under the Plan and therefore are deemed to have rejected the Plan.

1 **4. License Holding Companies**

2 With respect to License Holding Companies, Class 1B (FCC Claims) (to the
3 extent such Claims are Reinstated), certain of Class 2A et seq. Claims (Other Secured Claims
4 against License Holding Companies) and Class 3 (Priority Claims) are Unimpaired and are
presumed to have accepted the Plan.

5 With respect to License Holding Companies, Class 1A (Old Vendor Debt Claim)
6 and Class 5 (Intercompany Claims) are Impaired and will receive distributions under the Plan.
7 To the extent Claims in such classes are Allowed Claims, the Holders of such Claims are entitled
to vote to accept or reject the Plan.

8 With respect to License Holding Companies, Class 4 (General Unsecured
9 Claims), Class 6 (Old License Holding Company Common Stock) and Class 7 (Old Stock Rights
10 in License Holding Company) are Impaired, but the votes of Classes 6 and 7 are not being
solicited. Holders of Class 4 Claims and Classes 6 and 7 Interests are not receiving any
distributions under the Plan and therefore are deemed to have rejected the Plan.

11 **5. Retained Property Holding Companies**

12 With respect to Retained Property Holding Companies, certain of Class 2A et seq.
13 Claims (Other Secured Claims against Retained Property Holding Companies) and Class 3
(Priority Claims) are Unimpaired and are presumed to have accepted the Plan.

14 With respect to Retained Property Holding Companies, Class 1A (Old Vendor
15 Debt Claims) and Class 5 (Intercompany Claims) are Impaired and will receive distributions
16 under the Plan. To the extent Claims in such classes are Allowed Claims, the Holders of such
Claims are entitled to vote to accept or reject the Plan.

17 With respect to Retained Property Holding Companies, Class 4 (General
18 Unsecured Claims), Class 6 (Old Retained Property Holding Company Common Stock) and
19 Class 7 (Old Stock Rights in Retained Property Holding Company) are Impaired, but the votes of
20 Classes 6 and 7 are not being solicited. Holders of Class 4 Claims and Classes 6 and 7 Interests
are not receiving any distributions under the Plan and therefore are deemed to have rejected the
Plan.

21 **6. Liquidating Property Holding Companies**

22 With respect to Liquidating Property Holding Companies, certain of Class 2A et
23 seq. Claims (Other Secured Claims against Liquidating Property Holding Companies) and Class
3 (Priority Claims) are Unimpaired and are presumed to have accepted the Plan.

24 With respect to Liquidating Property Holding Companies, Class 1A (Old Vendor
25 Debt Claims) and Class 5 (Intercompany Claims) are Impaired and will receive distributions
26 under the Plan. To the extent Claims in such classes are Allowed Claims, the Holders of such
Claims are entitled to vote to accept or reject the Plan.

27 With respect to Liquidating Property Holding Companies, Class 4 (General
28 Unsecured Claims), Class 6 (Old Liquidating Property Holding Company Common Stock) and

1 Class 7 (Old Stock Rights in Liquidating Property Holding Company) are Impaired, but the votes
2 of Classes 6 and 7 are not being solicited. Holders of Class 4 Claims and Classes 6 and 7
3 Interests are not receiving any distributions under the Plan and therefore are deemed to have
4 rejected the Plan.

4 Generally, for the Plan to be confirmed by the Court with respect to each Debtor,
5 two-thirds in dollar amount, and one-half in number of the Allowed Claims, or with respect to
6 the Allowed Interests two-thirds of the Interests, in each Impaired Class of Claims, or Interests,
7 that actually are voted must vote to accept the Plan. The Plan may be confirmed under certain
8 circumstances, despite dissent by one or more Impaired Classes, and the Debtors reserve the
9 right to seek such non-consensual confirmation of the Plan. However, a Holder of a Claim or
10 Interest will be deemed to have rejected the Plan if such plan provides that the Claims or
11 Interests of such class do not entitle such Holders to receive or retain any property under the
12 Plan. For voting and distribution purposes, the Plan contemplates separate classes for each of the
13 Debtors. Accordingly, the voting and other confirmation requirements of the Bankruptcy Code
14 must be satisfied for each Debtor.

11 If a Class of Claims or Interests rejects the Plan, the Plan may be confirmed by
12 the Court pursuant to Section 1129(b) of the Bankruptcy Code. Section 1129(b) permits the
13 confirmation of a plan of reorganization notwithstanding the non-acceptance of the Plan by one
14 or more impaired classes of claims or interests, so long as the Court finds that the Plan does not
15 “discriminate unfairly” and is “fair and equitable” with respect to each non-accepting class.

14 **7. Other Subsidiaries**

15 With respect to Other Subsidiaries, certain of Class 2A et seq. Claims (Other
16 Secured Claims against Other Subsidiaries) and Class 3 (Priority Claims) are Unimpaired and are
17 presumed to have accepted the Plan.

18 With respect to Other Subsidiaries, Class 1A (Old Vendor Debt Claims) and Class
19 5 (Intercompany Claims) are Impaired and will receive distributions under the Plan. To the
20 extent Claims in such classes are Allowed Claims, the Holders of such Claims are entitled to
21 vote to accept or reject the Plan.

22 With respect to Other Subsidiaries, Class 4 (General Unsecured Claims), Class 6
23 (Old Other Subsidiary Common Stock) and Class 7 (Old Stock Rights in Other Subsidiary) are
24 Impaired, but the votes of Classes 6 and 7 are not being solicited. Holders of Class 4 Claims and
25 Classes 6 and 7 Interests are not receiving any distributions under the Plan and therefore are
26 deemed to have rejected the Plan.

24 **B. Voting Procedures**

25 If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the
26 purpose of voting on the Plan. If you are entitled to vote Claims or Interests in more than one
27 Class, you will receive a separate Ballot for each such Class of Claims or Interests. Each Ballot
28 has been coded to reflect the Class of Claims and Interests it represents. Accordingly, in voting
to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this
Disclosure Statement. Please complete and sign your original Ballot (copies, facsimiles and oral

1 votes will not be accepted), and return it to the Voting Agent at the address set forth on the
2 Ballot.

3 **TO BE COUNTED, YOUR COMPLETED BALLOT MUST BE**
4 **RECEIVED BY THE VOTING AGENT NO LATER THAN 4:00 P.M., PACIFIC TIME,**
5 **ON [_____], 2003. ANY EXECUTED BALLOT RECEIVED BY THE VOTING**
6 **AGENT THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION**
7 **OF THE PLAN SHALL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE**
8 **PLAN.**

9 Any Claim or Interest in an Impaired Class that otherwise is entitled to vote on
10 the Plan, and as to which an objection or request for estimation is pending or that is Scheduled
11 by the Debtors as unliquidated, disputed or contingent, is not entitled to vote on the Plan unless
12 the holder of such Claim or Interest has obtained an order of the Court temporarily allowing such
13 Claim or Interests for the purpose of voting on the Plan.

14 Pursuant to the Disclosure Statement Order, the Court set [_____], 2003 as the
15 record date for voting on the Plan and for receiving distributions under the Plan. Accordingly,
16 only holders of record as of [_____], 2003 that otherwise are entitled to vote under the Plan
17 will receive a Ballot and may vote on the Plan.

18 If you are the holder of a Claim or Interest entitled to vote on the Plan, but did not
19 receive a Ballot, received a damaged Ballot, or lost your Ballot, or if you have any questions
20 regarding the procedures for voting your Claims or Interests, please contact the Voting Agent at:

21 Poorman-Douglas Corporation
22 10300 SW Allen Boulevard
23 Portland, Oregon 97005
24 Tel: (503) 350-5800
25 Fax: (503) 350-5890
26 Attn: Leap Wireless International Claims Processing

27 **C. Confirmation Hearing**

28 Pursuant to Section 1128 of the Bankruptcy Code, the Confirmation Hearing has
been scheduled for [_____], 2003 at 8:30 a.m., Pacific Time, before the Hon. Louise DeCarl
Adler in the United States Bankruptcy Court for the Southern District of California, Jacob
Weinberger U.S. Courthouse, 325 West F Street, San Diego, California 92101. The Court may
adjourn the Confirmation Hearing from time to time without further notice except for the
announcement of the adjournment date made at the Confirmation Hearing or at any subsequently
adjourned Confirmation Hearing.

1 Objections to the Confirmation of the Plan must be Filed with the Court and
2 served upon the following parties so as to be received by such parties before 4:00 p.m., Pacific
Time, on [], 2003:

3 Latham & Watkins LLP
4 Attorneys for the Debtors
633 West Fifth Street, Suite 4000
5 Los Angeles, California 90071
Attn: Robert A. Klyman

Kramer Levin Naftalis & Frankel LLP
Attorneys for the Committee
919 Third Avenue
New York, New York 10022
Attn: Kenneth H. Eckstein

6 Andrews & Kurth L.L.P.
7 Attorneys for Informal Vendor Debt
Committee
8 805 Third Avenue
9 New York, New York 10022
Attn: Paul N. Silverstein

Office of the United States Trustee
402 West Broadway, Suite 600
San Diego, CA 92101
Attn: Tiffany L. Carroll

10 THE DEBTORS, THE INFORMAL VENDOR DEBT COMMITTEE AND THE
11 COMMITTEE BELIEVE THAT THE PLAN WILL ENABLE THE DEBTORS TO
12 SUCCESSFULLY REORGANIZE AND ACCOMPLISH THE OBJECTIVES OF CHAPTER
13 11, AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE
DEBTORS AND THEIR CREDITORS AND STOCKHOLDERS.

14 **D. Identity of Person to Contact for More Information Regarding the Plan**

15 Any interested party desiring more information about the Plan should contact
16 counsel to the Debtors, Robert A. Klyman, Latham & Watkins LLP, 633 West Fifth Street, Suite
17 4000, Los Angeles, California, (213) 485-1234 (phone) and (213) 891-8763 (facsimile), or log
on to the Debtors' website for the Chapter 11 Cases, [www._____].

18 **E. Disclaimer**

19 ALL HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN
20 INTEREST ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE
21 STATEMENT AND THE ACCOMPANYING PLAN OF REORGANIZATION IN THEIR
22 ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES
23 AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN
24 THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS ANNEXED
25 HERETO AND OTHER DOCUMENTS REFERENCED AS FILED WITH THE COURT
PRIOR TO OR CONCURRENT WITH THE FILING OF THIS DISCLOSURE STATEMENT.
THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS
OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE
STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE
DATE HEREOF.

26 THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN
27 ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016
28 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE. THIS DISCLOSURE
STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES

1 AND EXCHANGE COMMISSION (THE “SEC”), NOR HAS THE SEC PASSED UPON THE
2 ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS
3 OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR
4 TRANSFERRING SECURITIES OF LEAP SHOULD EVALUATE THIS DISCLOSURE
STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSES FOR WHICH THEY WERE
PREPARED.

5 CERTAIN STATEMENTS CONTAINED HEREIN, INCLUDING PROJECTED
6 FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS, ARE
7 BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE
8 THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES.

9 THE INFORMATION IN THIS DISCLOSURE STATEMENT IS BEING
10 PROVIDED SOLELY FOR PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN.
11 NO PERSON OR ENTITY MAY USE ANYTHING IN THIS DISCLOSURE STATEMENT
12 FOR ANY OTHER PURPOSE. THE FACTUAL INFORMATION CONTAINED HEREIN,
13 INCLUDING THE DESCRIPTION OF THE DEBTORS, THEIR BUSINESSES, AND
14 EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES, HAS
15 BEEN OBTAINED FROM VARIOUS DOCUMENTS, AGREEMENTS AND OTHER
16 WRITINGS RELATING TO THE DEBTORS, AND FROM DISCUSSIONS WITH AND
17 VARIOUS WRITINGS PREPARED BY THE DEBTORS, THE INFORMAL VENDOR DEBT
18 COMMITTEE, THE INFORMAL NOTEHOLDER COMMITTEE AND THEIR RESPECTIVE
19 LEGAL COUNSEL AND FINANCIAL ADVISORS.

20 THE TERMS OF THE PLAN GOVERN IN THE EVENT OF ANY
21 INCONSISTENCY WITH THE SUMMARIES HEREIN. ALL EXHIBITS HERETO ARE
22 INCORPORATED INTO, AND ARE A PART OF, THIS DISCLOSURE STATEMENT AS IF
23 SET FORTH IN FULL HEREIN.

24 AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND
25 OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT
26 SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT,
27 LIABILITY, STIPULATION OR WAIVER BUT RATHER AS A STATEMENT MADE
28 WITHOUT PREJUDICE SOLELY FOR SETTLEMENT PURPOSES, WITH FULL
RESERVATION OF RIGHTS. THIS DISCLOSURE STATEMENT SHALL NOT BE USED
FOR ANY LITIGATION PURPOSE WHATSOEVER, AND SHALL NOT BE ADMISSIBLE
IN ANY PROCEEDING INVOLVING THE DEBTORS, THE INFORMAL VENDOR DEBT
COMMITTEE, THE INFORMAL NOTEHOLDER COMMITTEE OR ANY OTHER PARTY
IN INTEREST, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE
TAX, SECURITIES LAW OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS
OF CLAIMS AGAINST OR INTERESTS IN THE DEBTORS.

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SECTION I.
OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business and capital structure for the benefit of its estate, creditors and stockholders. In addition to permitting rehabilitation of a debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and interest holders with respect to the distribution of a debtor’s assets.

The commencement of a chapter 11 case creates an estate containing all of the debtor’s property as of the filing date. Generally, the debtor remains in possession of its property and continues to operate its business as a “debtor-in-possession”.

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for treating claims against, and interests in, a debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or interest holder of the debtor. Subject to certain limited exceptions, an order of the bankruptcy court confirming a plan of reorganization discharges the debtor from any debt that arose prior to the date of confirmation of the plan, and substitutes therefor the obligations specified under the confirmed plan.

A claim or interest is impaired under a plan of reorganization if the plan provides that such claim will not be repaid in full or that the legal, equitable or contractual rights of the holder of such claim or interest are altered. A holder of an impaired claim or interest that is receiving a distribution under a plan is entitled to vote to accept or reject the plan of reorganization. Chapter 11 does not require that every holder of a claim or interest to vote in favor of a plan of reorganization in order for the bankruptcy court to confirm the plan. However, the bankruptcy court must find that the plan meets a number of statutory tests before it may confirm the plan. Many of these tests are designed to protect the interests of holders of claims or interests who do not vote to accept the plan, but who nonetheless will be bound by the plan’s provisions if it is confirmed by the bankruptcy court.

Before soliciting acceptances of the proposed plan, a plan proponent must prepare and distribute to its creditors and interest holders entitled to vote on the plan a detailed disclosure statement. Section 1125 of the Bankruptcy Code requires that the disclosure statement contain adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. The Debtors have prepared this Disclosure Statement in accordance with the requirements of Section 1125 of the Bankruptcy Code.

SECTION II.
DESCRIPTION OF THE DEBTORS’ BUSINESS

Leap conducts operations through its subsidiaries. Leap has no independent operations or sources of operating revenue other than through dividends, if any, from its

1 operating subsidiaries. Cricket is Leap's subsidiary that operates the Cricket business, together
2 with subsidiaries of Cricket and Leap that hold assets that are used in the Cricket business or that
3 hold assets pledged as security under Cricket's senior secured vendor debt facilities. The Cricket
4 companies operate together as a wireless communications carrier that provides innovative,
affordable, simple wireless services designed to accelerate the transformation of wireless service
into a mass consumer product.

5 The Cricket companies offer wireless service in the U.S. under the brand
6 "Cricket®," which is marketed as "Comfortable Wireless®." The innovative Cricket strategy is
7 designed to extend the benefits of mobility to the mass market by offering wireless service that is
8 as simple to use and understand as, and is a competitive mobile alternative to, traditional landline
9 service. In each Cricket market, the Cricket companies are deploying 100% digital, CDMA
10 networks that Cricket believes provide higher capacity and more efficient deployment of capital
11 than competing technologies. CDMA technology, combined with Cricket's efforts to streamline
12 operations and distribution, allows the Cricket companies to be a low-cost provider of wireless
13 services in each Cricket market.

14 Cricket service allows customers to make virtually unlimited calls within a local
15 calling area and receive virtually unlimited calls from any area for a flat monthly rate. Cricket
16 customers can also make long distance calls on a per-minute basis or as part of a packaged
17 offering. The simplicity of the Cricket service allows Cricket to sustain lower operating costs
18 per customer compared to traditional wireless providers. Cricket's networks are designed and
19 built to provide coverage in the local calling area where its target customers live, work and play.
20 As a result, Cricket believes that Cricket's per minute network operating costs are lower than, or
21 comparable to the lowest costs incurred by traditional wireless providers.

22 As of the Petition Date, Cricket offered service in 40 markets covering a total
23 population of approximately 25.2 million potential customers (2002 POPs). As of December 31,
24 2002, Cricket had:

- 25 • approximately 1,512,000 customers in its markets across the U.S.; and
- 26 • acquired wireless licenses covering approximately 52.7 million potential
27 customers in 33 states.

28 As of February 28, 2003, Cricket employed approximately 1,415 full time
employees, and Leap had no employees.

An organizational chart for the Debtors is attached to this Disclosure Statement as
Exhibit C.

In addition to the disclosures made herein, please refer to the attached Exhibit [],
Leap's most recent Form 10-K, for additional disclosures concerning the Debtors' business,
operations, management and structure.

1 SECTION III.

2 SIGNIFICANT PREPETITION TRANSACTIONS

3 A. Leap Wireless International, Inc.

4 *Units Offering.* In February 2000, Leap completed an offering of 225,000 senior
5 units, each senior unit consisting of one 12 ½% Senior Note and one warrant to purchase Old
6 Leap Common Stock, and 668,000 senior discount units, each senior discount unit consisting of
7 one 14 ½% Senior Discount Note and one warrant to purchase Old Leap Common Stock. The
8 total gross proceeds from the sale of the senior units and senior discount units were \$225.0
9 million and \$325.1 million, respectively. Leap used the net proceeds of the offering for capital
10 expenditures, acquisitions of wireless licenses, strategic investments, repayment of debt and
11 general corporate purposes. The warrants issued in the units offering are exercisable for an
12 aggregate of 2,829,854 shares of Old Leap Common Stock at an exercise price of \$96.80 per
13 share from February 23, 2001 to before April 15, 2010.

14 Leap has outstanding 225,000 Senior Notes and 668,000 Senior Discount Notes.
15 Each note has a principal amount at maturity of \$1,000. Interest on the 12 ½% Senior Notes is
16 payable semi-annually. The 14 ½% Senior Discount Notes begin accruing cash interest on April
17 15, 2005, with the first semi-annual interest payment due October 15, 2005. At December 31,
18 2002, the effective interest rates on the 12 ½% Senior Notes and 14 ½% Senior Discount Notes
19 were 15.8% and 16.3% per annum, respectively. Each 14 ½% Senior Discount Note has an initial
20 accreted value of \$486.68 and a principal amount at maturity of \$1,000. Leap may redeem any of
21 the Old Leap Notes beginning April 15, 2005. The initial redemption price of the 12 ½% Senior
22 Notes is 106.25% of their principal amount plus accrued interest. The initial redemption price of
23 the 14 ½% Senior Discount Notes is 107.25% of their principal amount at maturity plus accrued
24 interest. In addition, before April 15, 2003, Leap may redeem up to 35% of both the 12 ½%
25 Senior Notes and the 14 ½% Senior Discount Notes using proceeds from certain qualified equity
26 offerings at 112.5% of their principal amount and 114.5% of their accreted value, respectively.
27 The Old Leap Notes are guaranteed by CCH, Backwire.com, Inc. and Telephone Entertainment
28 Network, Inc. The terms of the Old Leap Notes include covenants that restrict Leap's ability to,
among other things, incur additional indebtedness, create liens, pay dividends, make investments,
sell assets, issue or sell stock of some of Leap's subsidiaries, and effect a consolidation or
merger. These limitations are subject to a number of important qualifications and exceptions
contained in the Indenture.

29 Upon the occurrence of events constituting a change in control of Leap, holders of
30 the Old Leap Notes had the right to require Leap to repurchase all or part of the Old Leap Notes
31 for cash at an aggregate purchase price of 101% of the principal amount of the 12 ½% Senior
32 Notes or the accreted value of the 14 ½% Senior Discount Notes to be repurchased, as
33 applicable, plus accrued and unpaid interest thereon. In addition, in some cases if Leap sold
34 assets and did not use the net proceeds of the sale either to retire senior debt or to reinvest in
35 other assets that are used in the business of Leap and its subsidiaries, Leap was required to offer
36 to repurchase the notes at a purchase price equal to 100% of the principal amount of the 12 ½%
37 Senior Notes or accreted value of the 14 ½% Senior Discount Notes, plus accrued and unpaid
38 interest thereon.

1 Events which would constitute an event of default under the Old Leap Notes if
2 they occurred included, among others, Leap's failure to make payments under the Old Leap
3 Notes and certain other debt when due, Leap's failure to comply with covenants or other
4 provisions of the Indenture, an event of default occurs in respect of more than \$5.0 million of
5 other indebtedness of Leap or its subsidiaries that results in the acceleration of such indebtedness
6 before its maturity, or bankruptcy or insolvency of Leap or some of its subsidiaries. In the case
7 of an event of default arising from bankruptcy or insolvency, all outstanding Old Leap Notes
8 would become due and payable immediately. No event of default under the Old Leap Notes
9 existed until the commencement of the Chapter 11 Cases.

7 *Equity Offerings.* In February 2000, Leap completed a public equity offering of
8 4,000,000 shares of Old Leap Common Stock at a price of \$88.00 per share. Net of underwriters'
9 discounts and commissions and offering expenses, Leap received \$330.0 million. Leap used the
10 net proceeds of this offering for capital expenditures, acquisitions of wireless licenses, strategic
11 investments, repayment of debt and general corporate purposes. In May 2001, Leap completed
12 an underwritten public offering of 3,000,000 shares of Old Leap Common Stock at a price of
13 \$33.50 per share. Net of underwriting discounts and commissions and offering expenses, Leap
14 received \$97.9 million. Leap used the net proceeds of this offering for acquisitions, spectrum
15 purchases and for general corporate purposes.

12 *Chase Telecommunications Holdings.* In March 2000, Leap completed the
13 acquisition of substantially all of the assets of Chase Telecommunications Holdings, Inc.,
14 including wireless licenses. The purchase price included \$6.3 million in cash, the assumption of
15 principal amounts of liabilities that totaled \$138.0 million (with a fair value of \$131.3 million), a
16 warrant exercisable to purchase 202,566 shares of Old Leap Common Stock at an aggregate
17 exercise price of \$1.0 million (which had a fair value of \$15.3 million at the acquisition date),
18 and contingent earn out payments of up to \$41.0 million (plus certain expenses) based on the
19 earnings of the business acquired during the fifth full year following the closing of the
20 acquisition. In July 2001, Chase Telecommunications Holdings received 89,345 shares of Old
21 Leap Common Stock upon exercising a portion of the warrant by surrendering 107,567 shares in
22 payment of the exercise price.

19 *Smartcom.* From April 1999 to the date of sale on June 2, 2000, Leap owned
20 100% of Smartcom, S.A. ("Smartcom"), a Chilean corporation that operates a nationwide
21 wireless network in Chile. On June 2, 2000, Leap completed the sale of Smartcom to Endesa
22 S.A. in exchange for gross consideration of approximately \$381.5 million, consisting of \$156.8
23 million in cash, three promissory notes totaling \$143.2 million, subject to post closing
24 adjustments, the repayment of intercompany debt due to Leap by Smartcom totaling \$53.3
25 million, and the release of cash collateral posted by Leap securing Smartcom indebtedness of
26 \$28.2 million. Leap recognized a gain on sale of Smartcom of \$313.4 million before related
27 income tax expense of \$34.5 million during the quarter ended June 30, 2000. In February 2001,
28 Leap sold one of the promissory notes, with an original principal amount of \$58.2 million plus
accrued interest, to a third party for \$60.7 million. In June 2001, Endesa repaid \$47.5 million of
principal and accrued interest for the second promissory note. The remaining promissory note of
\$35.0 million is subject to a right of set-off to secure indemnification claims under the purchase
agreement. Endesa has asserted claims of up to approximately \$48.7 million against Leap for
breach of representations and warranties under the purchase agreement and has notified Leap
that it is offsetting the claims against the unpaid balance of the note. The note matured on June 2,

1 2001 and Leap expects it to remain unpaid until the issues related to the claims are resolved.
Leap has caused its wholly owned Chilean subsidiary to be merged with and into Leap.
2 Therefore, the \$35.0 million note is owned by Leap, and the claims of Endesa are against Leap.
3 Leap believes that Endesa's claims are without merit, and Leap is contesting Endesa's claims.
4 Management of Leap believes that the ultimate outcome of this matter will not have a material
adverse effect on its consolidated financial position, results of operations or cash flows.

5 *Cricket Communications Holdings.* On June 15, 2000, through a subsidiary
6 merger, Leap acquired the remaining 5.11% of CCH that it did not already own. These shares
7 were owned by individuals and entities, including directors and employees of Leap and CCH.
Each issued and outstanding share of Old CCH Common Stock not held by Leap was converted
8 into the right to receive 0.315 of a fully paid and non-assessable share of Old Leap Common
9 Stock. As a result, 1,048,635 shares of Old Leap Common Stock were issued. Leap also assumed
Chase Telecommunications Holdings' warrant to purchase 1% of Old CCH Common Stock,
10 which was converted into a warrant to acquire 202,566 shares of Old Leap Common Stock, at an
aggregate exercise price of \$1.0 million. In addition, Leap assumed all unexpired and
11 unexercised CCH stock options outstanding at the time of the merger, whether vested or
unvested, which upon conversion amounted to options to purchase 407,784 shares of Old Leap
Common Stock.

12 *Common Stock Purchase Agreement.* In December 2000, Leap entered into a
13 common stock purchase agreement with Acqua Wellington North American Equities Fund, Ltd.
("Acqua Wellington") under which Leap may, at its discretion, sell up to a maximum of \$125.0
14 million of registered Old Leap Common Stock from time to time over the succeeding 28-month
period. Under the agreement, Leap may require Acqua Wellington to purchase between \$10.0
15 and \$25.0 million of Old Leap Common Stock, depending on the market price of Old Leap
Common Stock, during each of one or more 18 trading day periods. Leap cannot require Acqua
16 Wellington to purchase Old Leap Common Stock if the market price of Old Leap Common
Stock is less than \$15 per share. Under the purchase agreement, Leap may grant to Acqua
17 Wellington an option to purchase up to an equal amount of Old Leap Common Stock that Leap
requires it to purchase during the same 18 trading day period. Acqua Wellington purchases the
18 Old Leap Common Stock at a discount to its then current market price, ranging from 4.0% to
19 5.5%, depending on Leap's market capitalization at the time Leap requires Acqua Wellington to
purchase Old Leap Common Stock. A special provision in the agreement (as amended and
20 restated) allowed the first sale of Old Leap Common Stock under the agreement to be up to \$55.0
21 million. In January 2001, Leap completed the first sale of Old Leap Common Stock under the
agreement, issuing 1,564,336 shares to Acqua Wellington in exchange for \$55.0 million. In July
22 2001, Leap completed the second sale of Old Leap Common Stock under the agreement, issuing
521,396 shares of Old Leap Common Stock to Acqua Wellington in exchange for \$15.0 million.
23 Leap used the proceeds of these sales for acquisitions and wireless license purchases and for
24 general corporate purposes.

25 *Qualcomm Term Loan.* In January 2001, Leap entered into a secured loan
26 agreement with Qualcomm Incorporated under which Qualcomm agreed to loan Leap
approximately \$125.3 million to finance its acquisition of wireless licenses in the FCC's
27 broadband PCS auction completed in January 2001 ("Auction 35"). In March 2001, Qualcomm
funded borrowings of the full amount available under the agreement by transferring to Leap an
28 FCC auction discount voucher, and Leap issued promissory notes in favor of Qualcomm for an

1 aggregate principal amount of \$126.6 million, representing \$125.3 million for the value of the
2 auction discount voucher and \$1.3 million for a commitment fee due to Qualcomm at the initial
3 borrowing. In August 2001, at the request of Qualcomm, Leap agreed to return the auction
4 discount voucher to Qualcomm, cancel the \$125.3 million loan and reestablish the availability
5 for either a cash loan or a re-borrowing of the auction discount voucher in the future, however
6 Leap does not expect to be able to satisfy the conditions precedent to make any further draws
7 under this facility. Leap must repay any loans, including the \$1.3 million of fees due under the
8 loan at December 31, 2002, and accrued interest to Qualcomm in a single payment no later than
9 March 2006. Loans under the agreement bear interest at a variable rate, depending on the
10 collateral Leap provides, equal to LIBOR plus 7.5% to 12.5% per annum.

11 *Auction 35.* Leap was the winning bidder for 22 wireless licenses covering
12 approximately 24.1 million potential customers in the FCC's Auction 35. The former holder of
13 the licenses challenged the validity of Auction 35 in court, and the licenses were never granted to
14 Leap. In December 2002, Leap accepted an offer from the FCC and withdrew from its
15 commitment and right to purchase the licenses on which it was the successful bidder in Auction
16 35. In connection with that withdrawal, Leap received a refund of \$10.5 million in payments it
17 had made to the FCC relating to Auction 35, which was in addition to the \$74.2 million received
18 earlier in the year. Leap has applied for a refund of the remaining approximately \$268,000 of
19 payments it made to the FCC in connection with Auction 35.

20 *MCG.* In June 2001, Leap acquired wireless licenses in Buffalo and Syracuse,
21 New York from MCG PCS, Inc. for an aggregate of \$18.3 million in cash and an \$18.0 million
22 convertible promissory note with interest at the rate of 8.5% per annum, with principal and
23 interest payable at maturity on June 15, 2002. The note was secured by a pledge of the
24 outstanding stock of a wholly owned subsidiary of Leap that owns the Buffalo, New York
25 wireless license. The \$18.0 million promissory note was repaid in full in June 2002. In
26 connection with the acquisitions of wireless licenses in Buffalo and Syracuse, MCG asserted
27 that, based on the prices of certain wireless licenses auctioned by the FCC in Auction 35, it was
28 entitled to a purchase price adjustment pursuant to the terms of the purchase agreement for such
licenses. The matter was submitted to binding arbitration and in August 2002 the arbitrator
determined that the seller was entitled to a purchase price adjustment of \$39.8 million payable
immediately in cash, or, in Leap's sole discretion, approximately 21 million shares of Old Leap
Common Stock. In August 2002, Leap paid the purchase price adjustment to MCG by issuing
21,020,431 shares of Old Leap Common Stock, representing approximately 36% of the
outstanding Old Leap Common Stock, and approximately 28% of Old Leap Common Stock on a
fully diluted basis, following such issuance. The issuance of Old Leap Common Stock to the
seller without the consent of the Holders of Old Vendor Debt constituted an event of default
under Vendor Debt Facilities. In addition, because the award was payable immediately, Leap
did not obtain stockholder approval of the issuance as required by the rules of the Nasdaq
National Market. Old Leap Common Stock was delisted from the Nasdaq National Market on
December 11, 2002 and began trading on the OTC Bulletin Board. Leap paid approximately
\$1.4 million to MCG in satisfaction of the arbitration award regarding attorneys' fees, expenses
and costs.

29 *Pegaso.* Leap was a founding shareholder and made investments in and loans to
30 Pegaso Telecomunicaciones, S.A. de C.V. ("Pegaso"), a company providing wireless service in
31 Mexico, totaling \$120.5 million. In the fourth quarter of fiscal 2001, Leap discontinued its use of

1 the equity method of accounting for Pegaso and ceased recognizing its share of Pegaso's losses
2 because its investment in and loans to Pegaso had been reduced to zero on its books of account.
3 In September 2002, Leap completed the sale of its 20.1% interest in Pegaso to Telefónica
4 MÓviles, S.A. At the closing, Leap received cash proceeds of approximately \$22.2 million for
5 the sale of its shares. In October 2002, Leap received approximately \$15.8 million of additional
6 cash from a loan repayment related to the sale. In connection with the sale, Leap was released
7 from its obligations under a \$33 million guarantee to Qualcomm Incorporated ("Qualcomm") of
8 Pegaso's outstanding capital loans from Qualcomm, by delivering to Qualcomm its rights under
9 the warrants it acquired in connection with the guarantee. Pursuant to Cricket's Vendor Debt
10 Facilities, Leap was obligated to set aside or contribute to the Cricket companies approximately
11 \$25.8 million of the proceeds from the sale of Pegaso. Because of the financial condition and
12 expected restructuring of Leap and Cricket, however, Leap did not make the set asides and
13 contributions and instead retained the funds at Leap. Leap's failure to contribute or set aside
14 those amounts was a breach of contract by Leap and an additional event of default under the
15 Vendor Debt Facilities.

16 *Securities Class Action Litigation.* Between December 5, 2002 and February 7,
17 2003, nine securities class action lawsuits were filed against Leap, Harvey P. White, Leap's
18 Chairman and Chief Executive Officer ("White"), Susan G. Swenson, Leap's President, Chief
19 Operating Officer and director ("Swenson"), and Manford Leonard, Leap's Vice President and
20 Controller ("Leonard"), in the United States District Court for the Southern District of California
21 on behalf of all persons who purchased or otherwise acquired Old Leap Common Stock from
22 February 11, 2002 through July 24, 2002 (the "Class Period"). The nine lawsuits are captioned:
23 (1) Solomon Schechter v. Leap, White, Swenson and Leonard, Case No. 02-CV-02385-J (JAH);
24 (2) James Threkeld v. Leap, White, Swenson and Leonard, Case No. 2455-J (POR); (3) Jack
25 Hearn v. Leap, White, Swenson and Leonard, Case No. 02-CV-2515-BTM (LSP); (4) Jonathan
26 Crowell, Trustee of the Cornelia I. Crowell Trust v. Leap, White, Swenson and Leonard, Case
27 No. 02-CV-2514-JM (LAB); (5) Bridget Gillen v. Leap, White, Swenson and Leonard, Case No.
28 02-CV-2545-J (JFS); (6) Andrew Bennet v. Leap, White, Swenson and Leonard, Case No. 02-
CV-2563-IEG (JFS); (7) Reginald J. Hudson v. Leap, White, Swenson and Leonard, Case No.
03-CV-0072-K (JAH); (8) Cyril Marsden v. Leap, White, Swenson and Leonard, Case No. 03-
CV-0158-H (JAH); and (9) Gary Kissinger v. Leap, White, Swenson and Leonard, Case No. 03-
CV-0257-JM (RBB). These lawsuits are virtually identical and each alleges that the defendants
violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5
promulgated thereunder, by issuing a series of material misrepresentations to the market during
the Class Period, thereby artificially inflating the price of Old Leap Common Stock. Plaintiffs
allege that defendants concealed the deteriorated value of Leap's wireless licenses by relying
upon a fraudulent impairment test of those assets, which resulted in a gross and material
overstatement of the value of Leap's assets in its financial statements. The actions seek an
unspecified amount of damages, plus costs and expenses related to bringing the actions. On
March 14, 2003, the Court entered plaintiffs' stipulation and order for the appointment of lead
plaintiffs and approval of lead plaintiffs' selection of lead counsel and ordered the cases
consolidated under the caption In re Leap Wireless International, Inc. Securities Litigation, Case
No. 02-CV-2388J (AJB). No class has yet been certified in these actions. Leap believes that it
has strong defenses to the claims raised by these lawsuits. However, if Leap does not prevail, the
amounts involved could have a material adverse effect on its consolidated financial position or
results of operations.

1 *Derivative Action.* On February 24, 2003, plaintiff Steven Zawalick filed a
2 purported derivative action on behalf of Leap against Morgan Stanley & Co., Inc., Donaldson
3 Lufkin Jenrette Securities Corporation, Bear Stearns & Co., Inc., ABN AMRO Incorporated and
4 Credit Suisse First Boston Corp., each of whom were initial purchasers in the private placement
5 of Old Leap Notes on February 23, 2000, and nominally against Leap, in the Supreme Court of
6 the State of New York, Case No. 03600591. The complaint alleges that the sales were disguised
7 brokerage transactions and that the investment banking firms charged excessive brokerage fees
8 in violation of New York General Obligations Law Section 5-531, which limits the fees payable
9 to loan brokers. The complaint seeks compensatory damages, costs and fees in connection with
10 bringing suit, and other remedies. Leap believes the allegations are without merit and intends to
11 defend the case vigorously.

12 *Nasdaq Delisting.* On December 11, 2002, Old Leap Common Stock was delisted
13 from the Nasdaq National Market and began trading on the OTC Bulletin Board.

14 **B. Cricket Communications, Inc.**

15 *Vendor Financing.* Cricket has entered into purchase agreements and Vendor
16 Debt Facilities with each of Lucent, Nortel and Ericsson for the purchase of network
17 infrastructure products and services and the financing of these purchases plus interest expense
18 and other costs and origination and commitment fees related to the credit facilities. As of the
19 Petition Date, Cricket was in default under each of its Vendor Debt Facilities. As of February 28,
20 2003, Cricket had approximately \$1,602.1 million outstanding under its Vendor Debt Facilities.
21 In addition, as of February 28, 2003, Cricket had \$[77.2] million payable to Lucent, Nortel and
22 Ericsson for the purchase of equipment and services.

23 Because of the events of default under the Vendor Debt Facilities, each of the
24 lenders under those facilities terminated their commitments under the Vendor Debt Facilities.
25 The defaults also provide Lucent, Nortel and Ericsson with various rights under their Vendor
26 Debt Facilities and related security agreements, including the right to foreclose on the collateral
27 pledged to secure the outstanding loans, which includes all of the stock of Cricket, the License
28 Holding Companies and the Property Holding Companies, and all of their respective assets, and
all of the assets of CCH, subject to the requisite approval of the Bankruptcy Court.

 Lucent, Nortel and Ericsson originally agreed to share collateral and limit total
loans secured thereunder to \$1,845.0 million. Borrowings under each of the Vendor Debt
Facilities accrued interest at a rate equal to LIBOR plus 3.5% to 4.25% or a bank base rate plus
2.5% to 3.25%, in each case with the specific rate based on the ratio of total indebtedness to
EBITDA, as defined in the Vendor Debt Facilities. If an event of default has occurred and is
continuing, the administrative agent under a Vendor Debt Facility, at the request of the lenders
under the Vendor Debt Facility, may restrict Cricket's ability to choose LIBOR interest rates for
outstanding borrowings. Any rate that is not paid when due under a Vendor Debt Facility will
bear interest after the due date at the rate then applicable to base rate loans plus 2%. The Vendor
Debt Facilities provide that principal payments under each of the Vendor Debt Facilities were
scheduled to begin in December 2002 for Lucent and in December 2003 for Nortel and Ericsson,
with a final maturity in June 2007 for Lucent and in September 2008 for Nortel and Ericsson.
Repayment of principal is required in 20 quarterly payments, with the annual principal
repayments totaling 10%, 15%, 20%, 25% and 30% of the principal outstanding at the end of the

1 availability period, respectively, during the first through fifth years following the end of the
2 availability period. Cricket did not make the first principal payment due in December 2002 under
3 the Lucent Vendor Debt Facility, which constituted an event of default under the agreement.
4 Borrowings under the Vendor Debt Facilities at December 31, 2002 had a weighted-average
5 effective interest rate of 9.9% per annum. The Vendor Debt Facilities require that Cricket
6 maintain interest rate cap agreements so that 50% of the long-term indebtedness of Cricket either
7 bears interest at a fixed rate or is covered by interest rate cap agreements.

8 Fees payable by Cricket under the Vendor Debt Facilities include (i) commitment
9 fees of 0.75% to 1.25% per annum on the unused commitments under the Vendor Debt Facilities,
10 with the rate applicable to each Vendor Debt Facility based on the total borrowings under that
11 Vendor Debt Facility, and (ii) origination fees totaling \$49.8 million. The origination fees are
12 currently payable to the vendors, as the availability period under all of the credit facilities ended
13 upon termination of the commitments in September 2002. At December 31, 2002, origination
14 fees totaling \$49.8 million were accrued, of which \$10.0 million had been paid through
15 borrowings under the Vendor Debt Facilities.

16 Each of the Vendor Debt Facilities contain various covenants and conditions,
17 including minimum levels of customers and covered potential customers that must increase over
18 time, minimum revenues, minimum EBITDA, limits on annual capital expenditures, dividend
19 restrictions (other than the Nortel Facility) and other financial ratio tests.

20 **C. Others**

21 *Debt Obligations to the FCC and Note Payable.* As of February 28, 2003, the
22 License Holding Companies had assumed \$[77.2] million in debt obligations to the FCC as part
23 of the purchase price for wireless licenses. The terms of the notes include interest rates ranging
24 from 6.25% to 9.75% per annum and quarterly principal and interest payments until maturity
25 through July 2007. The notes were discounted using management's best estimate of the
26 prevailing market interest rate at the time of purchase of the wireless licenses ranging from
27 9.75% to 10.75% per annum. At December 31, 2002, the weighted-average effective interest rate
28 for the License Holding Companies' debt obligations to the FCC was 9.9% per annum.

29 In April 2002, Leap completed the exchange of certain wireless licenses with
30 GLH. Pursuant to the agreement, GLH assumed FCC debt totaling \$8.5 million related to certain
31 of the wireless licenses transferred to GLH in the exchange. In consideration for GLH's
32 assumption of the FCC debt, Leap provided to GLH a note payable totaling \$8.5 million as of
33 February 28, 2003, which is secured by a pledge of the stock of Cricket Licensee XI, Inc., a Leap
34 subsidiary that owns certain wireless licenses that are not used in the Cricket business. In January
35 2003, Leap chose not to make a payment of principal and accrued interest that was due on the
36 note, which constituted an event of default. Leap has received a notice of default from GLH and
37 a notice of acceleration of the principal and accrued interest balance. GLH has also notified Leap
38 that it intends to foreclose on the collateral.

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SECTION IV.

KEY EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

A. Pre-Petition Plan Negotiations

5 To address the Debtors' long-term financial needs, the Debtors' management
6 began developing plans to improve the Debtors' capital structure. In order to maximize the
7 recovery for all stakeholders the Debtors and its financial advisors agreed that this could be
8 achieved best through a plan. As such, in the Fall of 2002, the Debtors organized the Informal
9 Vendor Debt Committee and the Informal Noteholder Committee and paid for financial and legal
advisors to such committees. Thereafter, the Debtors began negotiations with each of the
Informal Vendor Debt Committee and the Informal Noteholder Committee to develop and
consummate a consensual restructuring of the Old Leap Notes and the Old Vendor Debt.

10 The major issue to be resolved between the Informal Vendor Debt Committee and
11 the Informal Noteholder Committee arose from the March 2002 amendments to the Vendor Debt
12 Facilities. On March 18, 2002, Cricket and the Holders of Old Vendor Debt amended the
13 Vendor Debt Facilities to revise certain covenants dealing with EBITDA. Concurrently with
14 those amendments, Leap agreed to (a) transfer additional FCC licenses to License Holding
15 Companies (and thereby make such licenses part of the Vendors' collateral pool) and (b) transfer
16 cash from Leap to both Cricket and the License Holding Companies (the latter primarily to fund
17 obligations owing to the FCC with respect to licenses) (the "March Agreement"). Through
18 August 2002, Leap made a variety of downstream transfers in accordance with the March
19 Agreement. For example:

- 20 • In March 2002, Leap transferred approximately \$86.6 million to CCH as a
21 capital contribution, and caused CCH to transfer such amounts to Cricket
22 as a capital contribution.
- 23 • In May 2002, Leap transferred a refund from the FCC (in the approximate
24 amount of \$34.5 million) to CCH as a capital contribution, and caused
25 CCH to transfer such amounts to Cricket as a capital contribution.
- 26 • Between March and August 2002, Leap transferred 28 licenses to Cricket
27 Licensee (Reauction), Inc. Cricket Licensee (Reauction), Inc. had
28 previously executed a security agreement and guarantee in favor of the
Vendors. Also between March and August 2002, Leap pledged the stock
and assets of Cricket Licensee (Albany), Inc., Cricket Licensee
(Columbus), Inc. and Cricket Licensee (Macon), Inc. to secure the
obligations of Cricket under the Vendor Debt Facilities. Each of the
foregoing License Holding Companies executed security agreements and
guarantees in favor of the Vendors in connection with such pledge.

If Leap had not executed the March Agreement and the Holders of Old Vendor
Debt had terminated the Vendor Debt Facilities and exercised remedies, the entire Leap/Cricket
corporate enterprise could have been threatened. Moreover, a default and acceleration under the
Vendor Debt Facilities would have caused an Event of Default under the Old Indenture.

1 The Informal Noteholder Committee alleged that the March Agreement (and
2 related downstream transfers and/or pledges of cash and assets by Leap) constituted a fraudulent
3 transfer. The Debtors and the Informal Vendor Debt Committee disputed those allegations. In
4 order to avoid litigation and expense, the Debtors, the Informal Noteholder Committee and the
5 Informal Vendor Debt Committee agree to resolve any dispute arising from the March
6 Agreement (and any other intercompany transfer between the Debtors). That resolution is
7 reflected in the terms and conditions of the Plan. In essence, the Holders of Leap General
8 Unsecured Claims will receive the Leap General Unsecured Equity Distribution in exchange for
9 a full settlement and mutual release of any and all Litigation Claims and Intercompany Claims
10 that could have been asserted pre-petition by any Debtor, the Holders of General Unsecured
11 Claims against Leap and the Holders of Old Vendor Debt as follows:

8 The Plan implements a compromise of any and all claims, whether known or
9 unknown, liquidated or contingent, asserted or unasserted, for recoveries for
10 fraudulent transfers, preferences, breach of contract or any other actual or
11 potential cause of action, between and for the benefit of each of the Debtors (and
12 their respective officers, directors, professionals and agents), the Informal Vendor
13 Debt Committee and the Informal Noteholder Committee (and each committee's
14 respective members, professionals and agents in such capacity) and, to the
15 maximum extent permitted by law, all Vendor Debt Holders and Noteholders with
16 respect to any and all transfers between them (other than as expressly provided in
17 the Plan). The occurrence of the Confirmation Date is conditioned upon, among
18 other matters, the execution of mutual general releases by each of the Debtors, the
19 Noteholder Committee and the Vendor Debt Committee in form and substance
20 satisfactory to such parties (which shall exclude costs and expenses between the
21 Confirmation Date and the Effective Date).

17 In April 2003, the Debtors and members of the Informal Vendor Debt Committee
18 and the Informal Noteholder Committee agreed to the current terms of the Plan.

19 **SECTION V.**

20 **THE CHAPTER 11 CASES**

21 **A. Disclosure Statement and Plan Confirmation Hearings**

22 The Debtors filed this Disclosure Statement and the Plan with the Court on May
23 9, 2003. The Court considered the adequacy of the Disclosure Statement and the Plan at a
24 hearing on [____], 2003. The Confirmation Hearing in respect of the Plan has been
25 scheduled for [____], 2003 at 8:30 a.m., Pacific Time, before the Honorable Louise
26 DeCarl Adler in the United States Bankruptcy Court for the Southern District of California,
27 Jacob Weinberger U.S. Courthouse, 325 West F Street, San Diego, California 92101.
28

1 **B. Significant Motions During the Chapter 11 Case³**

2 Simultaneous with the filing of their Petitions, the Debtors filed numerous “first
3 day” motions seeking orders from the Court authorizing the Debtors to retain professionals and
4 providing the Debtors certain relief from certain administrative requirements imposed by the
5 Bankruptcy Code. On April 14, 2003 and at various dates thereafter as reflected on the Docket,
the Court entered orders granting the Debtors the various forms of relief requested. In particular,
the Debtors obtained orders approving, inter alia, the following motions and applications:

6 (a) Motions Relating to Administration of Cases:

7 (i) Motion for Order Directing the Joint Administration of the Chapter 11
8 Cases;

9 (ii) Emergency Application for Order Under 28 U.S.C. § 156(c) Authorizing
10 the Retention of Poorman-Douglas Corporation as Notice Agent and
Claims Agent for the Debtors;

11 (iii) Motion for Order Authorizing Debtors to Employ and to Compensate
12 Certain Professionals in the Ordinary Course of Business;

13 (iv) Application to Retain Latham & Watkins LLP as Attorneys for the
14 Debtors;

15 (v) Application to Retain UBS Warburg as Financial Advisor to the Debtors;
and

16 (vi) Motion for Order Establishing Notice and Service Requirements in
17 Debtors’ Chapter 11 Cases and Authorizing Debtors to Give Notice.

18 (b) Motions Relating to Financing:

19 (i) Motions for Interim and Final Order Authorizing Use of Cash Collateral.

20 (c) Motions Relating to Employees and the Operation of the Business:

21 (i) Motion for Order (A) Authorizing Debtors to (1) Pay Prepetition
22 Employee Wages, Salaries, Commissions and Related Items, (2)
23 Reimburse Prepetition Employee Business Expenses, (3) Make Payments
for Which Payroll Deductions Were Made, (4) Make Prepetition
24 Contributions and Pay Benefits Under Employee Benefit Plans and (5)
Pay All Costs Incidental to the Foregoing Payments and Contributions and
25 (B) Authorizing and Directing Applicable Banks and Other Financial
Institutions to Receive, Process, Honor and Pay Any and All Checks
26 Drawn on Debtors’ Accounts For Such Purposes;

27
28 ³ For copies of motions filed by the Debtors, please log on to the Debtor’s website, www.leapreorganization.com.

- 1 (ii) Motion for Order Authorizing Implementation of Employee Retention
- 2 Plan; and
- 3 (iii) Motion for Order (I) Authorizing Continued Use of Existing Business
- 4 Forms and Records and Maintenance of Existing Corporate Bank
- 5 Accounts and Cash Management Systems and (II) Approving Investment
- 6 Guidelines.
- 7 (d) Motions Relating to Vendors and Suppliers:
- 8 (i) Motion for Authority to Pay Certain Critical Prepetition Trade Creditors in
- 9 the Ordinary Course; and
- 10 (ii) Motion for Order Pursuant to 11 U.S.C. §§ 105, 503(b), 507(a), and 366
- 11 (I) Prohibiting Utilities from Altering, Refusing or Discontinuing Services
- 12 on Account of Prepetition Invoices and (II) Establishing Procedures For
- 13 Determining Requests for Additional Adequate Assurance.
- 14 (e) Motions Relating to Customers:
- 15 (i) Motion for Order Pursuant to 11 U.S.C. § 105(a) Authorizing, But Not
- 16 Directing, Debtors to Honor Certain Prepetition Obligations to Consumer
- 17 Customers and to Continue Certain Consumer Customer Programs and
- 18 Practices.
- 19 (f) Other:
- 20 (i) Motion for Order Pursuant to §§ 105(a) and 541 of the Bankruptcy Code
- 21 Authorizing the Debtors to Pay Prepetition Sales and Use Taxes and
- 22 Regulatory Fees and Directing Wells Fargo Bank to Honor Prepetition
- 23 Checks for Payment of Prepetition Sales and Use Taxes and Regulatory
- 24 Fees; and
- 25 (ii) Motion for Order Authorizing the Debtors to Reject Certain Executory and
- 26 Real Property Leases.

C. Deadline to File Proof of Claims and Interests

On April 13, 2003, the Debtors also filed a motion seeking an order (the “Bar Date Order”) from the Court requiring any person or entity holding or asserting a claim against the Debtors to file a written proof of claim with Poorman-Douglas Corporation at the following address: Leap Wireless International, Inc. c/o Poorman-Douglas Corporation, 10300 SW Allen Boulevard, Portland, Oregon 97005, Attention: Leap Wireless International Claims Processing, on or before 4:00 p.m. (Pacific Time) on [_____], 2003 (the “Bar Date”). The motion requested that any person or entity that fails to timely file a proof of claim will be barred, estopped and enjoined forever from voting on, or receiving a distribution under, the Plan, and will be barred, estopped and enjoined forever from asserting a Claim against the Debtors, their Estates, Reorganized Debtors, and any of their successors or assigns. On [_____], 2003, the Court entered the Bar Date Order and established [_____], 2003 as the Bar Date.

1 **D. Assumption and Rejection of Executory Contracts and Unexpired Leases**

2 **1. Assumption and Cure**

3 Except as otherwise provided in the Plan, or in any contract, instrument, release or
4 other agreement or document entered into in connection with the Plan, on the Effective Date,
5 pursuant to Section 365 of the Bankruptcy Code, each Reorganized Debtor will assume each
6 executory contract and unexpired lease entered into by that Debtor prior to the Petition Date that
7 is listed on Exhibit [] to the Disclosure Statement that has not previously (a) expired or
8 terminated pursuant to its own terms or (b) been assumed or rejected pursuant to Section 365 of
9 the Bankruptcy Code. The Confirmation Order will constitute an Order of the Court approving
10 the assumptions described in the Plan, pursuant to Section 365 of the Bankruptcy Code, as of the
11 Effective Date.

12 Any monetary amount by which each executory contract and unexpired lease to
13 be assumed pursuant to the Plan is in default, if any, will be satisfied, pursuant to Section
14 365(b)(1) of the Bankruptcy Code, at the option of the applicable Debtor or Reorganized Debtor:
15 (a) by payment of the default amount in cash on the Effective Date or (b) on such other terms as
16 are agreed to by the parties to such executory contract or unexpired lease. If there is a dispute
17 regarding: (i) the amount of any cure payment; (ii) the ability of the Reorganized Debtor to
18 provide “adequate assurance of future performance” (within the meaning of Section 365 of the
19 Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining
20 to assumption, the cure payments required by Section 365(b)(1) of the Bankruptcy Code will be
21 made following the entry of a Final Order resolving the dispute and approving the assumption.

22 Exhibit [] to the Disclosure Statement contains a schedule of contracts and leases
23 to be assumed by each Reorganized Debtor, along with cure amounts each Reorganized Debtor
24 intends to pay (or, in the case of contracts and leases to be assumed by Leap, cure amounts
25 Cricket intends to pay) on the Effective Date or as soon as practicable thereafter. **Any party to a
26 contract or lease who objects to the listed cure amounts must file and serve an objection on
27 counsel for the Debtors no later than 15 days before the Confirmation Hearing; failure to
28 file and serve a timely objection shall be deemed consent to the cure amounts scheduled on
29 Exhibit F. Any cure amounts shall be the responsibility of Cricket.**

30 **2. Rejection and Damages**

31 Executory contracts (including any employment agreements) and unexpired leases
32 that exist between the Debtors and any person that are not assumed in a manner consistent with
33 Section IV.D.1, above or that are not the subject of a motion to assume that is pending on the
34 Confirmation Date and that is subsequently approved shall be rejected as of the Confirmation
35 Date. All Claims for damages arising from the rejection of executory contracts or unexpired
36 leases must be filed with the Court in accordance with the terms of the order authorizing such
37 rejection, or, if not rejected by separate order, within thirty (30) days from the entry of the
38 Confirmation Order. Any Claims not filed within such time will be forever barred from assertion
39 against the Debtors, the Estates and the Reorganized Debtors. Each of the Allowed Claims
40 arising from the rejection of executory contracts or unexpired leases shall be treated as a General
41 Unsecured Claim of the applicable Debtor that was party to such contract or lease.

1 **E. Parties in Interest and Professionals**

2 **1. The Debtors' Professionals**

3 During the course of the Chapter 11 Cases, the Court has approved or will be
4 asked to approve the Debtors' retention of the following professionals to advise the Debtors in a
5 variety of areas: Latham & Watkins LLP (bankruptcy counsel), UBS Warburg ("UBS")
(Debtors' financial advisors).

6 **2. The Committees and their Professionals**

7 On [_____], 2003, the United States Trustee for the Southern District of
8 California, pursuant to Section 1102 of the Bankruptcy Code, appointed the Creditors'
9 Committee to represent the interests of all holders of unsecured claims in Leap's Chapter 11
Case. The Creditors' Committee currently consists of the following creditors: [_____].

10 The Creditors' Committee retained Kramer Levin Naftalis & Frankel LLP and
11 Chanin & Company as legal counsel and financial advisors, respectively. The Creditors'
Committee has employed no other professionals during the pendency of these Chapter 11 Cases.

12 The Informal Vendor Debt Committee retained Andrews & Kurth LLP, as
13 attorneys and Communications Technology Advisors as financial advisors, respectively.

14 **SECTION VI.**

15 **THE FUTURE BUSINESS OF REORGANIZED DEBTORS**

16 **A. Capitalization and Structure of Reorganized Debtors**

17 Except as otherwise provided in any provision of the Plan, on the Effective Date,
18 the Leap Creditor Trust Assets shall vest in the Leap Creditor Trust and all property of the other
19 Estates will vest in the Reorganized Debtors, as applicable free and clear of all Liens, Claims,
20 encumbrances and Interests. From and after the Effective Date, each Reorganized Debtor may
21 operate its business and use, acquire, and dispose of property and settle and compromise Claims
or Interests arising post-Confirmation without supervision by the Court and free of any
restrictions of the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules, other
than those restrictions expressly imposed by the Plan and the Confirmation Order.

22 Except as otherwise provided in the Plan or the Confirmation Order, all Cash
23 necessary for the Reorganized Debtors to make payments pursuant to the Plan will be obtained
24 from the Reorganized Debtors' cash balances or borrowings and the operations of the
25 Reorganized Debtors. Notwithstanding the foregoing, all cash necessary for the Leap Creditor
Trust Trustee to make payments pursuant to the Plan will be obtained from Leap Creditor Trust
Assets.

26 On the Effective Date, Reorganized Leap will own 100% of the issued and
27 outstanding shares of Reorganized Cricket and the Reorganized License Holding Companies.
28 Reorganized Cricket will own 100% of the issued and outstanding shares of each of the
Reorganized Retained Property Holding Companies. On the Effective Date, Cricket

1 Communications Holdings, Inc. will be merged with and into Cricket Communications, Inc. in a
2 “tax-free” reorganization intended to comply with Section 368 (a)(1)(G) of the Internal Revenue
Code.

3 **B. Composition of Management and the Directors of Reorganized Leap**

4 [The directors and officers of each of the Debtors will continue to serve in such
5 capacities until and through the Effective Date. As of the Effective Date, Leap currently
6 contemplates that the new board of directors of Reorganized Leap shall consist of
[_____].

7 The Board of Directors of Reorganized Leap shall select the Board of Directors
8 and senior management of the other Reorganized Debtors.

9 Reorganized Leap may authorize an appropriate compensation and bonus plan for
10 permanent senior management employed by Reorganized Cricket post-Confirmation. After the
Effective Date, Reorganized Leap may adopt a new incentive plan for the grant to officers,
11 employees and directors of the Company of options to acquire shares of New Leap Common
12 Stock. The options will be based upon performance criteria and a vesting schedule to be
structured by the Board of Directors of Reorganized Leap after consummation of the Plan.]

13 **C. Issuance of New Senior Notes and New Leap Common Stock**

14 On the Effective Date, or as soon thereafter as practicable,

- 15 (a) the Holders of Old Vendor Debt will hold, on a Pro Rata basis, [93-97%] of the
16 New Leap Common Stock and New Senior Notes aggregating [\$300-500 million]
in principal amount. For a more detailed description of New Senior Notes, please
17 refer to Exhibit [] attached hereto;
- 18 (b) the Holders of General Unsecured Claims against Leap will hold, on a Pro Rata
19 basis, [3-5%] of the New Leap Common Stock (through their beneficial interests
in the Leap Creditor Trust); and
- 20 (c) the Holders of Old Leap Common Stock will hold, on a Pro Rata basis, [0-2%] of
21 the New Leap Common Stock.

22 **SECTION VII.**

23 **SUMMARY OF THE**
24 **PLAN OF REORGANIZATION**

25 **A. Introduction**

26 The Plan is the product of diligent efforts and intense negotiations by the Debtors,
the Informal Vendor Debt Committee, the Informal Noteholder Committee and the Committee to
27 formulate a plan that provides for a fair allocation of the Debtors’ assets in an orderly manner,
consistent with the mandates of the Bankruptcy Code and other applicable law.

1 The Debtors believe that Confirmation of the Plan is critical to the Debtors’
2 continued survival, and that the Plan provides the best opportunity for maximum recoveries to
3 the Debtors’ creditors. The Debtors believe, and will demonstrate to the Court, that the Holders
4 of Claims against and Interests in the Debtors will receive significantly more value under the
5 Plan than any available alternative.

6
7 **B. Classification and Treatment of Administrative Claims,
8 Claims and Interests Under the Plan**

9 Only administrative expenses, claims and interests that are “allowed” may receive
10 distributions under a chapter 11 plan. An administrative claim, claim or interest becomes
11 “allowed” when a plan proponent agrees – or in the case of a dispute, the Court determines – that
12 the administrative claim, claim or interest is a valid obligation of a debtor, including the amount.
13 Section 502(a) of the Bankruptcy Code provides that a timely filed administrative expense claim,
14 claim or interest is “allowed” automatically unless the debtor or another party in interest objects.
15 Section 502(b) of the Bankruptcy Code, however, provides that certain claims may not be
16 “allowed” in bankruptcy even if a proof of claim is filed. Such claims include, without limitation,
17 claims that are unenforceable under a governing agreement or applicable non-bankruptcy law,
18 claims for unmatured interest, claims for certain services that exceed their reasonable value,
19 lease and employment contract rejection damage claims in excess of specified amounts and late-
20 filed claims. In addition, Rule 3003(c)(2) of the Federal Rules of Bankruptcy Procedure
21 prohibits the allowance of any claim or interest that either is not listed on the debtor’s schedules
22 or is listed as disputed, contingent or unliquidated, if the holder of such claim or interest has not
23 timely filed a proof of claim or interest.

24 The Bankruptcy Code also requires that, for the purposes of treatment and voting,
25 a chapter 11 plan divide different types of claims and interests into separate classes, based upon
26 their legal nature. Claims of a substantially similar nature generally are classified together, as
27 are interests of a substantially similar nature. As a single entity may hold multiple claims and/or
28 interests that give rise to different legal rights, such a holder may be a member of multiple
classes under a plan.

 Under a chapter 11 plan, the separate classes of claims and interests must be
designated as either “impaired” or “unimpaired.” If a class of claims or interests is “impaired”
under a plan, the Bankruptcy Code affords certain rights to the holders in such class, including
the right to vote on the plan (with the exception of classes of claims and interests that receive no
distributions under the plan, and which therefore are deemed to have rejected the plan), and the
right to receive an amount under the plan that is no less than the value that claim holder would
receive in a chapter 7 liquidation. Under Section 1124 of the Bankruptcy Code, a class is
“impaired” if the legal, equitable, or contractual rights attaching to the claims or interests of that
class are modified, other than by curing defaults and reinstating maturity or by payment in full in
cash. Typically, this means that the holder of a unimpaired claim will receive under the plan
payment in full, in cash, with prepetition interest to the extent permitted and provided under the
governing agreement between the parties (if applicable) or applicable non-bankruptcy law, and
the remainder of the debtor’s obligations, if any, will be performed as they become due in
accordance with their terms. Thus, other than the right to accelerate the debtor’s obligations, the
holder of an unimpaired claim will be placed in the position in which it would have been if the
debtor had not commenced a chapter 11 case.

1 Consistent with these requirements, the Plan divides the Claims against, and
2 Interests in, the Debtors into separate Classes. The following is a designation of the Classes of
3 Claims and Interests under the Plan. In accordance with section 1123(a)(1) of the Bankruptcy
4 Code, Administrative Claims and Priority Tax Claims have not been classified and are excluded
5 from the following Classes. A Claim or Interest is classified in a particular Class only to the
6 extent that the Claim or Interest qualifies within the description of that Class, and is classified in
7 another Class or Classes to the extent that any remainder of the Claim or Interest qualifies within
8 the description of such other Class or Classes. A Claim or Interest is classified in a particular
9 Class only to the extent that the Claim or Interest is an Allowed Claim or Allowed Interest in that
10 Class and has not been paid, released or otherwise satisfied before the Effective Date; a Claim or
11 Interest which is not an Allowed Claim or Allowed Interest is not in any Class. A Disputed
12 Claim or Disputed Interest, to the extent that it subsequently becomes an Allowed Claim or
13 Allowed Interest, shall be included in the Class for which it would have qualified had it not been
14 disputed. Notwithstanding anything to the contrary contained in the Plan, no distribution shall be
15 made on account of any Claim or Interest which is not an Allowed Claim or an Allowed Interest.

16 A chart summarizing the treatment of Claims and Interests under the Plan is set
17 forth at page [], supra.

18 For purposes of computing distributions under the Plan, Allowed Claims do not
19 include postpetition interest unless otherwise specified in the Plan.

20 If the Plan is confirmed, except for Disputed Claims, distributions will be deemed
21 made on the Effective Date if made on the Effective Date or as soon as practicable thereafter.
22 Distributions on accounts of Claims that become Allowed Claims after the Effective Date will be
23 made pursuant to Section 8.02 of the Plan (relating to timing and calculation of amounts to be
24 distributed under the Plan) and Section 8.06 of the Plan (relating to distributions on account of
25 Disputed Claims once they are allowed).

26 **1. Unclassified – Administrative Claims**

27 Administrative Claims include the costs and expenses of administration of the
28 Chapter 11 Cases of a kind specified in Section 503(b) of the Bankruptcy Code and entitled to
priority under Section 507(a)(1) of the Bankruptcy Code. Such costs include any actual,
necessary costs and expenses of operating the Debtors' businesses and preserving the Debtors'
Estates, any indebtedness or obligations incurred or assumed by the Debtors in connection with
the conduct of their businesses, all compensation and reimbursement of expenses to the extent
Allowed by the Court pursuant to Section 330 or Section 503 of the Bankruptcy Code, and any
fees or charges assessed against the Debtors' estates pursuant to Section 1930, Chapter 123 of
Title 28 of the United States Code.

Pursuant to the Plan, Allowed Administrative Claims (a) will be paid Cash equal
to the full unpaid portion of the Allowed Administrative Claim on the later of the Effective Date
and the date on which such Administrative Claim becomes an Allowed Claim, or as soon
thereafter as practicable, or (b) will receive such other treatment as to which the Debtors and the
holder of an Allowed Administrative Claim shall agree in writing.

The Debtors anticipate that, with the exception noted below, most Administrative
Expenses will be paid as they come due during the Chapter 11 Cases, and that the Administrative

1 Claims to be paid on the Effective Date will mainly comprise the Allowed fees and expenses
2 incurred by professionals providing services in the Chapter 11 Cases.

3 The Debtors estimate that the amount of Allowed Administrative Claims and
4 Priority Claims under the Bankruptcy Code (the "Effective Date Payments") will be the
5 following: (a) the Debtors', the Informal Vendor Debt Committee's, the Informal Noteholder
6 Committee's and Creditors' Committee's professionals' fees (approximately \$__ million); and
7 (b) severance payments.

6 **2. Unclassified – Priority Tax Claims**

7 Except as otherwise agreed to by Reorganized Debtors and the applicable taxing
8 agency, Reorganized Debtors, as appropriate, shall pay to each holder of an Allowed Priority
9 Tax Claim deferred Cash payments, over a period not exceeding six years from the date of
10 assessment of such Claim, in an aggregate amount equal to the amount of such Allowed Priority
11 Tax Claim, plus interest from the Effective Date on the unpaid portion of such Allowed Priority
12 Tax Claim (without penalty of any kind) at the rate prescribed below. Payment of the amount of
13 each such Allowed Priority Tax Claim shall be made in equal semiannual installments payable
14 on June 1 and December 1, with the first installment due on June 1 or December 1 after the latest
15 of: (a) the Effective Date, (b) 30 days after the date on which an Order allowing such Priority
16 Tax Claim becomes a Final Order, and (c) such other time or times as may be agreed to by the
17 holder of such Claim and the respective Reorganized Debtor. Each installment shall include
18 interest on the unpaid portion of such Allowed Priority Tax Claim, without penalty of any kind,
19 at the rate of 8¼% per annum or as otherwise established by the Court; provided, however, that
20 the Reorganized Debtors, as appropriate, shall have the right to pay any Allowed Priority Tax
21 Claim, or any remaining balance of such Claim, in full, at any time on or after the Effective Date,
22 without premium or penalty of any kind.

23 The Debtors believe that no Allowed Priority Tax Claims exist.

24 **3. Classified Claims Against and Interests in Leap**

25 *Leap Class 1A – GLH Claim.* On the Effective Date, or as soon as practicable
26 thereafter, the Holder of the Class 1A GLH Claim shall, in full satisfaction, settlement, release
27 and discharge of and in exchange for such Secured Claim, receive (in the sole discretion of Leap)
28 the following treatment: either (a) Leap will sell the collateral securing the GLH Claim and
transfer the proceeds to GLH (to the extent of the value of the GLH Allowed Secured Claim); or
(b) Leap will transfer the collateral securing the GLH Claim to GLH. The Holder of the Allowed
Secured Claim in Class 1A shall be Impaired and entitled to vote on the Plan.

Leap Class 1B – 12 ½% Senior Notes Secured Claim. By order entered by the
Court on April __, 2003, each Holder of a Class 1B 12 ½% Senior Notes Secured Claim, in full
satisfaction, settlement, release and discharge of and in exchange for its Claim, received, on a
Pro Rata basis, the Cash in the Pledged Account equal to the amount of interest owing as of
April 15, 2003. Leap Class 1B is Unimpaired and shall be deemed to have voted in favor of the
Plan.

Leap Class 1C – Old Vendor Debt Claim. On the Effective Date or as soon as
practicable thereafter, each Holders of a Class 1C Old Vendor Debt Claim shall, in full

1 satisfaction, settlement, release and discharge of and in exchange for its Claim, receive the
2 following treatment: each such Holder shall receive, on a Pro Rata basis, the Old Vendor Debt
Distribution. Leap Class 1C is Impaired and shall be entitled to vote on the Plan.

3 *Leap Class 2A et seq. – Other Secured Claims.* Class 2 consists of all other
4 Secured Claims against Leap. This Class will be further divided into subclasses designated by
5 letters of the alphabet (**Class 2A, Class 2B**, and so on), so that each Holder of any Secured
6 Claim is in a Class by itself, except to the extent that there are Secured Claims that are
7 substantially similar to each other and may be included within a single Class. Leap will File a
8 schedule of each Secured Claim on or before twenty (20) days after the Petition Date. Each
9 Allowed Secured Claim in Class 2 will be treated as follows (in the sole discretion of Leap): (a)
10 (a) Leap will sell the collateral securing the Allowed Class 2 Claim and transfer the proceeds, to
11 the Holder of such Class 2 Claim (to the extent of the value of the Allowed Class 2 Claim); or (b)
Leap will transfer the collateral securing the Class 2 Claim to the Holder of the Class 2 Claim. If
Leap elects the treatment specified in subsection (a) of this paragraph, the Holder of the Class 2
Claim shall be Unimpaired and deemed to have accepted the Plan. If Leap elects the treatment
specified in subsection (b) of this paragraph, the Holder of the Class 2 Claim shall be Impaired
and entitled to vote to accept or reject the Plan.

12 *Leap Class 3 – Priority Claims.* The Plan provides that unless otherwise agreed
13 to by Leap and the applicable Holder of a Claim, each Holder of an Allowed Claim in Class 3
14 will be paid the Allowed Amount of such Claim in full in Cash by Leap on or before the later of
15 (i) the Effective Date or as soon as practicable thereafter, (ii) the date such Claim becomes an
16 Allowed Claim and (iii) the date that such Claim would be paid in accordance with any terms
and conditions of any agreements or understandings relating thereto between Leap and the
Holder of such Claim. Allowed Claims in Class 3 are Unimpaired under the Plan and the
Holders of Allowed Claims in Class 3 will be deemed to have accepted the Plan.

17 *Leap Class 4 – General Unsecured Claims.* On the Initial Distribution Date, each
18 Holder of an Allowed Class 4 Claim shall, in full satisfaction, settlement, release and discharge
19 of and in exchange for such Claim, receive the following treatment: a Pro Rata share of the
20 beneficial interests in the Leap Creditor Trust. If the Effective Date has not occurred at the time
21 of the Initial Distribution Date, Leap shall transfer to the Creditor Trust only the Leap General
Unsecured Claim Cash Distribution. On the Effective Date, Reorganized Leap shall transfer to
the Leap Creditor Trust the remainder of the Leap General Unsecured Claim Distribution. Class
4 is Impaired and therefore entitled to vote on the Plan.

22 *Leap Class 5 - Intercompany Claim.* Each Holder of an Allowed Class 5 Claim
23 shall receive the Intercompany Release on account of such Claim. Class 5 is Impaired under the
Plan and therefore entitled to vote on the Plan.

24 *Leap Class 6 – Old Common Stock of Leap and Securities Claims.* Each Holder
25 of an Allowed Class 6 Interest shall not receive or retain any property under the Plan on account
26 of such Interest. Class 6 is Impaired under the Plan and deemed to have voted to reject the Plan.

27 *Leap Class 7 - Interests of Holders of Old Stock Rights and All Claims Arising*
28 *Out of Such Old Stock Rights.* Each Holder of an Allowed Class 7 Interest or Claim shall not
receive or retain any property under the Plan on account of such Interest or Claim. Class 7 is
Impaired under the Plan and deemed to have voted to reject the Plan.

1 **4. Classified Claims Against and Interests in CCH.**

2 *CCH Class 1A – Old Vendor Debt Claim.* On the Effective Date, or as soon as
3 practicable thereafter, each Holder of an Allowed Class 1A Claim shall, in full satisfaction,
4 settlement, release, discharge of and in exchange for such Claim, receive a Pro Rata share of the
Old Vendor Debt Distribution. Class 1A is Impaired and entitled to vote on the Plan.

5 *CCH Class 2A et seq. – [Other Secured Claims].* Class 2 consists of all other
6 Secured Claims against CCH. This Class will be further divided into subclasses designated by
7 letters of the alphabet (**Class 2A, Class 2B,** and so on), so that each Holder of any Secured
8 Claim is in a Class by itself, except to the extent that there are Secured Claims that are
9 substantially similar to each other and may be included within a single Class. CCH will File a
10 schedule of each Secured Claim on or before ten (10) days prior to the commencement of the
11 Confirmation Hearing. Each Allowed Secured Claim in Class 2 will be treated as follows:
12 Either (a) the Plan shall leave unaltered the legal, equitable and contractual rights to which such
13 Claim entitles the Holder; (b) (i) CCH shall cure any default with respect to such Claim that
14 occurred before or after the relevant Petition Date, (ii) the maturity of such Claim shall be
15 reinstated as such maturity existed before any such default, (iii) the Holder of such Claim shall
be compensated for any damages incurred as a result of any reasonable reliance by the Holder on
any right to accelerate its Claim, and (iv) the legal, equitable, and contractual rights of such
Holder will not otherwise be altered; or (c) such Claim shall receive such other treatment to
which the Holder shall consent. The Holder of each Allowed Secured Claim in Class 2 which is
treated as set forth in clause (a) or (b) of this paragraph will be Unimpaired and shall be deemed
to have voted for the Plan; any treatment under clause (c) of this paragraph will render the claim
Impaired and entitled to vote on the Plan.

16 *CCH Class 3 – Priority Claims.* Unless otherwise agreed to by CCH and the
17 applicable Holder of a Claim, each Holder of an Allowed Claim in Class 3 will be paid the
18 Allowed Amount of such Claim in full in Cash by CCH on or before the later of (i) the Effective
19 Date or as soon as practicable thereafter, (ii) the date such Claim becomes an Allowed Claim and
20 (iii) the date that such Claim would be paid in accordance with any terms and conditions of any
agreements or understandings relating thereto between CCH and the Holder of such Claim.
Allowed Claims in Class 3 are Unimpaired under the Plan and the Holders of Allowed Claims in
Class 3 will be deemed to have accepted the Plan.

21 *CCH Class 4 – General Unsecured Claims.* Holders of Allowed Class 4 Claims
22 shall not receive any property or Cash on account of such claims. Class 4 is Impaired under the
Plan and deemed to have voted to reject the Plan.

23 *CCH Class 5 - Intercompany Claim.* Each Holder of an Allowed Class 5 Claim
24 shall receive the Intercompany Release on account of such Claim. Class 5 is Impaired under the
Plan and therefore entitled to vote on the Plan.

25 *CCH Class 6 – Old Common Stock of CCH.* Holders of Allowed Class 6 Interests
26 shall not receive any property or Cash on account of such interests. Class 6 is Impaired and
deemed to have voted to reject the Plan.

27 *CCH Class 7 - Interests of Holders of Old Stock Rights and All Claims Arising*
28 *Out of Such Old Stock Rights.* Each Holder of an Allowed Class 7 Interest or Claim shall not

1 receive or retain any property or Cash under the Plan on account of such Interest or Claim.
2 Class 7 is Impaired under the Plan and deemed to have voted to reject the Plan. CCH currently
3 does not believe any such Holders exist.

3 **5. Classified Claims Against and Interests in Cricket.**

4 *Cricket Class 1A – Old Vendor Debt Claim.* On the Effective Date, or as soon as
5 practicable thereafter, each Holder of an Allowed Class 1A Claim shall, in full satisfaction,
6 settlement, release, discharge of and in exchange for such Claim, receive a Pro Rata share of the
7 Old Vendor Debt Distribution. Class 1A is Impaired and entitled to vote on the Plan.

8 *Cricket Class 2A et seq. – Other Secured Claims.* Class 2A consists of all other
9 Secured Claims against Cricket. This Class will be further divided into subclasses designated by
10 letters of the alphabet (**Class 2A, Class 2B**, and so on), so that each Holder of any Secured
11 Claim is in a Class by itself, except to the extent that there are Secured Claims that are
12 substantially similar to each other and may be included within a single Class. Cricket will File a
13 schedule of each Secured Claim on or before ten (10) days prior to the commencement of the
14 Confirmation Hearing. Each Allowed Secured Claim in Class 2 will be treated as follows:
15 Either (a) the Plan shall leave unaltered the legal, equitable and contractual rights to which such
16 Claim entitles the Holder; (b) (i) Cricket shall cure any default with respect to such Claim that
17 occurred before or after the relevant Petition Date, (ii) the maturity of such Claim shall be
18 reinstated as such maturity existed before any such default, (iii) the Holder of such Claim shall
19 be compensated for any damages incurred as a result of any reasonable reliance by the Holder on
20 any right to accelerate its Claim, and (iv) the legal, equitable, and contractual rights of such
21 Holder will not otherwise be altered; or (c) such Claim shall receive such other treatment to
22 which the Holder shall consent. The Holder of each Allowed Secured Claim in Class 2 which is
23 treated as set forth in clause (a) or (b) of this paragraph will be Unimpaired, will be presumed to
24 have accepted the Plan and will not be entitled to vote for or against the Plan; any treatment
25 under clause (c) of this paragraph will render the claim Impaired and entitled to vote on the Plan.

26 *Cricket Class 3 – Priority Claims.* Unless otherwise agreed to by the parties, each
27 Holder of an Allowed Claim in Class 3 will be paid the Allowed Amount of such Claim in full in
28 Cash by Reorganized Cricket on or before the later of (i) the Effective Date or as soon as
practicable thereafter, (ii) the date such Claim becomes an Allowed Claim and (iii) the date that
such Claim would be paid in accordance with any terms and conditions of any agreements or
understandings relating thereto between Cricket and the Holder of such Claim. Allowed Claims
in Class 3 are Unimpaired under the Plan and the Holders of Allowed Claims in Class 3 will be
deemed to have accepted the Plan.

Cricket Class 4 – General Unsecured Claims. Holders of Allowed Class 4
Claims shall receive, on a Pro Rata basis, the Cricket General Unsecured Creditor Distribution
on account of such Claims. [Class 4 is Impaired and therefore entitled to vote on the Plan.]

Cricket Class 5 – Intercompany Claim. Each Holder of an Allowed Class 5
Claim shall receive the Intercompany Release on account of such Claim. Class 5 is Impaired
under the Plan and therefore entitled to vote on the Plan.

1 *Cricket Class 6 – Old Common Stock of Cricket and Securities Claims.* Holders of
2 Allowed Class 6 Interests shall not receive any property or Cash on account of such Interests.
3 Class 6 is Impaired and deemed to have voted to reject the Plan.

4 *Cricket Class 7 - Interests of Holders of Old Stock Rights and All Claims Arising*
5 *Out of Such Old Stock Rights.* Holders of Allowed Class 7 Interests shall not receive any
6 property or Cash on account of such Interests. Class 7 is Impaired and deemed to have voted to
7 reject the Plan. Cricket does not believe any such Holders exist.

8 **6. Classified Claims Against and Interests in License Holding Companies**
9 **(applicable to each License Holding Company)**

10 *License Holding Company Class 1A – Old Vendor Debt Claim.* On the Effective
11 Date, or as soon as practicable thereafter, each Holder of an Allowed Class 1A Claim shall, in
12 full satisfaction, settlement, release, discharge of and in exchange for such Claim, receive a Pro
13 Rata share of the Old Vendor Debt Distribution. Class 1A is Impaired and entitled to vote to
14 accept or reject the Plan.

15 *License Holding Company Class 1B – FCC Claims.* On the Effective Date or as
16 soon thereafter as practicable, the Holder of the FCC Claims shall either (a) remain fully secured,
17 but the payment terms of the FCC Claims shall be extended for a two year grace period for
18 principal and interest and a four year amortization schedule thereafter or (b) be Reinstated.
19 Under (a), the Holder of the FCC Claims will be Impaired under the Plan and entitled to vote on
20 the Plan; under (b), the Holder of the FCC Claims will be deemed Unimpaired and to have voted
21 to accept the Plan. Each License Holding Company will elect treatment for the Allowed Class 1B
22 Claim by Filing a notice of such election no later than the date of the Disclosure Statement
23 Hearing.

24 *License Holding Company Class 2A et seq. – Other Secured Claims.* Class 2A
25 consists of all other Secured Claims against a License Holding Company. This Class will be
26 further divided into subclasses designated by letters of the alphabet (**Class 2A, Class 2B,** and so
27 on), so that each Holder of any Secured Claim is in a Class by itself, except to the extent that
28 there are Secured Claims that are substantially similar to each other and may be included within
a single Class. Each License Holding Company will File a schedule of each Secured Claim on or
before ten (10) days prior to the commencement of the Confirmation Hearing. Each Allowed
Secured Claim in Class 2 will be treated as follows: Either (a) the Plan shall leave unaltered the
legal, equitable and contractual rights to which such Claim entitles the Holder; (b) (i) each
applicable License Holding Company shall cure any default with respect to such Claim that
occurred before or after the relevant Petition Date, (ii) the maturity of such Claim shall be
reinstated as such maturity existed before any such default, (iii) the Holder of such Claim shall
be compensated for any damages incurred as a result of any reasonable reliance by the Holder on
any right to accelerate its Claim, and (iv) the legal, equitable, and contractual rights of such
Holder will not otherwise be altered; or (c) such Claim shall receive such other treatment to
which the Holder shall consent. The Holder of each Allowed Secured Claim in Class 2 which is
treated as set forth in clause (a) or (b) of this paragraph will be Unimpaired, will be presumed to
have accepted the Plan and will not be entitled to vote for or against the Plan; any treatment
under clause (c) of this paragraph will render the claim Impaired and entitled to vote on the Plan.

1 *License Holding Company Class 3 – Priority Claims.* Unless otherwise agreed to
2 by the parties, each Holder of an Allowed Claim in Class 3 will be paid the Allowed Amount of
3 such Claim in full in Cash by the applicable Reorganized License Holding Company on or
4 before the later of (i) the Effective Date or as soon as practicable thereafter, (ii) the date such
5 Claim becomes an Allowed Claim and (iii) the date that such Claim would be paid in accordance
6 with any terms and conditions of any agreements or understandings relating thereto between the
7 applicable Reorganized License Holding Company and the Holder of such Claim. Allowed
8 Claims in Class 3 are Unimpaired under the Plan and the Holders of Allowed Claims in Class 3
9 will be deemed to have accepted the Plan.

10 *License Holding Company Class 4 – General Unsecured Claims.* Holders of
11 Allowed Class 4 Claims shall not receive any property or Cash on account of such Claims.
12 Class 4 is Impaired and deemed to have voted to reject the Plan.

13 *License Holding Company Class 5 – Intercompany Claim.* Each Holder of an
14 Allowed Class 5 Claim shall receive the Intercompany Release under the Plan on account of
15 such Claim. Class 5 is Impaired under the Plan and therefore entitled to vote on the Plan.

16 *License Holding Company Class 6 – Old Common Stock of Cricket and Securities*
17 *Claims.* Holders of Allowed Class 6 Interests shall not receive any property or Cash on account
18 of such Interests. Class 6 is Impaired and deemed to have voted to reject the Plan.

19 *License Holding Company Class 7 - Interests of Holders of Old Stock Rights and*
20 *All Claims Arising Out of Such Old Stock Rights.* Holders of Allowed Class 7 Interests shall not
21 receive any property or Cash on account of such Interests. Class 7 is Impaired and deemed to
22 have voted to reject the Plan. License Holding Companies do not believe any such Holders exist.

23 **7. Classified Claims Against and Interests in Retained Property Holding**
24 **Companies (applicable to each Retained Property Holding Company)**

25 *Retained Property Holding Company Class 1A – Vendor Debt Claim.* On the
26 Effective Date, or as soon as practicable thereafter, each Holder of an Allowed Class 1A Claim
27 shall, in full satisfaction, settlement, release, discharge of and in exchange for such Claim,
28 receive a Pro Rata share of the Old Vendor Debt Distribution. Class 1A is Impaired and entitled
to vote to accept or reject the Plan.

Retained Property Holding Company Class 2A et seq. – Other Secured Claims.
Class 2A consists of all other Secured Claims against a Retained Property Holding Company.
This Class will be further divided into subclasses designated by letters of the alphabet (**Class 2A,**
Class 2B, and so on), so that each Holder of any Secured Claim is in a Class by itself, except to
the extent that there are Secured Claims that are substantially similar to each other and may be
included within a single Class. Each Retained Property Holding Company will File a schedule of
each Secured Claim on or before ten (10) days prior to the commencement of the Confirmation
Hearing. Each Allowed Secured Claim in Class 2 will be treated as follows: Either (a) the Plan
shall leave unaltered the legal, equitable and contractual rights to which such Claim entitles the
Holder; (b) (i) each applicable Retained Property Holding Company shall cure any default with
respect to such Claim that occurred before or after the relevant Petition Date, (ii) the maturity of
such Claim shall be reinstated as such maturity existed before any such default, (iii) the Holder
of such Claim shall be compensated for any damages incurred as a result of any reasonable

1 reliance by the Holder on any right to accelerate its Claim, and (iv) the legal, equitable, and
2 contractual rights of such Holder will not otherwise be altered; or (c) such Claim shall receive
3 such other treatment to which the Holder shall consent. The Holder of each Allowed Secured
4 Claim in Class 2 which is treated as set forth in clause (a) or (b) of this paragraph will be
5 Unimpaired, will be presumed to have accepted the Plan and will not be entitled to vote for or
6 against the Plan; any treatment under clause (c) of this paragraph will render the claim Impaired
7 and entitled to vote on the Plan.

8 *Retained Property Holding Company Class 3 – Priority Claims.* Unless otherwise
9 agreed to by the parties, each Holder of an Allowed Claim in Class 3 will be paid the Allowed
10 Amount of such Claim in full in Cash by the applicable Reorganized Retained Property Holding
11 Company on or before the later of (i) the Effective Date or as soon as practicable thereafter, (ii)
12 the date such Claim becomes an Allowed Claim and (iii) the date that such Claim would be paid
13 in accordance with any terms and conditions of any agreements or understandings relating
14 thereto between the applicable Reorganized Retained Property Holding Company and the Holder
15 of such Claim. Allowed Claims in Class 3 are Unimpaired under the Plan and the Holders of
16 Allowed Claims in Class 3 will be deemed to have accepted the Plan.

17 *Retained Property Holding Company Class 4 – General Unsecured Claims.*
18 Holders of Allowed Class 4 Claims shall not receive any property or Cash on account of such
19 Claims. Class 4 is Impaired and deemed to have voted to reject the Plan.

20 *Retained Property Holding Company Class 5 – Intercompany Claim.* Each Holder
21 of an Allowed Class 5 Claim shall receive the Intercompany Release under the Plan on account
22 of such Claim. Class 5 is Impaired under the Plan and therefore entitled to vote on the Plan.

23 *Retained Property Holding Company Class 6 – Old Common Stock of Retained
24 Property Holding Company and Securities Claims.* Holders of Allowed Class 6 Interests shall
25 not receive any property or Cash on account of such Interests. Class 6 is Impaired and deemed to
26 have voted to reject the Plan.

27 *Retained Property Holding Company Class 7 - Interests of Holders of Old Stock
28 Rights and All Claims Arising Out of Such Old Stock Rights.* Holders of Allowed Class 7
Interests shall not receive any property or Cash on account of such Interests. Class 7 is Impaired
and deemed to have voted to reject the Plan. Retained Property Holding Companies do not
believe any such Holders exist.

29 **8. Classified Claims Against and Interests in Liquidating Property Holding
30 Companies (applicable to each Liquidating Property Holding Company)**

31 *Liquidating Property Holding Company Class 1A – Vendor Debt Claim.* On the
32 Effective Date, or as soon as practicable thereafter, each Holder of an Allowed Class 1A Claim
33 shall, in full satisfaction, settlement, release, discharge of and in exchange for such Claim,
34 receive a Pro Rata share of the Old Vendor Debt Distribution. Class 1A is Impaired and entitled
35 to vote to accept or reject the Plan.

36 *Liquidating Property Holding Company Class 2A et seq. – Other Secured Claims.*
37 Class 2A consists of all other Secured Claims against a Liquidating Property Holding Company.
38 This Class will be further divided into subclasses designated by letters of the alphabet (**Class 2A,**

1 **Class 2B**, and so on), so that each Holder of any Secured Claim is in a Class by itself, except to
2 the extent that there are Secured Claims that are substantially similar to each other and may be
3 included within a single Class. Each Liquidating Property Holding Company will File a
4 schedule of each Secured Claim on or before ten (10) days prior to the commencement of the
5 Confirmation Hearing. Each Allowed Secured Claim in Class 2 will be treated as follows: Either
6 (a) the Plan shall leave unaltered the legal, equitable and contractual rights to which such Claim
7 entitles the Holder; (b) (i) each applicable Liquidating Property Holding Company shall cure any
8 default with respect to such Claim that occurred before or after the relevant Petition Date, (ii) the
9 maturity of such Claim shall be reinstated as such maturity existed before any such default, (iii)
10 the Holder of such Claim shall be compensated for any damages incurred as a result of any
11 reasonable reliance by the Holder on any right to accelerate its Claim, and (iv) the legal,
12 equitable, and contractual rights of such Holder will not otherwise be altered; or (c) such Claim
13 shall receive such other treatment to which the Holder shall consent. The Holder of each
14 Allowed Secured Claim in Class 2 which is treated as set forth in clause (a) or (b) of this
15 paragraph will be Unimpaired, will be presumed to have accepted the Plan and will not be
16 entitled to vote for or against the Plan; any treatment under clause (c) of this paragraph will
17 render the claim Impaired and entitled to vote on the Plan.

11 *Liquidating Property Holding Company Class 3 – Priority Claims.* Unless
12 otherwise agreed to by the parties, each Holder of an Allowed Claim in Class 3 will be paid the
13 Allowed Amount of such Claim in full in Cash by the applicable Liquidating Property Holding
14 Company on or before the later of (i) the Effective Date or as soon as practicable thereafter, (ii)
15 the date such Claim becomes an Allowed Claim and (iii) the date that such Claim would be paid
16 in accordance with any terms and conditions of any agreements or understandings relating
17 thereto between the applicable Liquidating Property Holding Company and the Holder of such
18 Claim. Allowed Claims in Class 3 are Unimpaired under the Plan and the Holders of Allowed
19 Claims in Class 3 will be deemed to have accepted the Plan.

17 *Liquidating Property Holding Company Class 4 – General Unsecured Claims.*
18 Holders of Allowed Class 4 Claims shall not receive any property or Cash on account of such
19 Claims. Class 4 is Impaired and deemed to have voted to reject the Plan.

19 *Liquidating Property Holding Company Class 5 – Intercompany Claim.* Each
20 Holder of an Allowed Class 5 Claim shall receive the Intercompany Release under the Plan on
21 account of such Claim. Class 5 is Impaired under the Plan and therefore entitled to vote on the
22 Plan.

22 *Liquidating Property Holding Company Class 6 – Old Common Stock of*
23 *Liquidating Property Holding Company and Securities Claims.* Holders of Allowed Class 6
24 Interests shall not receive any property or Cash on account of such Interests. Class 6 is Impaired
25 and deemed to have voted to reject the Plan.

25 *Liquidating Property Holding Company Class 7 – Interests of Holders of Old*
26 *Stock Rights and All Claims Arising Out of Such Old Stock Rights.* Holders of Allowed Class 7
27 Interests shall not receive any property or Cash on account of such Interests. Class 7 is Impaired
28 and deemed to have voted to reject the Plan. Liquidating Property Holding Companies do not
believe any such Holders exist.

1 **9. Classified Claims Against and Interests in Other Subsidiaries (applicable to**
2 **each Other Subsidiary)**

3 *Other Subsidiary Class 1A et seq. – Other Secured Claims.* Class 1A consists of
4 all other Secured Claims against an Other Subsidiary. This Class will be further divided into
5 subclasses designated by letters of the alphabet (**Class 1A, Class 1B**, and so on), so that each
6 Holder of any Secured Claim is in a Class by itself, except to the extent that there are Secured
7 Claims that are substantially similar to each other and may be included within a single Class.
8 Each Other Subsidiary will File a schedule of each Secured Claim on or before ten (10) days
9 prior to the commencement of the Confirmation Hearing. Each Allowed Secured Claim in Class
10 1 will be treated as follows: Either (a) the Plan shall leave unaltered the legal, equitable and
11 contractual rights to which such Claim entitles the Holder; (b) (i) each applicable Other
12 Subsidiary shall cure any default with respect to such Claim that occurred before or after the
13 relevant Petition Date, (ii) the maturity of such Claim shall be reinstated as such maturity existed
14 before any such default, (iii) the Holder of such Claim shall be compensated for any damages
15 incurred as a result of any reasonable reliance by the Holder on any right to accelerate its Claim,
16 and (iv) the legal, equitable, and contractual rights of such Holder will not otherwise be altered;
17 or (c) such Claim shall receive such other treatment to which the Holder shall consent. The
18 Holder of each Allowed Secured Claim in Class 1 which is treated as set forth in clause (a) or (b)
19 of this paragraph will be Unimpaired, will be presumed to have accepted the Plan and will not be
20 entitled to vote for or against the Plan; any treatment under clause (c) of this paragraph will
21 render the claim Impaired and entitled to vote on the Plan.

22 *Other Subsidiary Class 2 – Priority Claims.* Unless otherwise agreed to by the
23 parties, each Holder of an Allowed Claim in Class 2 will be paid the Allowed Amount of such
24 Claim in full in Cash by the applicable Reorganized Other Subsidiary on or before the later of (i)
25 the Effective Date or as soon as practicable thereafter, (ii) the date such Claim becomes an
26 Allowed Claim and (iii) the date that such Claim would be paid in accordance with any terms
27 and conditions of any agreements or understandings relating thereto between the applicable
28 Reorganized Other Subsidiary and the Holder of such Claim. Allowed Claims in Class 2 are
Unimpaired under the Plan and the Holders of Allowed Claims in Class 2 will be deemed to have
accepted the Plan.

29 [*Other Subsidiary Class 3 – General Unsecured Claims.* Holders of Allowed
30 Class 3 Claims shall not receive any property or Cash on account of such Claims. Class 3 is
31 Impaired and deemed to have voted to reject the Plan.]

32 *Other Subsidiary Class 4 – Intercompany Claim.* Each Holder of an Allowed
33 Class 4 Claim shall receive the Intercompany Release under the Plan on account of such Claim.
34 Class 4 is Impaired under the Plan and therefore entitled to vote on the Plan.

35 *Other Subsidiary Class 5 – Old Common Stock of Other Subsidiary and Securities*
36 *Claims.* Holders of Allowed Class 5 Interests shall not receive any property or Cash on account
37 of such Interests. Class 5 is Impaired and deemed to have voted to reject the Plan.

38 *Other Subsidiary Class 6 – Interests of Holders of Old Stock Rights and All*
39 *Claims Arising Out of Such Old Stock Rights.* Holders of Allowed Class 6 Interests shall not
40 receive any property or Cash on account of such Interests. Class 6 is Impaired and deemed to
41 have voted to reject the Plan. Other Subsidiaries do not believe any such Holders exist.

1 **C. Indebtedness of Reorganized License Holding Companies and Reorganized Cricket**

2 **1. FCC Debt**

3 On the Effective Date or as soon thereafter as practicable, the Holder of the FCC
4 Claims shall either (a) remain fully secured, but the payment terms of the FCC Claims shall be
5 extended for a two year grace period for principal and interest and a four year amortization
6 schedule thereafter or (b) be Reinstated. Pursuant to the Plan, the Reorganized License Holding
7 Companies shall remain indebted to the FCC in the aggregate principal amount of [\$].

8 **2. New Indebtedness of Reorganized Cricket**

9 On the Effective Date, Reorganized Cricket will issue the New Senior Notes.

10 Reorganized Cricket will have additional indebtedness as set forth in the
11 Projections, attached hereto as Exhibit [].

12 **D. Distributions Under the Plan**

13 **1. General**

14 Except as otherwise provided in the Plan with respect to the Initial Distribution
15 Date or in the Leap Creditor Trust Agreement (which shall govern the timing of certain
16 distributions to Leap General Unsecured Claims), on the Effective Date or as soon as practicable
17 thereafter to the extent that the Plan provides for distributions on account of Allowed Claims or
18 Allowed Interests in the applicable Class, each Holder of an Allowed Claim or Allowed Interest
19 will receive the full amount of the distributions that the Plan provides for Allowed Claims or
20 Allowed Interests in the applicable Class. Beginning on the date that is 10 days after the end of
21 the calendar quarter following the Effective Date and 10 days after the end of each calendar
22 quarter thereafter, distributions will also be made respectively (a) to Holders of Claims or
23 Interests to whom a distribution has become deliverable during the preceding calendar quarter
24 and (b) to Holders of Disputed Claims or Disputed Interests in any such Class whose Claims or
25 Interests were Allowed during the preceding calendar quarter. Such quarterly distributions will
26 also be in the full amount that the Plan provides for Allowed Claims or Allowed Interests in the
27 applicable Class.

28 Except as otherwise provided in the Plan or the Confirmation Order, all Cash
necessary for the Leap Creditor Trust Trustee or the Reorganized Debtors to make payments
pursuant to the Plan will be obtained from the applicable Debtors' existing cash balances, the
operations of the Debtors or Reorganized Debtors or post-Effective Date borrowings, or the
liquidation of Leap Creditor Trust Assets, as applicable.

The Disbursing Agents will make all distributions of cash and securities required
to be distributed under the applicable provisions of the Plan. Any Disbursing Agent may employ
or contract with other entities to assist in or make the distributions required by the Plan. Each
Disbursing Agent will serve without bond, and each Disbursing Agent, other than the
Reorganized Debtors, will receive, without further Court approval, reasonable compensation for
distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-

1 pocket expenses incurred in connection with such services from the Reorganized Debtors on
2 terms acceptable to the Reorganized Debtors.

3 Cash payments made pursuant to the Plan will be in U.S. dollars by checks drawn
4 on or wire transfers from a bank selected by the Disbursing Agent. Cash payments of
5 \$1,000,000 or more to be made pursuant to the Plan will, to the extent requested in writing no
6 later than five days after the Confirmation Date, be made by wire transfer from a bank. Cash
7 payments to foreign creditors, if any, may be made, at the option of the Disbursing Agent, in
8 such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

9 The Disbursing Agent will make all distributions required under the applicable
10 provisions of the Plan. No distributions under the Plan will be made to or on behalf of any
11 Holder of any Allowed Claim or Allowed Interest evidenced by the instruments, securities or
12 other documentation cancelled pursuant to the Plan, unless such Holder first tenders the
13 applicable instruments, securities or other documentation to the Disbursing Agent.

14 **2. Timing and Methods of Distributions**

15 **a. Compliance with Tax Requirements**

16 In connection with the Plan, to the extent applicable, the Disbursing Agent must
17 comply with all tax withholding and reporting requirements imposed on it by any governmental
18 unit, and all distributions pursuant to the Plan will be subject to such withholding and reporting
19 requirements. The Disbursing Agent will be authorized to take any and all actions that may be
20 necessary or appropriate to comply with such withholding and reporting requirements.

21 Notwithstanding any other provision of the Plan: (i) each Holder of an Allowed
22 Claim or Interest that is to receive a distribution of Cash pursuant to the Plan will have sole and
23 exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any
24 governmental unit, including income, withholding and other tax obligations, on account of such
25 distribution; and (ii) no distribution will be made to or on behalf of such Holder pursuant to the
26 Plan unless and until such Holder has made arrangements satisfactory to the Disbursing Agent
27 for the payment and satisfaction of such tax obligations. Any Cash to be distributed pursuant to
28 the Plan will, pending the implementation of such arrangements, be treated as an undeliverable
distribution pursuant to the Plan.

29 **b. Pro Rata Distribution**

30 When the Plan provides for Pro Rata distribution, the property to be distributed
31 under the Plan shall be divided Pro Rata among the Holders of Allowed Claims or Allowed
32 Interests of the relevant Class.

33 **c. Distribution Record Date**

34 As of the close of business on the Distribution Record Date, the transfer registers
35 for any Old Securities and Old Vendor Debt maintained by the Debtors, or their respective
36 agents, will be closed. The Disbursing Agent and the respective agents of the Debtors will have
37 no obligation to recognize the transfer of the Old Securities and Old Vendor Debt occurring after
38 the Distribution Record Date, and will be entitled for all purposes relating to the Plan to

1 recognize and deal only with those Holders of record as of the close of business on the
2 Distribution Record Date. Distributions under the Plan shall be made by the Debtors, Leap
3 Creditor Trust or Reorganized Debtors, as applicable, to the Holders of Allowed Administrative
4 Claims and Allowed Claims in the Debtor's respective books and records, unless such addresses
are superseded by addresses listed on proofs of claim or transfers of claims filed pursuant to
Bankruptcy Rule 3001.

5 **d. Surrender of Cancelled Debt Instruments or Securities**

6 As a condition precedent to receiving any distribution pursuant to the Plan on
7 account of an Allowed Claim evidenced by the instruments, securities or other documentation
8 ("Instruments") canceled pursuant to the Plan, the Holder of such Claim shall tender the
9 applicable Instruments evidencing such Claim to the Disbursing Agent pursuant to a letter of
transmittal furnished by the Disbursing Agent. Any Cash to be distributed pursuant to the Plan
on account of any such Claim will, pending such surrender, be treated as an undeliverable
distribution pursuant to the Plan.

10 **e. Fractional Shares**

11 The calculation of percentage distribution of the New Leap Common Stock to be
12 made to Holders of certain Allowed Claims and Interests, as provided for in the Plan, may
13 mathematically entitle such Holder to a fractional interest in the New Leap Common Stock. The
14 number of shares of New Leap Common Stock to be received by a Holder of an Allowed Claim
and/or Interest shall be rounded to the next greater or lower whole number of shares as follows:
15 (a) fractions of $\frac{1}{2}$ or greater shall be rounded to the next greater whole number and (b) fractions
of less than $\frac{1}{2}$ shall be rounded to the next lower whole number. The total number of shares of
16 New Leap Common Stock to be distributed to a class of Claims or Interests shall be adjusted as
necessary to account for the rounding described above. No consideration shall be provided in
17 lieu of the fractional shares that are rounded down and not issued.

18 **f. Special Procedures for Lost, Stolen, Mutilated or Destroyed
19 Instruments**

20 In addition to any requirements under the Bylaws of the Debtors, any Holder of a
21 Claim evidenced by an Instrument that has been lost, stolen, mutilated or destroyed will, in lieu
of surrendering such Instrument, deliver to the Disbursing Agent: (a) evidence satisfactory to the
22 Disbursing Agent of the loss, theft, mutilation or destruction; and (b) such security or indemnity
as may be required by the Disbursing Agent to hold the Disbursing Agent harmless from any
damages, liabilities or costs incurred in treating such individual as a Holder of an Instrument.
23 Upon compliance with the Plan, the Holder of a Claim evidenced by such an Instrument will, for
all purposes under the Plan, be deemed to have surrendered an Instrument, as applicable.

24 **g. Failure to Surrender Cancelled Instrument**

25 Any Holder of an Instrument that fails to surrender or be deemed to have
26 surrendered such Instrument within one year after the Effective Date will have its claim for a
27 distribution pursuant to the Plan on account of such Instrument discharged and shall be forever
barred from asserting any such claim against the Reorganized Debtors or their property. In such
28

1 cases, any Cash held for distribution on account of such claim will be disposed of pursuant to the
2 provisions of the Plan.

3 **h. Undeliverable or Unclaimed Distributions**

4 Any Person that is entitled to receive a cash distribution under the Plan but that
5 fails to cash a check within 90 days of its issuance shall be entitled to receive a reissued check
6 from the Leap Creditor Trust or Reorganized Debtors, as applicable, for the amount of the
7 original check, without any interest, if such person requests the Disbursing Agent to reissue such
8 check and provides the Disbursing Agent with such documentation as the Disbursing Agent
9 requests to verify that such Person is entitled to such check, prior to the first anniversary of the
10 Effective Date. If a Person fails to cash a check within 90 days of its issuance and fails to
11 request reissuance of such check prior to the first anniversary of the Effective Date, such Person
12 shall not be entitled to receive any distribution under this Plan. If the distribution to any Holder
13 of an Allowed Claim or Allowed Interest is returned to a Disbursing Agent as undeliverable, no
14 further distributions will be made to such Holder unless and until the applicable Disbursing
15 Agent is notified in writing of such Holder's then-current address. Undeliverable distributions
16 will remain in the possession of the Disbursing Agent pursuant to the Plan until such time as a
17 distribution becomes deliverable. Undeliverable cash will be held in trust in segregated bank
18 accounts in the name of the Disbursing Agent for the benefit of the potential claimants of such
19 funds, and will be accounted for separately. The Disbursing Agent holding undeliverable cash
20 shall invest such cash in a manner consistent with Reorganized Cricket's investment and deposit
21 guidelines. Any distribution which is not claimed within one year of the Effective Date shall be
22 deemed property of, as applicable, the Leap Creditor Trust and the Reorganized Debtors.

23 **3. Objections to Claims and Authority to Prosecute Objections; Claims**
24 **Resolution**

25 Objections to Claims, including without limitation Administrative Claims, shall
26 be Filed and served upon the Holder of such Claim or Administrative Claim no later than the
27 later of (a) 60 days after the Effective Date, and (b) 60 days after a proof of claim or request for
28 payment of such Claim is Filed, unless this period is extended by the Court; such extension may
be granted on an ex parte basis without notice or hearing. After the Effective Date, only the
Leap Creditor Trust Trustee and the Reorganized Debtors, as applicable, will have the authority
to File objections, settle, compromise, withdraw or litigate to judgment objections to Claims and
Interests. From and after the Effective Date, the Leap Creditor Trust Trustee and the
Reorganized Debtors may settle or compromise any Disputed Claim or Disputed Interest without
approval of the Court.

Within 10 days prior to the date objections are due to the Plan, the Debtors will
file a schedule of claims which will be objected to under the Plan; provided however that such
schedule may be amended at or prior to the Confirmation Hearing.

4. Disputed Claims; Reserve and Estimations

a. Treatment of Disputed Claims

No Payment on Account of Disputed Claims and Disputed Claims Reserve.

Notwithstanding any other provisions of the Plan, no payments or distributions will be made on

1 account of a Disputed Claim or a Disputed Interest until such Claim or Interest becomes an
2 Allowed Claim or Allowed Interest. The Leap Creditor Trustee or Reorganized Debtors, as
3 applicable, may, at any time, request that the Court estimate any contingent or unliquidated
4 Claim pursuant to section 502(c) of the Bankruptcy Code, irrespective of whether any Debtor
5 previously objected to such Claim or whether the Court has ruled on any such objection. The
6 Court will retain jurisdiction to estimate any contingent or unliquidated Claim at any time during
7 litigation concerning any objection to the Claim, including during the pendency of any appeal
8 relating to any such objection. If the Court estimates any contingent or unliquidated Claim, that
9 estimated amount will constitute either the Allowed Amount of such Claim or a maximum
10 limitation on such Claim, as determined by the Court. If the estimated amount constitutes a
11 maximum limitation on such Claim, the Leap Creditor Trustee or Reorganized Debtors, as
12 applicable, may elect to pursue any supplemental proceedings to object to any ultimate payment
13 on account of such Claim. All of these Claims objection, estimation and resolution procedures
14 are cumulative and not necessarily exclusive of one another. In addition to seeking estimation of
15 Claims as provided in the Plan, the Leap Creditor Trustee or Reorganized Debtors, as applicable,
16 may resolve or adjudicate certain Disputed Claims of Holders in Unimpaired Classes in the
17 manner in which the amount of such Claim and the rights of the Holder of such Claim would
18 have been resolved or adjudicated if the Chapter 11 Cases had not been commenced, subject to
19 any applicable discharge and limitations on amounts of claims and remedies available under
20 bankruptcy law. Claims may be subsequently compromised, settled, withdrawn or resolved by
21 the Leap Creditor Trustee or Reorganized Debtors, as applicable.

22 **b. Distributions on Account of Disputed Claims Once They Are Allowed**

23 Within 30 days after the end of each calendar quarter following the Effective
24 Date, the Disbursing Agent will make all distributions on account of any Disputed Claim or
25 Disputed Interest that has become an Allowed Claim or Allowed Interest during the preceding
26 calendar quarter. Such distributions will be made pursuant to the provisions of the Plan
27 governing the applicable Class. Holders of Disputed Claims or Disputed Interests that are
28 ultimately allowed will also be entitled to receive, on the basis of the amount ultimately allowed,
matured and payable interest, if any, at the rate provided for the Class to which such Claim
belongs.

c. Reserve

In accordance with the terms of the Leap Creditor Trust, and as more fully set
forth therein, the Leap Creditor Trustee shall be authorized to make distributions to Holders of
Allowed Leap General Unsecured Claims from time to time. The total amount of Allowed
General Unsecured Claims for any Debtor (and the value of certain assets and certain Leap
Litigation Claims) may not be known until after certain distributions are made, either because
certain Claims will be Disputed Claims or because those Claims will not have been made by
their Holders prior to the Effective Date. As a result, the Leap Creditor Trustee may hold back
from the distributions from the Creditor Trust a percentage of Old Leap General Unsecured
Claim Total Distribution (the "Reserve"). Distributions from the Leap Creditor Trust will be
made only to the Holders of Claims that have been Allowed.

If the Reserve is insufficient to cover Claims Allowed after distributions are
made, the Reorganized Debtors, the Debtors, the Leap Creditor Trust and the Leap Creditor

1 Trustee will have no further liability with respect to those Claims and the Holders of those
2 Claims may receive proportionately lower distributions of the Old Leap General Unsecured
3 Claim Total Distribution than the Holders of Claims Allowed prior to the time distributions are
4 made.

4 **5. Setoffs**

5 Except with respect to claims released pursuant to the Plan or any contract,
6 instrument, release, indenture or other agreement or document created in connection with the
7 Plan, the Leap Creditor Trust Trustee and the Reorganized Debtors may, as applicable and
8 pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off against
9 any Allowed Claim and the distributions to be made pursuant to the Plan on account of such
10 Claim (before any distribution is made on account of such Claim), the claims, rights and causes
11 of action of any nature that the Leap Creditor Trust Trustee or any of the Reorganized Debtors
12 may hold against the Holder of such Allowed Claim; provided, however, that neither the failure
13 to effect such a setoff nor the allowance of any Claim hereunder will constitute a waiver or
14 release by the Leap Creditor Trust or Reorganized Debtors of any such claims, rights and causes
15 of action that the Debtors, the Leap Creditor Trust or the Reorganized Debtors may possess
16 against such Holder.

12 **E. General Information Concerning the Plan**

13 The following is a summary of certain additional information concerning the Plan.
14 This summary is qualified in its entirety by reference to the provisions of the Plan.

15 **1. Executory Contracts And Unexpired Leases**

16 Under Section 365 of the Bankruptcy Code, the Debtors have the right, subject to
17 Court approval, to assume or reject any executory contracts or unexpired leases. If an executory
18 contract or unexpired lease entered into before the Petition Date is rejected by the Debtors, it will
19 be treated as if the Company breached such contract or lease on the date immediately preceding
20 the Petition Date, and the other party to the agreement may assert an Unsecured Claim for
21 damages incurred as a result of the rejection. In the case of rejection of employment agreements
22 and real property leases, damages are subject to certain limitations imposed by Sections 365 and
23 502 of the Bankruptcy Code.

21 **a. Assumptions**

22 Except as otherwise provided in the Plan, or in any contract, instrument, release,
23 indenture or other agreement or document entered into in connection with the Plan, on the
24 Effective Date, pursuant to Section 365 of the Bankruptcy Code, the Reorganized Debtors will
25 assume each executory contract and unexpired lease entered into by the Debtors prior to the
26 Petition Date that is listed on Exhibit [] to the Disclosure Statement and that has not previously
27 (a) expired or terminated pursuant to its own terms or (b) been assumed or rejected pursuant to
28 Section 365 of the Bankruptcy Code. The Confirmation Order will constitute an Order of the
Court approving the assumptions described in the Plan, pursuant to Section 365 of the
Bankruptcy Code, as of the Effective Date.

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b. Cure of Defaults in Connection With Assumption

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default will be satisfied, pursuant to Section 365(b)(1) of the Bankruptcy Code, at the option of the Debtors or each Reorganized Debtor: (a) by payment of the default amount in cash on the Effective Date or (b) on such other terms as are agreed to by the parties to such executory contract or unexpired lease. If there is a dispute regarding: (i) the amount of any cure payments; (ii) the ability of each Reorganized Debtor to provide “adequate assurance of future performance” (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to assumption, the cure payments required by Section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order resolving the dispute and approving the assumption. All cure payments shall be made by Cricket.

c. Rejections

Except as otherwise provided in the Plan or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to Section 365 of the Bankruptcy Code, the Debtors will reject each of its executory contracts and unexpired leases that are not listed as Exhibit [] to the Disclosure Statement; provided, however, that the Debtors reserve the right, at any time prior to the Effective Date and subject to the obligations under the Plan Support Agreement, to amend Exhibit [] to the Disclosure Statement to delete any executory contract or unexpired lease listed therein, thus providing for its rejection pursuant to Article IV of the Plan or to add more executory contracts and nonresidential real property leases to such Exhibit. The Confirmation Order shall constitute an Order of the Court approving such rejections described herein, pursuant to Section 365 of the Bankruptcy Code, as of the Effective Date.

d. Bar Date for Rejection Damages

If the rejection of an executory contract or unexpired lease pursuant to Article IV of the Plan gives rise to a Claim by the other party or parties to such contract or lease, such Claim shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors, the Leap Creditor Trust, their successors or properties unless (a) a stipulation has been entered into with respect to the rejection of such executory contract or unexpired lease or (b) a proof of Claim is Filed and served on counsel for the Debtors, the Informal Noteholder Committee, the Informal Vendor Debt Committee and Creditors’ Committee (if and when appointed) within 30 days after the order of the Court approving such rejection becomes a Final Order or such earlier date as established by the Court. The Reorganized Debtors and the Leap Creditor Trust Trustee shall have 120 days from the date of such filing to file an objection to any claim for rejection damages.

2. Continuation of Certain Retirement and Other Benefits

On and after the Effective Date, to the extent required by Section 1129(a)(13) of the Bankruptcy Code, each Reorganized Debtor shall continue to pay all retiree benefits (if any), as the term “retiree benefits” is defined in Section 1114(a) of the Bankruptcy Code, maintained or established prior to the Confirmation Date.

1 **3. Executory Contracts and Unexpired Leases Entered Into and Other**
2 **Obligations Incurred After the Petition Date**

3 Executory contracts and unexpired leases entered into and other obligations
4 incurred after the Petition Date by the Debtors shall be performed by the Debtors or Reorganized
5 Debtors in the ordinary course of their businesses. Accordingly, such executory contracts,
unexpired leases and other obligations shall survive and remain unaffected by entry of the
Confirmation Order.

6 **F. Additional Information Regarding Treatment of Certain Claims**

7 **1. Treatment of Unclassified Claims**

8 The Bankruptcy Code does not require classification of certain priority claims
9 against a debtor. In these cases, these unclassified claims include Administrative Claims and
10 Priority Tax Claims. All distributions referred to below that are scheduled for the Effective Date
will be made on the Effective Date or as soon as practicable thereafter.

11 *Administrative Claims.* An “Administrative Claim” is a claim for payment of an
12 administrative expense of a kind specified in Section 503(b) of the Bankruptcy Code and referred
13 to in Section 507(a)(1) of the Bankruptcy Code, including, without limitation, the actual and
14 necessary costs and expenses incurred after the commencement of a Chapter 11 case of
preserving the estate or operating the business of the company (including wages, salaries and
15 commissions for services), loans and advances to the company made after the petition date,
16 compensation for legal and other services and reimbursement of expenses awarded or allowed
under Section 330(a) or 331 of the Bankruptcy Code, certain retiree benefits, certain reclamation
17 claims, and all fees and charges against the estate under Chapter 123 of Title 28, United States
Code. Subject to certain additional requirements for professionals and certain other entities set
18 forth below, each Reorganized Debtor, as the case may be, shall pay each Holder of an Allowed
Administrative Claim in full on the Effective Date, on account of its Administrative Claim,
19 unless the Holder and the Company or each Reorganized Debtor agree or shall have agreed to
other treatment of such Claim, or an order of the Court provides for other terms; provided that if
20 incurred in the ordinary course of business or otherwise assumed by the Debtors pursuant to the
Plan, including Administrative Claims of governmental units for taxes, an Allowed
21 Administrative Claim will be assumed on the Effective Date and paid, performed or settled by
the Reorganized Debtors when due in accordance with the terms and conditions of the particular
22 agreement(s) governing the obligation in the absence of the Reorganization Cases. Holders of
Administrative Claims shall have until 30 days after the Effective Date to File requests for
23 payment.

24 *Claims by Professionals.* Professionals or other entities requesting compensation
or reimbursement of expenses pursuant to Sections 327, 328, 330, 331, 503(b) and 1103 of the
25 Bankruptcy Code for post-petition services rendered before the Effective Date (including
compensation requested pursuant to Section 503(b)(4) of the Bankruptcy Code by any
26 professional or other entity for making a substantial contribution in the Reorganization Cases)
must File an application for final allowance of compensation and reimbursement of expenses no
27 later than 60 days after the Effective Date, unless such filing and service deadline is extended by
the Court. Objections to applications of professionals or other entities for compensation or
28 reimbursement of expenses must be filed and served on the Reorganized Debtors, counsel for the

1 Reorganized Debtors and the requesting professional or other entity no later than 30 days after
2 the date on which the applicable application for compensation or reimbursement was filed and
served.

3 **G. Allocation of Consideration**

4 The aggregate consideration to be distributed to holders of Allowed Claims in
5 each class under the Plan shall be treated as first satisfying an amount equal to the stated
6 principal amount of the Allowed Claim for such holders, and any remaining consideration
7 considered as satisfying accrued but unpaid interests and costs, if any, and attorneys' fees where
applicable.

8 **H. Cancellation of Old Leap Notes**

9 On the Effective Date, the Old Leap Notes will be deemed cancelled and of no
10 further force or effect with respect to the Debtors without any further action on the part of the
11 Bankruptcy Court, any Person or any governmental entity or agency. Following the Effective
Date, holders of Old Leap Notes will receive from the Disbursing Agent or its designee specific
12 instructions regarding the time and manner in which the Old Leap Notes are to be surrendered.
Pending such surrender, such Old Leap Notes will be deemed cancelled and shall represent only
the right to receive the distributions to which the holder is entitled under this Plan.

13 **I. Cancellation of Old Securities**

14 As of the Effective Date, by virtue of the Plan and in all events without any action
15 on the part of the holders thereof, the Old Securities issued and outstanding or held in treasury,
16 will be cancelled and retired and no consideration will be paid or delivered with respect thereto.

17 **J. Sources of Cash to Make Plan Distributions**

18 Except as otherwise provided in the Plan or the Confirmation Order, all Cash
19 necessary for the Reorganized Debtors to make payments pursuant to the Plan will be obtained
20 from the Reorganized Debtor's cash balances or borrowings and the operations of the
Reorganized Debtors.

21 Except as otherwise provided in the Plan or the Confirmation Order, all cash
22 necessary for the Leap Creditor Trust Trustee to make payments pursuant to the Plan will be
obtained from the Leap Creditor Trust Assets.

23 **K. Certain Corporate Governance Matters**

24 **a. Cancellation of Old Securities and Related Agreements**

25 On the Effective Date, the Old Securities and the Old Stock Rights, and all
26 obligations of the Debtors under all of the foregoing or under any agreements relating to the
27 foregoing will be terminated, canceled and extinguished.
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b. Certificates of Incorporation

On the Effective Date, each of the Reorganized Debtors shall adopt the Amended Debtor Certificates of Incorporation pursuant to applicable non-bankruptcy law and section 1123(a)(5)(I) of the Bankruptcy Code. The Amended Debtor Certificates of Incorporation will, among other provisions: (i) authorize the issuance of the New Common Stock; and (ii) prohibit the issuance of nonvoting securities to the extent required by section 1123(a)(6) of the Bankruptcy Code. The Amended Debtor Certificates of Incorporation will become effective upon the occurrence of the Effective Date.

L. Effect of Confirmation of the Plan

1. Vesting of Assets

Except as otherwise provided in any provision of the Plan, on the Effective Date, the Leap Creditor Trust Assets shall vest in the Leap Creditor Trust and all property of the other Estates will vest in the Reorganized Debtors, as applicable free and clear of all Liens, Claims, encumbrances and Interests. From and after the Effective Date, each Reorganized Debtor may operate its business and use, acquire, and dispose of property and settle and compromise Claims or Interests arising post-Confirmation without supervision by the Court and free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order.

2. Discharge of Claims and Termination of Interests

Except as provided in the Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims and satisfaction or termination of all Interests, including any interest accrued on Claims from the Petition Date. Except as provided in the Plan or Confirmation Order, Confirmation will, as of the Effective Date: (a) discharge the Debtors from all Claims or other debts that arose before the Effective Date, and all debts of a kind specified in Section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of claim based on such debt is filed or deemed filed pursuant to Section 501 of the Bankruptcy Code, (ii) a Claim based on such debt is Allowed pursuant to Section 502 of the Bankruptcy Code, or (iii) the holder of a Claim based on such debt has accepted the Plan; and (b) satisfy or terminate all Interests and other rights of holders of Interests.

UPON CONFIRMATION, THE PLAN WILL BE BINDING ON ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN EACH DEBTOR REGARDLESS OF WHETHER SUCH HOLDERS VOTED TO ACCEPT THE PLAN.

3. Discharge of Reorganized Debtors and Injunction

Except as otherwise provided in the Plan or the Confirmation Order: (i) on the Effective Date, each Reorganized Debtor shall be deemed discharged and released to the fullest extent permitted by section 1141 of the Bankruptcy Code from all Claims and Interests, including, but not limited to, demands, liabilities, Claims and Interests that arose before the Confirmation Date and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (A) a proof of Claim or proof of Interest based on such debt

1 or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code, (B) a Claim
2 or Interest based on such debt or Interest is allowed pursuant to section 502 of the Bankruptcy
3 Code or (C) the Holder of a Claim or Interest based on such debt or Interest has accepted the
4 Plan; and (ii) all Persons shall be precluded from asserting against each Reorganized Debtor, its
5 successors, or its assets or properties any other or further Claims or Interests based upon any act
6 or omission, transaction, or other activity of any kind or nature that occurred prior to the
7 Confirmation Date. Except as otherwise provided in the Plan or the Confirmation Order, the
8 Confirmation Order shall act as a discharge of any and all Claims against and all debts and
9 liabilities of the Reorganized Debtors, as provided in sections 524 and 1141 of the Bankruptcy
10 Code, and such discharge shall void any judgment against each Reorganized Debtor at any time
11 obtained to the extent that it relates to a Claim discharged.

12 All Persons that have held, currently hold or may hold a Claim or other debt or
13 liability or an Interest or other right of such Holders, are permanently enjoined from taking any
14 of the following actions on account of any such Claims, debts or liabilities or Interests or rights:
15 (a) commencing or continuing in any manner any action or other proceeding against any of the
16 Debtors, the Informal Vendor Debt Committee (and each of its members in such capacity), the
17 Informal Noteholder Committee (and each of its members in such capacity), the Creditors'
18 Committee (and each of its members in such capacity), and professional persons retained by the
19 Debtors, the Informal Noteholder Committee, Creditors' Committee (if and when appointed),
20 and each of their respective affiliates, current or former officers, directors, agents, employees and
21 representatives; (b) enforcing, attaching, collecting or recovering in any manner any judgment,
22 award, decree or order against any of the Debtors, the Informal Vendor Debt Committee (and
23 each of its members in such capacity), the Informal Noteholder Committee (and each of its
24 members in such capacity), the Creditors' Committee (and each of its members in such capacity)
25 and professional persons retained by any of the Debtors, the Informal Noteholder Committee and
26 Creditors' Committee and each of their respective affiliates, current or former officers, directors,
27 agents, employees and representatives; (c) creating, perfecting or enforcing any Lien or
28 encumbrance against any of the Debtors, the Informal Vendor Debt Committee (and each of its
members in such capacity), the Informal Noteholder Committee (and each of its members in
such capacity), the Creditors' Committee (and each of its members in such capacity), and
professional persons retained by any of the Debtors, the Informal Vendor Debt Committee, the
Informal Noteholder Committee and the Creditors' Committee (if and when appointed) and each
of their respective affiliates, current or former officers, directors, agents, employees and
representatives; (d) asserting a setoff, right of subrogation or recoupment of any kind against any
obligation due to any of the Debtors, the Informal Vendor Debt Committee (and each of its
members in such capacity), the Informal Noteholder Committee (and each of its members in
such capacity), the Creditors' Committee (and each of its members in such capacity) and
professional persons retained by any of the Debtors, the Informal Vendor Debt Committee, the
Informal Noteholder Committee and the Creditors' Committee and each of their respective
affiliates, current or former officers, directors, agents, employees and representatives; and (e)
commencing or continuing any action, in any manner, in any place that does not comply with or
is inconsistent with the provisions of the Plan.

Any Person injured by any willful violation of such injunction shall recover actual
damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover
punitive damages, from the willful violator.

1 **M. Retention of Jurisdiction**

2 Notwithstanding the entry of the Confirmation Order and the occurrence of the
3 Effective Date, the Court will retain such jurisdiction over the Chapter 11 Cases after the
4 Effective Date to the full extent permitted by law, including, without limitation, jurisdiction to:

- 5 (i) Allow, disallow, determine, liquidate, classify, subordinate, estimate or
6 establish the priority or secured or unsecured status of any Claim or
7 Interest, including the resolution of any request for payment of any
8 Administrative Claim, the resolution of any objections to the allowance or
9 priority of Claims or Interests and the resolution of any dispute as to the
10 treatment necessary to reinstate a Claim pursuant to the Plan;
- 11 (ii) Grant or deny any applications for allowance of compensation or
12 reimbursement of expenses authorized pursuant to the Bankruptcy Code or
13 the Plan, for periods ending before the Effective Date;
- 14 (iii) Resolve any matters related to the assumption or rejection of any
15 executory contract or unexpired lease to which any Debtor is a party or
16 with respect to which any Debtor may be liable, and to hear, determine
17 and, if necessary, liquidate any Claims arising therefrom;
- 18 (iv) Ensure that distributions to Holders of Allowed Claims or Allowed
19 Interests are accomplished pursuant to the provisions of the Plan;
- 20 (v) Decide or resolve any motions, adversary proceedings, contested or
21 litigated matters and any other matters and grant or deny any applications
22 involving the Debtors, the Reorganized Debtors or the Chapter 11 Cases
23 that may be pending on the Effective Date;
- 24 (vi) Enter such Orders as may be necessary or appropriate to implement or
25 consummate the provisions of the Plan and all contracts, instruments,
26 releases, indentures and other agreements or documents created in
27 connection with the Plan, this Disclosure Statement or the Confirmation
28 Order, except as otherwise provided herein;
- (vii) Resolve any cases, controversies, suits or disputes that may arise in
connection with the consummation, interpretation or enforcement of the
Plan or the Confirmation Order, including the release and injunction
provisions set forth in and contemplated by the Plan and the Confirmation
Order, or any entity's rights arising under or obligations incurred in
connection with the Plan or the Confirmation Order;
- (viii) Subject to any restrictions on modifications provided in any contract,
instrument, release, indenture or other agreement or document created in
connection with the Plan, modify the Plan before or after the Effective
Date pursuant to Section 1127 of the Bankruptcy Code or modify this
Disclosure Statement, the Confirmation Order or any contract, instrument,
release, indenture or other agreement or document created in connection

1 with the Plan, this Disclosure Statement or the Confirmation Order; or
2 remedy any defect or omission or reconcile any inconsistency in any Court
3 Order, the Plan, this Disclosure Statement, the Confirmation Order or any
4 contract, instrument, release, indenture or other agreement or document
5 created in connection with the Plan, this Disclosure Statement or the
6 Confirmation Order, in such manner as may be necessary or appropriate to
7 consummate the Plan, to the extent authorized by the Bankruptcy Code;

- 8 (ix) Issue injunctions, enter and implement other Orders or take such other
9 actions as may be necessary or appropriate to restrain interference by any
10 entity with consummation, implementation or enforcement of the Plan or
11 the Confirmation Order;
- 12 (x) Enter and implement such Orders as are necessary or appropriate if the
13 Confirmation Order is for any reason modified, stayed, reversed, revoked
14 or vacated;
- 15 (xi) Determine any other matters that may arise in connection with or relating
16 to the Plan, this Disclosure Statement, the Confirmation Order or any
17 contract, instrument, release, indenture or other agreement or document
18 created in connection with the Plan, this Disclosure Statement or the
19 Confirmation Order, except as otherwise provided in the Plan; and
- 20 (xii) Enter an Order concluding the Chapter 11 Cases.

21 The foregoing list is illustrative only and not intended to limit in any way the
22 Court's exercise of jurisdiction. If the Court abstains from exercising jurisdiction or is otherwise
23 without jurisdiction over any matter arising out of the Chapter 11 Cases, including without
24 limitation the matters set forth in this Article, this Article shall have no effect upon and shall not
25 control, prohibit, or limit the exercise of jurisdiction by any other court having competent
26 jurisdiction with respect to such matter.

27 N. **Miscellaneous Provisions**

28 1. **Exemption From Transfer Taxes**

Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or
exchange of notes or securities under the Plan, the creation of any mortgage, deed of trust or
other security interest, the making or assignment of any lease or sublease, or the making or
delivery of any deed or other instrument of transfer under, in furtherance of, or in connection
with the Plan, including, without limitation, any agreements of consolidation, deeds, bills of sale
or assignments executed in connection with any of the transactions contemplated under the Plan
shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax.

2. **Payment of Statutory Fees**

All fees payable on or before the Effective Date pursuant to section 1930 of Title
28 of the United States Code, as determined by the Court at the Confirmation Hearing, shall be
paid on or before the Effective Date.

1 **3. Modification or Withdrawal of the Plan**

2 The Debtors reserve the right, in accordance with the Bankruptcy Code, to amend,
3 modify or withdraw the Plan prior to the entry of the Confirmation Order. After the entry of the
4 Confirmation Order, the Debtors may amend or modify the Plan, or remedy any defect or
5 omission or reconcile any inconsistency in the Plan in such a manner as may be necessary to
6 carry out the purpose and intent of the Plan.

7 **4. Governing Law**

8 Unless a rule of law or procedure is supplied by federal law (including the
9 Bankruptcy Code and Bankruptcy Rules), the laws of the State of California (without reference
10 to the conflicts of laws provisions thereof) shall govern the construction and implementation of
11 the Plan and any agreements, documents and instruments executed in connection with the Plan.

12 **5. Filing or Execution of Additional Documents**

13 On or before the Effective Date, the Debtors shall file with the Court or execute,
14 as appropriate, such agreements and other documents as may be necessary or appropriate to
15 effectuate and further evidence the terms and conditions of the Plan.

16 **6. Withholding and Reporting Requirements**

17 In connection with the Plan and all instruments issued in connection therewith and
18 distributions thereon, the Leap Creditor Trust Trustee and the Reorganized Debtors shall comply
19 with all withholding and reporting requirements imposed by any federal, state, local or foreign
20 taxing authority and all distributions thereunder shall be subject to any such withholding and
21 reporting requirements.

22 **7. Waiver of Rule 62(a) of the Federal Rules of Civil Procedure**

23 The Debtors may request that the Confirmation Order include (a) a finding that
24 Rule 62(a) of the Federal Rules of Bankruptcy Procedure shall not apply to the Confirmation
25 Order, and (b) authorization for the Debtors to consummate the Plan immediately after the entry
26 of the Confirmation Order.

27 **8. Headings**

28 Headings used in the Plan are for convenience and reference only and shall not
29 constitute a part of the Plan for any purpose.

30 **9. Exhibits and Schedules**

31 All Exhibits and Schedules to the Plan and Disclosure Statement are incorporated
32 into and constitute a part of the Plan as if set forth herein.

33 **10. Notices**

34 All notices, requests and demands hereunder to be effective shall be in writing
35 and unless otherwise expressly provided herein, shall be deemed to have been duly given or

1 made when actually delivered or, in the case of notice by facsimile transmission, when received
2 and telephonically confirmed, addressed as provided for in the Plan.

3 **11. Plan Supplement**

4 Forms of documents relating to (a) the Amended Debtor Certificates of
5 Incorporation, (b) the New Senior Notes Indenture, and (c) the Leap Creditor Trust shall be
6 contained in the Plan Supplement and filed with the Clerk of the Court at least 5 days prior to the
7 date of the Confirmation Hearing. Upon its filing with the Court, the Plan Supplement may be
8 inspected during normal Court hours. Holders of Claims may obtain a copy of the Plan
9 Supplement upon written request to counsel the Debtors.

10 **12. Conflict**

11 The terms of this Plan shall govern in the event of any inconsistency with the
12 summaries of the Plan set forth in the Disclosure Statement.

13 **13. Successors And Assigns**

14 The rights, benefits and obligations of any Person named or referred to in the Plan
15 shall be binding on, and shall inure to the benefit of, any heir, executor, trustee, administrator,
16 successor or assign of such Person.

17 **14. Saturday, Sunday Or Legal Holiday**

18 If any payment or act under the Plan is required to be made or performed on a
19 date that is not a Business Day, then the making of such payment or the performance of such act
20 may be completed on the next succeeding Business Day, but shall be deemed to have been
21 completed as of the required date.

22 **15. Post-Effective Date Effect Of Evidences Of Claims Or Interests**

23 Notes, bonds, stock certificates and other evidences of Claims against or Interests
24 in the Debtor, and all Instruments of the Debtor (in either case, other than those executed and
25 delivered as contemplated hereby in connection with the consummation of the Plan), shall,
26 effective upon the Effective Date, represent only the right to participate in the distributions
27 contemplated by the Plan.

28 **16. Severability Of Plan Provisions**

If, prior to Confirmation, any term or provision of the Plan which does not govern
the treatment of Claims or Interests provided for herein or the conditions to the Effective Date is
held by the Court to be invalid, void, or unenforceable, the Court shall have the power to alter
and interpret such term or provision to make it valid or enforceable to the maximum extent
practicable, consistent with the original purpose of the term or provision held to be invalid, void,
or unenforceable, and such term or provision shall then be applicable as altered or interpreted.
Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and
provisions of the Plan will remain in full force and effect and will in no way be affected,
impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order

1 shall constitute a judicial determination, and shall provide, that each term and provision of the
2 Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and
enforceable pursuant to its terms.

3 **17. Balloting**

4 Each holder of an Allowed Claim or an Allowed Interest entitled to vote on the
5 Plan will receive a Ballot. The Ballot will contain two boxes, one indicating acceptance of the
6 Plan and the other indicating rejection of the Plan. Holders of Allowed Claims or Allowed
7 Interests who elect to vote on the Plan must mark one or the other box pursuant to the
instructions contained on the Ballot. Any executed Ballot that does not indicate acceptance or
rejection of the Plan will be counted as an acceptance of the Plan.

8 **18. No Admissions or Waiver of Objections**

9 Notwithstanding anything herein to the contrary, nothing contained in the Plan
10 shall be deemed as an admission by any Debtor with respect to any matter set forth herein
including, without limitation, liability on any Claim or the propriety of any Claims classification.
11 The Debtors are not bound by any statements herein or in the Disclosure Statement as judicial
admissions.

12 **19. Survival of Settlements**

13 All Court-approved settlements shall survive consummation of the Plan, except to
14 the extent that any provision of any such settlement is inconsistent with the Plan, in which case
15 the provisions of the Plan shall supersede such inconsistent provision of such settlement.

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1 **SECTION VIII.**

2 **PROJECTIONS**

3 The Debtors and their advisors have developed financial projections, as
4 summarized below, to assess the feasibility of the Reorganized Debtors generally. The
5 projections and valuations set forth below are based on a number of significant assumptions,
6 including the successful reorganization of the Debtors, an assumed Effective Date of
[_____], 2003, and no significant downturn in the specific markets in which the Debtors
operate.

7 **THE PROJECTIONS ARE BASED ON A NUMBER OF SIGNIFICANT**
8 **ASSUMPTIONS. ACTUAL OPERATING RESULTS AND VALUES MAY VARY.**

9 Annexed to this Disclosure Statement as Exhibit [] are unaudited financial
10 projections of the Reorganized Debtors (the "Projections"). The Projections are dependent upon
11 many factors over which the Debtors do not have any control. No assurance can be given that
12 any of the assumptions on which the Projections are based will prove to be correct. The
13 Projections were not prepared with a view to public disclosure or in compliance with (i)
14 published guidelines of the SEC, (ii) the guidelines established by the American Institute of
15 Certified Public Accountants regarding projections, or (iii) GAAP. While presented with
16 numerical specificity, such projections are based upon a variety of assumptions that may not be
17 realized, relating to future business and operations of the Reorganized Debtors and the
18 integration of their operations. The Projections are subject to uncertainties and contingencies, all
19 of which are difficult to predict, and many of which are beyond the control of the Debtors. **THE**
20 **DEBTORS MAKE NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS**
21 **TO THE ATTAINABILITY OF THE PROJECTED FINANCIAL INFORMATION SET**
22 **FORTH IN THE COMBINED COMPANY PROJECTIONS, OR AS TO THE ACCURACY**
23 **OR COMPLETENESS OF THE ASSUMPTIONS FROM WHICH THAT PROJECTED**
24 **INFORMATION IS DERIVED.**

18 **SECTION IX.**

19 **CONFIRMATION PROCEDURE**

20 **A. Solicitation of Votes**

21 The Debtors will solicit votes from Holders of Claims and Interests in Classes
22 entitled to vote (e.g., those classes that (a) are Impaired and (b) are receiving property or Cash
23 under the Plan). As to such Classes, the Bankruptcy Code defines acceptance of a plan by a class
24 of creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-
half in number of the Claims of that class that have timely voted to accept or reject a plan.

25 A vote may be disregarded if the Court determines, after notice and a hearing, that
26 acceptance or rejection was not solicited or procured in good faith or in accordance with the
27 provisions of the Code.

28 Any Holder of a Claim in an Impaired Class (i) whose Claim has been listed by
the Debtors in the Debtors' Schedules filed with the Court (provided that such Claim has not

1 been scheduled as disputed, contingent or unliquidated) or (ii) who filed a proof of claim on or
2 before [____], 2003 (or, if not filed by such date, any proof of claim filed within any other
3 applicable period of limitations or with leave of the Court), which Claim is not the subject of an
objection or request for estimation, is entitled to vote.

4 **1. Voting Procedures for Holders of Old Leap Notes or Old Leap Common**
5 **Stock**

6 If you are a registered holder of Old Leap Notes or Old Leap Common Stock
7 (collectively, "Voting Securities"), in each case, to the extent such holder is entitled to vote
8 ("Holder of Voting Securities"), you will receive the ballot relating to the securities you hold of
9 record. Registered Holders may include brokerage firms, commercial banks, trust companies or
10 other nominees. If such entities do not hold Voting Securities for their own account, they should
11 provide copies of this Disclosure Statement and an appropriate Ballot to their customers and to
12 beneficial owners. Any beneficial owner who has not received this Disclosure Statement or a
13 Ballot should contact their brokerage firm or nominee or the Voting Agent.

14 All votes to accept or reject the Plan must be cast by using the Ballot or, in the
15 case of a brokerage firm or other nominee holding Voting Securities in its own name on behalf
16 of a beneficial owner, the Master Ballot, enclosed with this Disclosure Statement. Brokerage
17 firms or other nominees holding Voting Securities for the account of only one beneficial owner
18 may use a Ballot. Purported votes which are cast in any other manner will not be counted.
19 Ballots and Master Ballots must be received by the Voting Agent no later than 4:00 p.m., Pacific
20 Time, on the Voting Deadline ([____], 2003) which may be extended at the Debtor's
21 discretion or with Court approval. Ballots must be sent to the Voting Agent at the following
22 address:

23 Poorman-Douglas Corporation
24 10300 SW Allen Boulevard
25 Portland, Oregon 97005
26 Tel: (503) 350-5800
27 Fax: (503) 350-5890
28 Attn: Leap Wireless International Claims Processing

29 You may receive a Ballot relating to Voting Securities that you did not
30 beneficially own on the Distribution Record Date. You should complete only the Ballot
31 corresponding to each class of Voting Securities which you beneficially owned on the
32 Distribution Record Date. Holders who purchase or whose purchase is registered after the
33 Distribution Record Date, and who wish to vote on the Plan must arrange with the ir seller to
34 receive a proxy from the Holder of record on the Distribution Record Date, a form of which is
35 provided with each Ballot and Master Ballot.

36 Holders of Voting Securities who elect to vote on the Plan should complete and
37 sign the Ballot in accordance with the instructions thereon being sure to check the appropriate
38 box entitled "Accept the Plan" or "Reject the Plan." Holders may not split their vote on the Plan
39 with respect to a particular class of Voting Securities. A Holder must vote all securities
40 beneficially owned in a particular class in the same way (i.e., all "accept" or all "reject") even if
41 such Voting Securities are owned through more than one broker or bank.

1 Again, delivery of the Ballots must be made to the Voting Agent at Poorman-
2 Douglas Corporation, 10300 SW Allen Boulevard, Portland, Oregon 97005, Attn: Leap Wireless
3 International Claims Processing. The method of such delivery is at the election and risk of the
4 Holder. If such delivery is by mail, it is recommended that Holders use an air courier with a
guaranteed next day delivery or registered mail, properly insured, with return receipt requested.
In all cases, sufficient time should be allowed to assure timely delivery.

5 You may receive multiple mailings of this Disclosure Statement, especially if you
6 own your Voting Securities through more than one broker or bank. If you submit more than one
7 Ballot for a class or issue of Voting Securities because you beneficially own such Voting
8 Securities through more than one broker or bank, be sure to indicate in item [3] of the Ballot(s),
the names of all broker dealers or other intermediaries who hold Voting Securities for you.

8 **2. Beneficial Owners of Old Leap Notes or Old Leap Common Stock**

9 All beneficial owners of Voting Securities on the Distribution Record Date are
10 eligible to vote on the Plan, whether the Voting Securities were held on the Distribution Record
11 Date in such beneficial owner's name or in the name of a brokerage firm, commercial bank, trust
company or other nominee.

12 Any beneficial owner holding Voting Securities in its own name can vote by
13 completing and signing the enclosed Ballot and returning it directly to the Voting Agent using
the enclosed pre-addressed stamped envelope.

14 A beneficial owner holding Voting Securities in "street name" (i.e., through a
15 brokerage firm, bank, trust company or other nominee) or a beneficial owner's authorized
16 signatory (a broker or other intermediary having power of attorney to vote on behalf of a
beneficial owner) can vote by following the instructions set forth below:

- 17 1. Fill in all the applicable information on the Ballot.
- 18 2. Sign the Ballot (unless the Ballot has already been signed by the bank,
19 trust company or other nominee).
- 20 3. Return the Ballot to the addressee in the preaddressed, stamped envelope
21 enclosed with the ballot. If no envelope was enclosed, contact the Voting Agent for instructions.

22 Authorized signatories voting on behalf of more than one beneficial owner must
23 complete a separate Ballot for each such beneficial owner. Any Ballot submitted to a brokerage
24 firm or proxy intermediary will not be counted until such brokerage firm or proxy intermediary
(i) properly executes and delivers such Ballot to the Voting Agent or (ii) properly completes and
delivers a corresponding Master Ballot to the Voting Agent.

25 By submitting a vote for or against the Plan, you are certifying that you are the
26 beneficial owner of the Voting Securities being voted or an authorized signatory for such a
27 beneficial owner. Your submission of a Ballot will also constitute a request that you (or in the
28 case of an authorized signatory, the beneficial owner) be treated as the record holder of such
securities for purposes of voting on the Plan.

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3. Brokerage Firms, Banks and Other Nominees

A brokerage firm, commercial bank, trust company or other nominee which is the registered holder of a Voting Security for a beneficial owner, or is a participant in a securities clearing agency and is authorized to vote in the name of such securities clearing agency pursuant to an omnibus proxy (as described below) and is acting for a beneficial owner, can vote on behalf of such beneficial owner by (i) distributing a copy of this Disclosure Statement and all appropriate Ballots to such owner, (ii) collecting all such Ballots, (iii) completing a Master Ballot compiling the votes and other information from the Ballots collected, and (iv) transmitting such completed Master Ballot to the Voting Agent. A proxy intermediary acting on behalf of a brokerage firm or bank may follow the procedures outlined in the preceding sentence to vote on behalf of such beneficial owner. A brokerage firm, commercial bank, trust company or other nominee which is the registered holder of a Voting Security for only one beneficial owner also may arrange for such beneficial owner to vote by executing the appropriate ballot and by distributing a copy of this Disclosure Statement and such executed Ballot to such beneficial owner for voting and returning such ballot to the Voting Agent.

4. Voting Deadline and Extensions

In order to be counted for purposes of voting on the Plan, all of the information requested by the applicable Ballot must be provided. Ballots indicating acceptance or rejection of the Plan must be received by the Voting Agent at its address set forth below no later than 4:00 p.m., Pacific Time, on the Voting Deadline. The Debtors reserve the right, in its sole discretion, to extend the Voting Deadline or the Court may extend the Voting Deadline, in which case the term "Voting Deadline" shall mean the latest date on which a Ballot will be accepted.

5. Withdrawal of Votes on the Plan

The solicitation of acceptances of the Plan will expire on the Voting Deadline. A properly submitted Ballot may be withdrawn by delivering a written or facsimile transmission notice of withdrawal to the Voting Agent, Poorman-Douglas, at the following address:

Poorman-Douglas Corporation
10300 SW Allen Boulevard
Portland, Oregon 97005
Tel: (503) 350-5800
Fax: (503) 350-5890
Attn: Leap Wireless International Claims Processing

at any time prior to the Voting Deadline. Thereafter, withdrawal may be effected only with the approval of the Court.

In order to be valid, a notice of withdrawal must (i) specify the name of the Holder who submitted the votes on the Plan to be withdrawn; (ii) contain a description of the Claim or Interest to which it relates and the aggregate principal amount or number of shares represented by such Claim or Interest; and (iii) be signed by the Holder in the same manner as on the Ballot. The Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of votes on the Plan.

1 Any Holder who has previously submitted to Poorman-Douglas prior to the
2 Expiration Date a properly completed Ballot, may revoke and change such vote by submitting to
3 Poorman-Douglas prior to the Expiration Date a subsequent properly completed Ballot for
4 acceptance or rejection of the Plan. In the case where more than one timely, properly completed
5 Ballot is received, only the one which bears the latest date will be counted for purposes of
6 determining whether sufficient acceptances required to seek confirmation of the Plan have been
7 received. If more than one Master Ballot is submitted and the later dated Master Ballot(s)
8 supplement rather than supersede the earlier Master Ballot(s), please mark the subsequent Master
9 Ballot(s) with the words "Additional Votes" or such other language as is customarily used to
10 indicate additional votes that are not meant to revoke earlier votes.

7 **6. Voting Agent**

8 Poorman-Douglas has been appointed as Voting Agent for the Plan. Questions
9 and requests for assistance may be directed to the Voting Agent. Requests for additional copies
10 of this Disclosure Statement, the Ballots or the Master Ballots should be directed to the Voting
11 Agent.

11 **B. The Confirmation Hearing**

12 The Bankruptcy Code requires the Court, after notice, to hold a confirmation
13 hearing. The Confirmation Hearing in respect of the Plan has been scheduled for
14 [_____], 2003 at 8:30 a.m., Pacific Time, before the Honorable Louise DeCarl Adler at
15 the United States Bankruptcy Court for the Southern District of California, Jacob Weinberger
16 U.S. Courthouse, 325 West F Street, San Diego, California 92101. The Confirmation Hearing
17 may be adjourned from time to time by the Court without further notice except for an
18 announcement of the adjourned date made at the Confirmation Hearing. Any objection to
19 Confirmation must be made in writing and specify in detail the name and address of the objector,
20 all grounds for the objection and the amount of the Claim or number of shares of common stock
21 or Interests held by the objector. Any such objection must be filed with the Court and served so
22 that it is received by the Court and the following parties on or before [_____], 2003 at
23 4:00 p.m., Pacific Time:

20 Latham & Watkins LLP
21 Attorneys for the Debtors
22 633 West Fifth Street, Suite 4000
23 Los Angeles, California 90071
24 Attn: Robert A. Klyman

Kramer Levin Naftalis & Frankel LLP
Attorneys for Informal Noteholder Committee
919 Third Avenue
New York, New York 10022
Attn: Kenneth H. Eckstein

23 Andrews & Kurth L.L.P.
24 Attorneys for Informal Vendor Committee
25 805 Third Avenue
26 New York, New York 10022
27 Attn: Paul N. Silverstein

Office of the United States Trustee
402 West Broadway, Suite 600
San Diego, CA 92101
Attn: Tiffany L. Carroll

1 **C. Confirmation**

2 This Disclosure Statement and the appropriate Ballot are being distributed to all
3 Holders of Claims and Interests who are entitled to vote on the Plan. There is a separate Ballot
4 designated for each Impaired Class in order to facilitate vote tabulation; however all Ballots are
5 substantially similar in form and substance and the term “Ballot” is used without intended
6 reference to the Ballot of any specific class of Claims or Interests.

7 The Bankruptcy Code requires that, in order to confirm the Plan, the Court must
8 make a series of findings concerning the Plan and the Company, including, without limitation,
9 that (i) the Plan has classified Claims and Interests in a permissible manner, (ii) the Plan
10 complies with applicable provisions of the Bankruptcy Code, (iii) the Debtors have complied
11 with applicable provisions of the Bankruptcy Code, (iv) the Debtors have proposed the Plan in
12 good faith and not by any means forbidden by law, (v) the disclosure required by Section 1125 of
13 the Bankruptcy Code has been made, (vi) the Plan has been accepted by the requisite votes of
14 creditors (except to the extent that cramdown is available under Section 1129(b) of the
15 Bankruptcy Code), (vii) the Plan is feasible and Confirmation is not likely to be followed by the
16 liquidation or the need for further financial reorganization of the Debtors, (viii) the Plan is in the
17 “best interests” of all Holders of Claims or Interests in an impaired Class in that it provides to
18 such Holders on account of their Claims or Interests property of a value, as of the Effective Date,
19 that is not less than the amount that such Holder would receive or retain in a Chapter 7
20 liquidation, unless each Holder of a Claim or Interest in such Class has accepted the Plan, (ix) all
21 fees and expenses payable under 28 U.S.C. § 1930, as determined by the Court at the hearing on
22 Confirmation, have been paid or the Plan provides for the payment of such fees on the Effective
23 Date, and (x) the Plan provides for the continuation after the Effective Date of all retiree benefits,
24 as defined in Section 1114 of the Bankruptcy Code, at the level established at any time prior to
25 Confirmation pursuant to Sections 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code, for the
26 duration of the period that the Debtors have obligated themselves to provide such benefits.

27 A plan is accepted by an Impaired class of claims if holders of at least two-thirds
28 in dollar amount and more than one-half in number of claims of that class vote to accept the plan.
A plan is accepted by an impaired class of interests if holders of at least two-thirds of the number
of shares in such class vote to accept the Plan. Only those holders of claims or interests who
actually vote count in these tabulations.

In addition to this voting requirement, Section 1129 of the Bankruptcy Code
requires that a plan be accepted by each holder of a claim or interest in an impaired class or that
the Plan otherwise be found by the bankruptcy court to be in the best interests of each holder of a
claim or interest in such class. In addition, each impaired class must accept the Plan for the Plan
to be confirmed without application of the “fair and equitable” and “unfair discrimination” tests
in Section 1129(b) of the Bankruptcy Code discussed below.

The Bankruptcy Code contains provisions authorizing the confirmation of a plan
even if it is not accepted by all impaired classes, as long as at least one impaired class of claims
(without including any acceptance of the Plan by an insider) has accepted it. These so-called
“cramdown” provisions are set forth in Section 1129(b) of the Bankruptcy Code. As indicated
above, a plan may be confirmed under the cramdown provisions if, in addition to satisfying the
other requirements of Section 1129 of the Bankruptcy Code, it (i) is “fair and equitable” and (ii)

1 “does not discriminate unfairly” with respect to each class of claims or interests that is impaired
2 under, and has not accepted, the Plan. The “fair and equitable” standard, also known as the
3 “absolute priority rule,” requires, among other things, that unless a dissenting class of claims or a
4 class of interests receives full compensation for its allowed claims or allowed interests, no holder
of claims or interests in any junior class may receive or retain any property on account of such
claims. The Bankruptcy Code establishes different “fair and equitable” tests for secured
creditors, unsecured creditors and equity holders, as follows:

- 5
- 6 (a) Secured Creditors: either (i) each impaired secured creditor retains its liens
7 securing its secured claim and receives on account of its secured claim deferred
8 cash payments having a present value equal to the amount of its allowed secured
9 claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of
its allowed secured claim, or (iii) the property securing the claim is sold free and
clear of liens with such liens to attach to the proceeds, and the liens against such
proceeds are treated in accordance with clause (i) or (ii) of this subparagraph (a).
- 10 (b) Unsecured Creditors: either (i) each impaired unsecured creditor receives or
11 retains under the plan of reorganization property of a value equal to the amount of
12 its allowed claim, or (ii) the holders of claims and interests that are junior to the
13 claims of the nonaccepting class do not receive any property under the plan of
14 reorganization on account of such claims and interests.
- 15 (c) Equity Holders: either (i) each equity holder will receive or retain under the plan
16 of reorganization property of a value equal to the greater of (a) the fixed
17 liquidation preference or redemption price, if any, of such stock or (b) the value of
18 the stock, or (ii) the holders of interests that are junior to the nonaccepting class
19 will not receive any property under the plan of reorganization.

20 The “fair and equitable” standard has also been interpreted to prohibit any class
21 senior to a dissenting class from receiving under a plan more than 100% of its allowed claims.
22 The requirement that a plan not “discriminate unfairly” means, among other things, that a
23 dissenting class must be treated substantially equally with respect to other classes of equal rank.

24 The Debtors believe that, if necessary, the Plan may be crammed down over the
25 dissent of certain Classes of Claims and Interests, in view of the treatment proposed for such
26 Classes. If necessary and appropriate, the Debtors intend to amend the Plan to permit cramdown
27 of dissenting Classes of Claims or Interests. There can be no assurance, however, that the
28 requirements of Section 1129(b) of the Bankruptcy Code would be satisfied even if the Plan
treatment provisions were amended or withdrawn as to one or more Classes. The Debtors
believe that the treatment under the Plan of the Holders of Claims and Interests will satisfy the
“fair and equitable” test since, although no distribution will be made in respect of Interests in
such Classes and, as a result, such Classes will be deemed pursuant to Section 1126 of the
Bankruptcy Code to have rejected the Plan, no Class junior to such non-accepting Classes will
receive or retain any property under the Plan.

In addition, the Debtors do not believe that the Plan unfairly discriminates against
any Class that may not accept or otherwise consent to the Plan. A plan of reorganization “does
not discriminate unfairly” if (i) the legal rights of a nonaccepting class are treated in a manner
that is consistent with the treatment of other classes whose legal rights are similarly situated to

1 those of the nonaccepting class, and (ii) no class receives payments in excess of that which it is
2 legally entitled to receive for its claims or interests. The Debtors believe the Plan does not
discriminate unfairly.

3 TO THE EXTENT NECESSARY, THE DEBTORS INTEND TO SEEK
4 CONFIRMATION OF THE PLAN UNDER SECTION 1129(b) OF THE BANKRUPTCY
CODE.

5 Subject to the conditions set forth in the Plan, a determination by the Court that
6 the Plan is not confirmable pursuant to Section 1129 of the Bankruptcy Code will not limit or
7 affect the Company's ability to modify the Plan to satisfy the Confirmation requirements of
Section 1129 of the Bankruptcy Code.

8 **1. Feasibility**

9 Section 1129(a)(11) of the Bankruptcy Code requires as a condition for
10 Confirmation that the Court determine that the Plan is not likely to be followed by a liquidation,
11 or the need for further financial reorganization, of the Debtors or Reorganized Debtors, unless
12 such liquidation or reorganization is proposed in the Plan. The Debtors believe that the Plan
13 satisfies this requirement. The Debtors have prepared the Projections which are attached to this
14 Disclosure Statement as Exhibit []. The Debtors believe that throughout the forecast period
ending December 31, 2007, assuming the underlying assumptions are realized, cash provided by
operations combined with availability under the Post-Effective Date borrowings will be adequate
to meet capital expenditure and debt service requirements.

15 **2. Best Interests Test/Liquidation Analysis**

16 With respect to each Impaired Class of Claims and Interests, Confirmation of the
17 Plan requires that each holder of a Claim or Interest either (i) accept the Plan or (ii) receive or
18 retain under the Plan property of a value, as of the Effective Date, that is not less than the value
19 such holder would receive or retain if the Debtors were liquidated under chapter 7 of the
20 Bankruptcy Code. To determine what holders of Claims and Interests of each impaired Class
21 would receive if the Debtors were liquidated under chapter 7, the Bankruptcy Court must
22 determine the dollar amount that would be generated from the liquidation of the Debtors' assets
23 and properties in the context of a chapter 7 liquidation case. The Cash amount that would be
24 available for satisfaction of Claims and Interests would consist of the proceeds resulting from the
disposition of the unencumbered assets and properties of the Debtors augmented by the
unencumbered Cash held by the Debtors at the time of the commencement of the liquidation
case. Such Cash amount would be reduced by the amount of the costs and expenses of the
liquidation and by such additional administrative and priority claims that might result from the
termination of the Debtors' business and the use of chapter 7 for the purposes of liquidation.

25 The Debtors' cost of liquidation under chapter 7 would include the fees payable to
26 a trustee in bankruptcy, as well as those fees that might be payable to attorneys and other
27 professionals that such a trustee might engage. In addition, claims would arise by reason of the
28 breach or rejection of obligations incurred and leases and executory contracts assumed or entered
into by the Debtors during the pendency of the Chapter 11 Case. The foregoing types of claims
and other claims that might arise in a liquidation case or result from the pending Chapter 11
Case, including unpaid expenses incurred by the Debtors during the Chapter 11 Case such as

1 compensation for attorneys, financial advisors and accountants, would be paid in full from the
2 liquidation proceeds before the balance of those proceeds would be made available to pay
prepetition Claims.

3 To determine if the Plan is in the best interests of each impaired class, the present
4 value of the distributions from the proceeds of a liquidation of the Debtors' unencumbered assets
and properties, after subtracting the amounts attributable to the foregoing claims, are then
5 compared with the value of the property offered to such Classes of Claims and Interests under
the Plan.

6 After considering the effects that a chapter 7 liquidation would have on the
7 ultimate proceeds available for distribution to creditors in the Chapter 11 Cases including (i) the
increased costs and expenses of a liquidation under chapter 7 from fees payable to a trustee in
8 bankruptcy and professional advisors to such trustee, (ii) the erosion in value of assets in a
chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the
9 "forced sale" atmosphere that would prevail and (iii) the substantial increases in Claims which
would be satisfied on a priority basis or on parity with creditors in the Chapter 11 Case, the
10 Debtors have determined that confirmation of the Plan will provide each Holder of an Allowed
Claim or Interest with a recovery that is not less than such Holder would receive pursuant to
11 liquidation of the Debtors under chapter 7.

12 The Debtors also believe that the value of any distributions to each Class of
13 Allowed Claims in a chapter 7 case would be less than the value of distributions under the Plan
because such distributions in a chapter 7 case would not occur for a substantial period of time. It
14 is likely that distribution of the proceeds of the liquidation could be delayed for two years after
the completion of such liquidation in order to resolve Claims and prepare for distributions. In
15 the likely event litigation was necessary to resolve Claims asserted in the chapter 7 case, the
delay could be prolonged.

16 The Debtors' Liquidation Analysis is attached hereto as Exhibit []. The
17 information set forth in Exhibit [] provides a summary of the liquidation values of the Debtors'
assets, assuming a chapter 7 liquidation in which a trustee appointed by the Court would
18 liquidate the assets of the Debtors' Estates. Reference should be made to the Liquidation
Analysis for a complete discussion and presentation of the Liquidation Analysis.

19 Underlying the Liquidation Analysis are a number of estimates and assumptions
20 that, although developed and considered reasonable by management, are inherently subject to
significant economic and competitive uncertainties and contingencies beyond the control of the
21 Debtors and their management. The Liquidation Analysis is also based on assumptions with
regard to liquidation decisions that are subject to change. Accordingly, the values reflected
22 might not be realized if the Debtors were, in fact, to undergo such a liquidation. The chapter 7
liquidation period is assumed to be a period of more than one year, allowing for, among other
23 things, the (i) discontinuation of operations, (ii) selling of assets and (iii) collection of
receivables.

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SECTION X.

CONFIRMATION AND EFFECTIVE DATE CONDITIONS

A. Conditions To Confirmation

The conditions to Confirmation shall be the following:

(a) The satisfaction of the requirements of 11 U.S.C. § 1129;

(b) The Confirmation Order shall (i) be acceptable in form and substance to the Debtors (in the Debtors’ sole and absolute discretion), the Informal Vendor Debt Committee and the Creditors’ Committee and (ii) expressly authorize and direct the Debtors to perform the actions that are conditions to the effectiveness of the Plan; and

(c) Each of the events and actions required by the Plan to occur or to be taken prior to Confirmation shall have occurred or have been taken, or the Debtors or the party whose obligations are conditioned by such occurrences and/or actions, as applicable, shall have waived such occurrences or actions.

B. Conditions To Initial Distribution Date

The conditions to the Initial Distribution Date shall be the following: the Confirmation Order shall (i) be acceptable in form and substance to the Debtors, the Informal Vendor Debt Committee and the Creditors’ Committee; (ii) expressly authorize the Debtors to perform the actions that are conditions to the effectiveness of the Plan; and (iii) shall be entered by the Court.

C. Conditions To Effective Date

The Plan shall not become effective unless and until it has been confirmed and the following conditions have been satisfied in full or waived: (1) the Confirmation Order in a form satisfactory to the Debtors shall have become a Final Order; (2) all authorizations, consents and regulatory approvals (including, without limitation, any approvals required under regulations relating to the change in ownership of the Debtors upon the Effective Date) required (if any) for the Plan’s effectiveness shall have been obtained; (3) the New Senior Note Indenture has been qualified under the Trust Indenture Act of 1939, as amended; and (4) all other actions and documents necessary to implement the treatment of Claims and Interests shall have been effected or executed or, if waivable, waived by the Person or Persons entitled to the benefit thereof. The occurrence of the Effective Date is not a condition precedent to the occurrence of the Initial Distribution Date.

D. Waiver of Conditions

The Debtors may waive any or all of the other conditions set forth in the Plan without leave of or order of the Court and without any formal action. The Debtors reserve the right to amend or revoke the Plan. Although the Plan is styled as a joint Plan, the Debtors reserve the right to proceed with Confirmation under the Plan for one Debtor and not the others.

1 **E. Effect of Failure of Conditions**

2 In the event that the Effective Date does not occur, upon notification submitted by
3 the Debtors to the Court: (a) the Confirmation Order shall be vacated, (b) no additional
4 distributions under the Plan shall be made, (c) the Debtors and all Holders of Claims and
5 Interests shall be restored to the *status quo ante* as of the day immediately preceding the
6 Confirmation Date as though the Confirmation Date had never occurred, and (d) the Debtors'
7 obligations with respect to the Claims and Interests shall remain unchanged (except to the extent
8 of any post-Confirmation pre-Effective Date payments) and nothing contained in the Plan shall
9 constitute or be deemed a waiver or release of any Claims or Interests by or against the Debtors
10 or any other person or to prejudice in any manner the rights of the Debtors or any person in any
11 further proceedings involving the Debtors.

12 In the event the Effective Date does not occur but the Initial Distribution Date has
13 occurred, the Holders of Claims against Leap will retain the Cash transferred to them on the
14 Initial Distribution Date and in exchange shall be deemed sufficient consideration to implement
15 the Intercompany Releases and to release the Debtors and the Holders of Old Vendor Debt of all
16 Intercompany Claims and Litigation Claims held or asserted by Leap and/or the Holders of Leap
17 General Unsecured Claims as of the Initial Distribution Date; provided, however, that the
18 Holders of Leap General Unsecured Claims and the Leap Creditor Trust will retain the right to
19 obtain the Leap General Unsecured Claim Equity Distribution and to effectuate the transfer of
20 the Leap Creditor Trust Assets to the Leap Creditor Trust (and become the beneficiaries of the
21 Leap Creditor Trust) in the event of the occurrence of the Effective Date.

22 **F. Vacatur of Confirmation Order**

23 If an order denying confirmation of the Plan is entered, then the Plan shall be null
24 and void in all respects, and nothing contained in the Plan shall (a) constitute a waiver or release
25 of any Claims against or Interests in the Debtors; (b) prejudice in any manner the rights of the
26 Holder of any Claim against, or Interest in, the Debtors; (c) prejudice in any manner any right,
27 remedy or claim of the Debtors; or (d) be deemed an admission against interest by the Debtors,
28 the Informal Vendor Debt Committee, the Informal Noteholder Committee or the Creditors'
Committee, or any committees' respective members.

29 **SECTION XI.**

30 **ALTERNATIVES TO CONFIRMATION
31 AND CONSUMMATION OF THE PLAN**

32 **A. Liquidation Under Chapter 7**

33 If no plan is confirmed, the Chapter 11 Cases may be converted to cases under
34 chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected to liquidate the
35 Debtors' assets for distribution in accordance with the priorities established by chapter 7. A
36 discussion of the effects that a chapter 7 liquidation would have on the recoveries of holders of
37 Claims and Interests and the Debtors' liquidation analysis are set forth herein. The Debtors, the
38 Informal Vendor Debt Committee and Informal Noteholder Committee believe that liquidation
under chapter 7 would result in smaller distributions being made to creditors than those provided
for in the Plan because of (a) the likelihood that the Debtors' assets would have to be sold or

1 otherwise disposed of in a less orderly fashion over a shorter period of time, (b) additional
2 administrative expenses involved in the appointment of a trustee, and (c) additional expenses and
3 claims, some of which would be entitled to priority, which would be generated during the
4 liquidation and from the rejection of leases and other executory contracts in connection with a
5 cessation of the Debtors' operations.

4 **B. Alternative Plans of Reorganization**

5 If the Plan is not confirmed, the Debtors could attempt to formulate a different
6 plan. Such a plan might involve either a reorganization and continuation of the Debtors'
7 businesses or orderly liquidation of their assets. With respect to an alternative plan, the Debtors
8 have explored various alternatives in connection with the formulation and development of the
9 Plan. The Debtors believe that the Plan, as described herein, enables creditors to realize the most
10 value under the circumstances. In a liquidation under chapter 11, the Debtors' assets would be
11 sold in an orderly fashion over a more extended period of time than in a liquidation under
12 chapter 7, possibly resulting in somewhat greater (but indeterminate) recoveries than would be
13 obtained in chapter 7. Further, if a trustee were not appointed, because such appointment is not
14 required in a chapter 11 case, the expenses for professional fees would most likely be lower than
15 those incurred in a chapter 7 case. Although preferable to a chapter 7 liquidation, the Debtors
16 believe that any alternative liquidation under chapter 11 is a much less attractive alternative to
17 creditors and Interest holders than the Plan because of the greater return provided by the Plan.

13 **C. Post-Confirmation Conversion/Dismissal.**

14 A creditor or party in interest may bring a motion to convert or dismiss the case
15 under § 1112(b), after the Plan is confirmed if there is a default in performance under the Plan.
16 If the Court orders the case converted to chapter 7 after the Plan is confirmed, then all property
17 that had been property of the chapter 11 estate, and that has not been disbursed pursuant to the
18 Plan, will revert in the chapter 7 estate. The automatic stay will be reimposed upon the reverted
19 property, but only to the extent that relief from stay was not previously authorized by the Court
20 during these cases.

19 The Confirmation Order may also be revoked under very limited circumstances.
20 The Court may revoke the Confirmation Order if the Confirmation Order was procured by fraud
21 and if a party in interest brings an adversary proceeding to revoke confirmation within 180 days
22 after the entry of the order of confirmation.

22 **D. Final Decree.**

23 Once the Estates have been fully administered as referred to in Bankruptcy Rule
24 3019, Reorganized Cricket, or such other party as the Court shall designate in the Plan
25 Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case.
26
27
28

1 **SECTION XII.**

2 **CERTAIN FEDERAL INCOME TAX CONSIDERATIONS**

3 The following discussion summarizes certain material federal income tax
4 consequences expected to result from the consummation of the Plan. This discussion is based on
5 current provisions of the Internal Revenue Code of 1986, as amended (the "Tax Code"),
6 applicable Treasury Regulations, judicial authority and current administrative rulings and
7 pronouncements of the Internal Revenue Service (the "Service"). There can be no assurance that
8 the Service will not take a contrary view, no ruling from the Service has been or will be sought
9 nor will any counsel provide a legal opinion as to any of the expected tax consequences set forth
10 below.

11 Legislative, judicial or administrative changes or interpretations may be
12 forthcoming that could alter or modify the statements and conclusions set forth herein. Any such
13 changes or interpretations may or may not be retroactive and could affect the tax consequences
14 to the holders of Leap General Unsecured Claims, Old Leap Common Stock and Old Vendor
15 Debt (collectively, the "Holders"), Leap and its subsidiaries (collectively, the "Debtor Group")
16 and Reorganized Leap and its subsidiaries (collectively, the "Reorganized Debtor Group"). It
17 cannot be predicted whether any tax legislation will be enacted or, if enacted, whether any tax
18 law changes contained therein would affect the tax consequences to the Holders, the Debtor
19 Group or the Reorganized Debtor Group.

20 The following discussion is for general information only and describes the
21 anticipated tax consequences to only those Holders that are entitled to vote on the Plan. The tax
22 treatment of a Holder may vary depending upon such Holder's particular situation. This
23 discussion assumes that Holders of Leap General Unsecured Claims, Old Vendor Debt and Old
24 Leap Common Stock (collectively, the "Old Securities") have held such property as "capital
25 assets" within the meaning of Section 1221 of the Tax Code (generally, property held for
26 investment) and will also hold the New Leap Common Stock and the New Senior Notes as
27 "capital assets." This discussion also assumes that the New Senior Notes are properly treated as
28 indebtedness for federal income tax purposes. This summary does not address all of the tax
consequences that may be relevant to a Holder, such as the potential application of the alternative
minimum tax, nor does it address the federal income tax consequences to Holders subject to
special treatment under the federal income tax laws, such as brokers or dealers in securities or
currencies, certain securities traders, tax-exempt entities, financial institutions, insurance
companies, foreign corporations, foreign trusts, foreign estates, Holders who are not citizens or
residents of the United States, Holders that hold the Old Securities as a position in a "straddle" or
as part of a "synthetic security," "hedging," "conversion" or other integrated instrument, Holders
that have a "functional currency" other than the United States dollar and Holders that have
acquired the Old Securities in connection with the performance of services. **EACH HOLDER
SHOULD CONSULT ITS TAX ADVISOR AS TO THE PARTICULAR TAX
CONSEQUENCES TO IT OF THE PLAN, INCLUDING THE APPLICABILITY AND
EFFECT OF ANY FEDERAL, STATE, LOCAL OR FOREIGN TAX LAWS.**

1 **Federal Income Tax Consequences to the Debtor Group**

2 *Cancellation of Indebtedness and Reduction of Tax Attributes*

3 Leap generally will realize cancellation of indebtedness (“COI”) income on the
4 exchange of Leap General Unsecured Claims for Cash and other property of Leap to the extent
5 that the sum of Cash and the fair market value of any property received by the Holders of Leap
6 General Unsecured Claims is less than the adjusted issue price (plus the amount of any accrued
7 but unpaid interest) of the Leap General Unsecured Claims discharged thereby. The adjusted
8 issue price of the Leap General Unsecured Claims will be equal to their issue price, reduced by
9 the amount of any payments previously made thereon that were not payments of “qualified stated
10 interest.” “Qualified stated interest” is generally the stated interest on a debt instrument that is
11 unconditionally payable in cash or property (other than debt instruments of the issuer) at least
12 annually at a single fixed rate. Leap will also realize COI income on the discharge of other
13 existing indebtedness to the extent that such indebtedness is satisfied with an amount of Cash
14 and other property of Leap that is less than the adjusted issue price (plus the amount of any
15 accrued but unpaid interest) of such indebtedness.

16 Cricket generally will realize COI income to the extent that the sum of (i) the
17 issue price of the New Senior Notes and (ii) the fair market value of the New Leap Common
18 Stock received by Holders of Old Vendor Debt is less than the adjusted issue price (plus the
19 amount of any accrued but unpaid interest) of such Old Vendor Debt discharged thereby. The
20 adjusted issue price of the Old Vendor Debt will be equal to its issue price, reduced by the
21 amount of any payments previously made thereon that were not payments of qualified stated
22 interest. Cricket will also realize COI income on the discharge of other existing indebtedness to
23 the extent that such indebtedness is satisfied with an amount of Cash and other property of
24 Cricket that is less than the adjusted issue price (plus the amount of any accrued but unpaid
25 interest) of such indebtedness.

26 Although not free from doubt, the Debtor Group believes that guarantee
27 obligations among members of the Debtor Group cancelled pursuant to the Plan will not be
28 treated as existing indebtedness forgiven in the implementation of the Plan for purposes of the
COI income calculation. The determination of whether the cancellation of a guarantee obligation
gives rise to COI income should be based on whether the guarantor’s net worth increased as a
result of the cancellation (not merely the prevention of a decrease in the guarantor’s net worth) or
whether it is more probable than not that the guarantor would be called upon to pay the
guaranteed obligation in the amount claimed. If any guarantee obligations among the members
of the Debtor Group are treated as indebtedness for purposes of the COI income determination,
the guarantor would realize COI income on the forgiveness. However, the Debtor Group also
believes, although not free from doubt, that the guarantor and the debtor on the underlying
guaranteed obligation would not both be required to realize COI income with respect to a single
obligation and any COI income realized by a guarantor would only result in a reallocation of the
total amount of COI income from one member (the debtor member) to another (the guarantor
member).

Under Section 108 of the Tax Code, however, COI income will not be recognized
if the COI income occurs in a case brought under the Bankruptcy Code, provided the taxpayer is
under the jurisdiction of the court in such case and the cancellation of indebtedness is granted by
the court or is pursuant to a plan approved by the court (the “Bankruptcy Exception”).

1 Accordingly, because the cancellation of Leap’s and Cricket’s indebtedness will occur in a case
2 brought under the Bankruptcy Code, Leap and Cricket will be under the jurisdiction of the court
3 in such case and the cancellation of Leap’s and Cricket’s indebtedness will be pursuant to the
4 Plan, Leap and Cricket will not be required to recognize any COI income realized as a result of
5 the implementation of the Plan.

6 Under Section 108(b) of the Tax Code, a taxpayer that does not recognize COI
7 income under the Bankruptcy Exception will be required to reduce certain tax attributes,
8 including its net operating losses and loss carryforwards (“NOLs”) (and certain other losses,
9 credits and carryforwards, if any) and its tax basis in its assets (but not below the amount of
10 liabilities remaining immediately after the discharge of indebtedness), in an amount generally
11 equal to the amount of COI income excluded from income under the Bankruptcy Exception.
12 Such taxpayer may elect under Section 108(b)(5) of the Tax Code (the “Section 108(b)(5)
13 Election”) to avoid the prescribed order of attribute reduction (which begins first with NOLs for
14 the taxable year of the discharge and NOL carryovers to such taxable year) and instead reduce
15 the basis of depreciable property first. The Section 108(b)(5) Election will extend to and reduce
16 the basis of the stock of any subsidiary of the taxpayer if such subsidiary consents to a
17 concomitant reduction in the basis of its depreciable property. If the taxpayer makes a Section
18 108(b)(5) Election, the limitation prohibiting the reduction of asset basis below the amount of its
19 remaining undischarged liabilities does not apply to the basis reduction resulting from the
20 Section 108(b)(5) Election. Leap and Cricket have not yet determined whether they will make
21 the Section 108(b)(5) Election.

22 It is not clear whether any reduction in tax attributes should occur on a separate
23 company or consolidated group basis whether the same separate company or consolidated group
24 approach should apply to each tax attribute. Because the Leap General Unsecured Claims are
25 obligations of Leap, if attribute reduction is applied on a separate company basis, only the tax
26 attributes of Leap (which with respect to the Debtor Group’s consolidated NOL may be limited
27 to Leap’s share thereof) would be reduced with respect to the COI income realized on the
28 discharge of the Leap General Unsecured Claims. Similarly, because the Old Vendor Debt is an
obligation of Cricket, attribute reduction applied on a separate company basis would only require
the tax attributes of Cricket (which with respect to the Debtor Group’s consolidated NOL may be
limited to Cricket’s share thereof) to be reduced. Although the Service’s current position with
respect to NOLs appears to be that attribute reduction applies to a consolidated NOL on a
consolidated group basis, it appears that a taxpayer may still apply attribute reduction on a
separate company basis. The Debtor Group is still determining whether the reduction of tax
attributes on a separate company basis will yield a different result than the reduction of tax
attributes on a consolidated group basis. However, regardless of whether the Debtor Group’s tax
attributes are reduced on a separate company or consolidated group basis, substantially all, if not
all, of the Debtor Group’s NOLs will likely be eliminated (assuming a Section 108(b)(5)
Election is not made) as a result of the consummation of the Plan.

Cricket Communications Holdings, Inc. (“CCHI”) would likely be required to
recognize income if the amount of the COI income realized by Cricket as a result of the
consummation of the Plan exceeds the amount of its tax attributes available for reduction under
Section 108 of the Tax Code. A parent corporation in a consolidated group has an “excess loss
account” (“ELA”) when its basis in the stock of its subsidiary is reduced under the intercompany
adjustment rules for members of consolidated groups and the reductions exceed the parent’s

1 basis in the subsidiary's stock. A parent corporation is required to include the amount of an ELA
2 into income if certain events occur, for example, when the parent's stock in its subsidiary
3 becomes worthless. If COI income realized by a subsidiary exceeds the tax attributes available
4 for reduction under Section 108 of the Tax Code, the parent's stock in such subsidiary is deemed
5 worthless and the parent's ELA in such subsidiary must be included into income by the parent.
6 CCHI likely has an ELA with respect to its interest in Cricket. CCHI would be required to
7 include its ELA with respect to its Cricket stock into income if Cricket realizes COI income as a
8 result of the consummation of the Plan in excess of tax attributes available for reduction under
9 Section 108 of the Tax Code.

10 *Section 382 Limitations on NOLs*

11 Under Section 382 of the Tax Code, if a corporation or a consolidated group with
12 NOLs (a "Loss Corporation") undergoes an "ownership change," the use of such NOLs (and
13 certain other tax attributes) will generally be subject to an annual limitation as described below.
14 In general, an "ownership change" occurs if the percentage of the value of the Loss
15 Corporation's stock (including the parent corporation in a consolidated group) owned by one or
16 more direct or indirect "five percent shareholders" has increased by more than 50 percentage
17 points over the lowest percentage of that value owned by such five percent shareholder or
18 shareholders at any time during the applicable "testing period" (generally, the shorter of (i) the
19 three-year period preceding the testing date or (ii) the period of time since the most recent
20 ownership change of the corporation). Leap believes the Plan will trigger an ownership change
21 of Leap on the Effective Date.

22 Except as otherwise discussed below, a Loss Corporation's use of NOLs (and
23 certain other tax attributes) after an "ownership change" will generally be limited annually to the
24 product of the long-term tax-exempt rate (as published by the Service for the month in which the
25 "ownership change" occurs) and the value of the Loss Corporation's outstanding stock
26 immediately before the ownership change (excluding certain capital contributions) (the
27 "Section 382 Limitation"). However, the Section 382 Limitation for a taxable year any portion of
28 which is within the five-year period following the date of the "ownership change" will be
increased by the amount of any "recognized built-in gains" for such taxable year. The increase in
a year cannot exceed the "net unrealized built-in gain" (if such gain exists immediately before
the "ownership change" and exceeds a statutorily-defined threshold amount) reduced by
recognized built-in gains from prior years ending during such five-year period. In addition, any
"recognized built-in losses" for a taxable year any portion of which is within the five-year period
following the Effective Date will be subject to limitation in the same manner as if such loss was
an existing NOL to the extent such recognized built-in losses do not exceed the "net unrealized
built-in loss" (if such loss exists immediately before the "ownership change" and exceeds a
statutorily-defined threshold amount) reduced by recognized built-in losses for prior taxable
years ending during such five-year period. Although the rule applicable to "net unrealized built-
in losses" generally applies to consolidated groups on a consolidated basis, certain corporations
that join the consolidated group within the preceding five years may not be included in the group
computation of "net unrealized built-in loss." However, such corporations would be taken into
account in determining whether the consolidated group has a "net unrealized built-in gain."
Thus, a consolidated group could be considered to have both a "net unrealized built-in loss" and
a "net unrealized built-in gain." NOLs (and certain other tax attributes) not utilized in a given
year because of the Section 382 Limitation remain available for use in future years until their

1 normal expiration dates. To the extent that the Loss Corporation's Section 382 Limitation in a
2 given year exceeds its taxable income for such year, that excess will increase the Section 382
3 Limitation in future taxable years. Finally, if the Loss Corporation does not continue the Loss
4 Corporation's historic business or use a significant portion of the Loss Corporation's business
5 assets in a new business for two years after the Effective Date, the Section 382 Limitation would
6 be zero (except as increased by recognized built-in gains, as described above). The Reorganized
7 Debtor Group has no intention to discontinue the conduct of its historic business after the
8 Effective Date.

9 Two alternative bankruptcy exceptions for Loss Corporations undergoing an
10 ownership change pursuant to a bankruptcy proceeding are provided for in the Tax Code. The
11 first exception, Section 382(1)(5) of the Tax Code, applies where qualified (so-called "old and
12 cold") creditors of the debtor receive at least 50% of the vote and value of the stock of the
13 reorganized debtor in a case under the Bankruptcy Code. Under this exception, a debtor's pre-
14 change NOLs are not subject to the Section 382 Limitation but are instead reduced by the
15 amount of any interest deductions allowed during the three taxable years preceding the taxable
16 year in which the ownership change occurs, and during the part of the taxable year prior to and
17 including the effective date of the bankruptcy reorganization, in respect of the debt converted
18 into stock in the reorganization. Moreover, if this exception applies, any further ownership
19 change of the debtor within a two-year period will preclude the debtor's utilization of any pre-
20 change losses at the time of the subsequent ownership change against future taxable income.

21 An "old and cold" creditor includes a creditor who has held the debt of the debtor
22 for at least eighteen months prior to the date of the filing of the case or who has held "ordinary
23 course indebtedness" at all times it has been outstanding. However, any debt owned immediately
24 before an ownership change by a creditor who does not become a direct or indirect 5%
25 shareholder of the reorganized debtor generally will be treated as always having been owned by
26 such creditor, except in the case of any creditor whose participation in formulating the plan of
27 reorganization makes evident to the debtor that such creditor has not owned the debt for such
28 period.

The second bankruptcy exception, Section 382(1)(6) of the Tax Code, requires no
reduction of pre-ownership change NOLs and provides relief in the form of a relaxed
computation of the Section 382 Limitation. In that regard, Section 382(1)(6) of the Tax Code
provides that the value of the Loss Corporation's outstanding stock for purposes of computing
the Section 382 Limitation will be increased to reflect the cancellation of indebtedness in the
bankruptcy case (but the value of such stock as adjusted may not exceed the value of the Loss
Corporation's gross assets immediately before the ownership change (subject to certain
adjustments)).

The Treasury Regulations that apply the rules of Section 382 of the Tax Code to
consolidated groups do not address how the bankruptcy exceptions of Section 382(1)(5) of the
Tax Code and Section 382(1)(6) of the Tax Code apply to consolidated groups. Accordingly, it
is not clear how these exceptions will apply to the Debtor Group. The Debtor Group currently
intends to take the position, consistent with certain rulings issued by the Service and other
authority, that the rules of Section 382(1)(6) of the Tax Code will apply on a consolidated group
basis as if the Debtor Group were a single entity. If the requirements of Section 382(1)(5) of the
Tax Code are otherwise satisfied and the Debtor Group does not elect to apply the rules of

1 Section 382(1)(6) of the Tax Code, the Debtor Group currently intends to similarly apply the
2 rules of Section 382(1)(5) of the Tax Code on a consolidated group basis as if the Debtor Group
3 were a single entity.

4 Implementation of the Plan will trigger an “ownership change” of the Debtor
5 Group on the Effective Date. If the exception of Section 382(1)(5) of the Tax Code is
6 unavailable or if the Debtor Group determines that the exception in Section 382(1)(6) of the Tax
7 Code is more desirable, the Debtor Group will elect to apply the provisions of Section 382(1)(6)
8 of the Tax Code. In such event, the Reorganized Debtor Group’s use of pre-ownership change
9 NOLs, AMT NOLs and certain other tax attributes (if any), to the extent remaining after the
reduction thereof as a result of the cancellation of indebtedness of Leap and Cricket, will be
limited and generally will not exceed each year the product of the applicable long-term tax-
exempt rate (currently approximately 5%) and the value of Reorganized Leap’s stock increased
to reflect the cancellation of indebtedness pursuant to the Plan (currently estimated to be
approximately \$___ million).

10 *Alternative Minimum Tax*

11 In general, an alternative minimum tax (“AMT”) is imposed on a corporation’s
12 alternative minimum taxable income (“AMTI”) at a 20% rate to the extent that such tax exceeds
13 the corporation’s regular federal income tax. For purposes of computing AMTI, certain tax
14 deductions and other beneficial allowances are modified or eliminated. In addition, even though
15 the Reorganized Debtor Group might otherwise be able to offset all of its taxable income for
16 regular tax purposes by available NOL carryforwards, only 90% of its AMTI may be offset by
17 available AMT NOL carryforwards. Thus, for tax periods after the Effective Date, the
18 Reorganized Debtor Group may have to pay AMT regardless of whether it generates a NOL or
19 has sufficient NOL carryforwards to offset regular taxable income for such periods. In addition,
20 if a corporation undergoes an “ownership change” within the meaning of Section 382 of the Tax
21 Code (as discussed above) and is in a net unrealized built-in loss position on the date of the
ownership change, the corporation’s aggregate tax basis in its assets would be reduced for certain
AMT purposes to reflect the fair market value of such assets as of the change date. Any AMT
that a corporation pays generally will be allowed as a nonrefundable credit against its regular
federal income tax liability in future taxable years when the corporation is no longer subject to
the AMT.

21 *Cancellation of Intercompany Claims*

22 Although not free from doubt, the Debtor Group believes that it will not recognize
23 a net taxable gain if any Intercompany Claims which are “obligations of a member” (within the
24 meaning of Treasury Regulations § 1.1502-13(g)) are extinguished in the implementation of the
25 Plan. The Debtor Group also believes, although not free from doubt, that many of the
26 Intercompany Claims are not “obligations of a member.” The determination of whether an
27 Intercompany Claim is an “obligation of a member” will depend upon whether, at the Effective
28 Time, it is more probable than not that the debtor member would be called upon to perform
under the obligation. If any of the Intercompany Claims are “obligations of members”
extinguished in the implementation of the Plan, any gain recognized by a member of the Debtor
Group as a result of the extinguishment should be offset by a corresponding loss or deduction of
the member of the Debtor Group with an interest in such Claim.

1 ***Exchange of Property for Indebtedness***

2 The transfer by Leap or Cricket of property in satisfaction of indebtedness will be
3 treated as a taxable exchange of such property. With respect to property transferred in
4 satisfaction of recourse indebtedness or property transferred in satisfaction of nonrecourse
5 indebtedness if such property does not secure such nonrecourse indebtedness, the amount of gain
6 or loss will be equal to the difference between the fair market value of the property transferred
7 and the transferor's basis in such property. If either Leap or Cricket transfers property securing
8 nonrecourse indebtedness in satisfaction of such indebtedness, it will recognize gain or loss equal
9 to the difference between the outstanding principal amount of the debt satisfied in the transfer
10 less its tax basis in the property. The entire amount of such gain or loss would be treated as gain
11 or loss on the disposition of the property (and not as COI).

8 ***Merger Of Cricket Communications Holdings, Inc. With Cricket***

9 CCHI with and into Cricket should be treated as a tax-free reorganization under Section
10 368(a)(1)(G) of the Tax Code. Neither CCHI nor Cricket should recognize any gain or loss for
11 federal income tax purposes as a result of the merger.

12 **Federal Income Tax Consequences to Holders of Leap General Unsecured Claims**

13 The Holders of Leap General Unsecured Claims (including Holders of Leap
14 General Unsecured Claims) will recognize gain or loss upon the receipt of Cash and other
15 property transferred in complete satisfaction of such Claims. The amount of the gain or loss will
16 be equal to the difference between (i) the sum of the Cash and the fair market value of the
17 property received in exchange therefor, and (ii) the Holder's adjusted tax basis in the Leap
18 General Unsecured Claims exchanged therefor. Any such gain or loss generally would be
19 (subject to the market discount rules discussed below) long-term capital gain or loss if the Leap
20 General Unsecured Claims had been held for more than one year. The Holder's tax basis in the
21 other property received in exchange for Leap General Unsecured Claims would be equal to the
22 fair market value of such other property on the Effective Date, and the holding period for such
23 other property would begin for a Holder on the day immediately after the Effective Date.

19 **Federal Income Tax Consequences to Holders of Old Vendor Debt**

20 Whether the exchange of Old Vendor Debt for New Senior Notes and New Leap
21 Common Stock pursuant to the Plan will be a nontaxable recapitalization under the Tax Code
22 will depend in part upon whether the Old Vendor Debt and New Senior Notes are considered to
23 be "securities" within the meaning of the provisions of the Tax Code governing reorganizations.
24 The test as to whether a debt instrument is a "security" involves an overall evaluation of the
25 nature of the debt instrument, with the term of the debt instrument usually regarded as one of the
26 most significant factors. Generally, debt instruments with a term of five years or less have not
27 qualified as "securities," whereas debt instruments with a term of ten years or more generally
28 have qualified as "securities."

26 Although the treatment of the Old Vendor Debt is not entirely certain because the
27 stated term of the Old Vendor Debt is less than ten years, both the Old Vendor Debt and the New
28 Senior Notes should be treated as "securities" for federal income tax purposes. Accordingly, the
exchange of Old Vendor Debt for New Senior Notes and New Leap Common Stock should

1 constitute a recapitalization for federal income tax purposes and, as a result, exchanging Holders
2 should not recognize any loss, but will recognize gain to the extent of any New Leap Common
3 Stock (which is other property received in the recapitalization since it is not a security in the
4 issuer of the Old Vendor Debt) received in exchange therefor. The Holders of Old Vendor Debt
5 would also recognize income to the extent the New Senior Notes and New Leap Common Stock
6 are attributable to accrued but unpaid interest on the Old Vendor Debt, in which event Holders
7 would generally be required to treat such amounts as payment of interest includible in income in
8 accordance with the Holder's method of accounting for tax purposes (see "Accrued Interest"
9 below). A Holder's adjusted tax basis in any New Senior Notes received in exchange for Old
10 Vendor Debt will equal the Holder's tax basis in such Old Vendor Debt, increased by any gain
11 recognized in respect of such Old Vendor Debt and decreased by the fair market value of the
12 New Leap Common Stock (other than any portion that is allocable to accrued interest with
13 respect to the Old Vendor Debt). The Holder's basis in the New Leap Common Stock will be
14 the fair market value of such Stock. The Holder's holding period for the New Senior Notes will
15 include the Holder's holding period for the Old Vendor Debt, and the Holder's holding period
16 for the New Leap Common Stock will begin on the day immediately following the Effective
17 Date.

18 If the Old Vendor Debt were determined not to constitute "securities" for federal
19 income tax purposes, then an exchanging Holder would recognize gain or loss equal to the
20 difference between (i) the sum of the issue price of the New Senior Notes and the fair market
21 value of the New Leap Common Stock received and (ii) the Holders' adjusted tax basis in the
22 Old Vendor Debt exchanged therefor. Any such gain or loss would generally be long-term
23 capital gain or loss (subject to the market discount rules discussed below) if the Old Vendor Debt
24 had been held for more than one year. In this event, a Holder's initial tax basis in the New Senior
25 Notes and New Leap Common Stock received would be equal to their issue price and fair market
26 value, respectively, on the Effective Date, and the holding period for the New Senior Notes and
27 the New Leap Common Stock would begin on the day immediately after the Effective Date.

28 *New Senior Notes*

Original Issue Discount

Because the New Senior Notes provide for the payment of interest in additional
Notes, the New Senior Notes will be issued with original issue discount ("OID"). Consequently,
a Holder will be required to include OID in gross income on an annual basis under a constant
yield accrual method, regardless of its regular method of tax accounting, possibly in advance of
the receipt of cash attributable to such income.

The amount of OID on a New Senior Note will be equal to the excess of (i) the
sum of the New Senior Note's principal amount due at maturity plus all scheduled interest
payments thereon over (ii) the issue price of the New Senior Note. The "issue price" of a debt
instrument issued in exchange for another debt instrument depends on whether either debt
instrument is "traded on an established securities market" at any time during the sixty-day period
ending thirty days after the effective date of the exchange of such instruments. If neither is so
traded, the issue price of the debt instrument received will be equal to its stated principal amount,
assuming the debt instrument provides for "adequate stated interest" (*i.e.*, interest at least at the
applicable federal rate), and will be equal to its "imputed principal amount" if the debt
instrument does not provide for "adequate stated interest." If the debt instrument received is

1 “traded on an established securities market,” then its issue price will be its trading price
2 immediately following issuance. If the exchanged debt instrument is so traded (but the debt
3 instrument received in exchange therefor is not), the issue price of the debt instrument received
4 will generally be equal to the fair market value of the debt instrument exchanged therefor at the
5 time of the exchange (less the fair market value of the portion of such debt instrument allocable
6 to any other property received in addition to the new debt instrument, such as the New Leap
7 Common Stock in the exchange of Old Vendor Debt for New Senior Notes and New Leap
8 Common Stock). The Old Vendor Debt is not “traded on an established securities market,” and
9 Cricket does not expect that the New Senior Notes will be so traded either. Since the New
10 Senior Notes will not bear “adequate stated interest,” the issue price of the New Senior Notes
11 will equal the “imputed principal amount” of such Notes. The “imputed principal amount” of the
12 New Senior Notes will equal the sum of the present values of all payments due under such Notes,
13 as long as the “imputed principal amount” so calculated exceeds the stated redemption price at
14 maturity of such Notes.

15 In general, the Holder of a New Senior Note must include in gross income for
16 federal income tax purposes the sum of the daily portions of OID with respect to such New
17 Senior Note for each day during the taxable year or portion of a taxable year on which such
18 Holder holds the New Senior Note. The daily portion is determined by allocating to each day of
19 any accrual period a pro-rata portion of an amount equal to the “adjusted issue price” of the New
20 Senior Note at the beginning of the accrual period multiplied by the yield to maturity of the Note
21 (taking into account the length of the accrual period). The “adjusted issue price” of a New Senior
22 Note at the start of any accrual period is the issue price of the New Senior Note increased by the
23 accrued OID for all prior accrual periods and reduced by any prior cash payments made on such
24 New Senior Note. The tax basis of the New Senior Note in the hands of a Holder will be
25 increased by the amount of OID, if any, on the New Senior Note that is included in the Holder’s
26 gross income and will be decreased by the amount of any cash payments received with respect to
27 the New Senior Note, whether such payments are denominated as principal or interest.

28 When Reorganized Cricket is deemed to issue additional New Senior Notes
29 (“Additional Notes”) as interest on such New Senior Notes, the issuance of the Additional Notes
30 will not be treated as a payment of interest on the originally issued New Senior Notes and the
31 New Senior Notes will be deemed to be “reissued” on the date that the Additional Notes are
32 issued solely for purposes of computing the amount of OID includible in income during the then
33 remaining term of the New Senior Notes. Under these rules, the New Senior Notes will be
34 deemed to be reissued at their then adjusted issue price (*i.e.*, their original issue price plus
35 accrued OID less any previous payments of interest in cash). The amount of OID includible in
36 ordinary income over the remaining term of the New Senior Notes, determined on the basis of a
37 constant yield method described above, will be equal to the excess of (i) the sum of the principal
38 amount due at maturity of the New Senior Notes and any Additional Notes issued in lieu of cash
39 interest payments, plus all remaining scheduled interest payments thereon over (ii) the revised
40 adjusted issue price of the New Senior Notes.

41 **AHYDO Rules**

42 The New Senior Notes will constitute “applicable high yield discount obligations”
43 (“AHYDOs”) if the yield to maturity of such Notes equals or exceeds the sum of the “applicable
44 federal rate” in effect on the Effective Date (the “AFR”) plus five percentage points and the New
45 Senior Notes have “significant” OID. Because payments of interest on the New Senior Notes

1 will be made with additional Notes, the New Senior Notes should be considered to have
2 “significant” OID. Based on the current AFR, the New Senior Notes would likely be AHYDOs.
3 However, the final determination of whether the New Senior Notes will constitute AHYDOs will
ultimately be made on the Effective Date.

4 If the New Senior Notes are AHYDOs, Reorganized Cricket will not be permitted
5 to deduct OID that accrues with respect to such Notes until amounts attributable to such OID are
6 paid in cash or in property other than stock or debt of Reorganized Cricket (or persons related to
7 Reorganized Cricket). In addition, to the extent that the yield to maturity of the New Senior
8 Notes exceeds the sum of the AFR plus six percentage points, interest attributable to such excess
9 yield (the “Dividend-Equivalent Interest”) will not be deductible at any time by Reorganized
10 Cricket (regardless of whether Reorganized Cricket actually pays such Dividend-Equivalent
11 Interest in Cash or in other property). Such Dividend-Equivalent Interest would be treated as a
12 dividend to the extent it is deemed to have been paid out of Reorganized Cricket’s current or
13 accumulated earnings and profits. Subject to otherwise applicable limitations, Holders of New
14 Senior Notes that are domestic corporations may be entitled to a dividends received deduction
15 (generally at a 70% rate) with respect to any Dividend-Equivalent Interest to the extent that
16 Reorganized Cricket has sufficient current or accumulated earnings and profits. If the Dividend-
17 Equivalent Interest exceeds Reorganized Cricket’s current and accumulated earnings and profits,
18 the excess will continue to be subject to tax as ordinary OID income in accordance with the OID
19 rules described above.

20 **Market Discount**

21 The Tax Code generally requires holders of “market discount bonds” to treat as
22 ordinary income any gain realized on the disposition of such bonds (including in certain non-
23 recognition transactions, such as a gift) to the extent such gain does not exceed accrued market
24 discount. A “market discount bond” is a debt obligation purchased at a market discount subject
25 to a statutorily-defined *de minimis* exception. For this purpose, a purchase at a market discount
26 includes a purchase at a price less than the stated redemption price at maturity of the debt
27 instrument (in the case of the Old Vendor Debt, the stated redemption price at maturity will be
28 equal to the principal amount of such Old Vendor Debt).

Market discount generally accrues on a straight line basis, unless a holder elects to
use a constant interest rate method. A holder of a debt instrument acquired at a market discount
may elect to include the market discount in income as the discount accrues on a current basis, in
which case the rule with respect to the recognition of ordinary income on a sale or other
disposition of such bond described in the previous paragraph would not apply.

Assuming the exchange of Old Vendor Debt for New Senior Notes and New Leap
Common Stock described above is treated as a non-recognition transaction, a Holder whose Old
Vendor Debt has accrued market discount thereon should be required to recognize the accrued
market discount as ordinary income when the Holder exchanges such Debt for New Senior Notes
and New Leap Common Stock only to the extent of the total gain recognized by the Holder
(although this conclusion may depend on the issuance of as-yet unissued implementation
regulations). Any remaining accrued market discount should be allocated to the New Senior
Notes received in the exchange, although no regulations or rules have been provided on this
subject. If the New Senior Notes received in the exchange are themselves treated as market
discount bonds, the portion of the accrued market discount allocable to the New Senior Notes

1 will be treated as accrued market discount on those instruments. The portion of the accrued
2 market discount allocated to New Senior Notes that are not market discount bonds will be treated
3 as ordinary income upon disposition of such New Senior Notes, but not in excess of the total
4 gain recognized upon such disposition. Holders who hold Old Vendor Debt with accrued market
5 discount may have been required to defer the deduction of a portion of the interest on any
6 indebtedness incurred or maintained to purchase or carry their Old Vendor Debt. Holders who
7 deferred their interest expense should be permitted to claim their deferred deductions to the
8 extent they recognize gain on the disposition of such Debt in the exchange of Old Vendor Debt
9 for New Senior Notes and New Leap Common Stock. The balance of such deferred deductions
10 generally will be deductible on a taxable disposition of the New Senior Notes received in the
11 exchange.

12 If the exchange of Old Vendor Debt for New Senior Notes does not constitute a
13 recapitalization, any gain recognized by a Holder with respect to the exchange of Old Vendor
14 Debt with market discount for New Senior Notes and New Leap Common Stock will generally
15 be treated as ordinary income to the extent of the market discount accrued during the Holder's
16 period of ownership. This rule will not apply to a Holder who had previously elected to include
17 market discount in income as it accrued for federal income tax purposes.

18 **Amortizable Bond Premium**

19 Generally, if the tax basis of an obligation held as a capital asset exceeds the
20 amount payable at maturity of the obligation, such excess will constitute amortizable bond
21 premium that the Holder may elect to amortize under the constant interest rate method over the
22 period from its acquisition date to the obligation's maturity date. Amortizable bond premium
23 generally is treated as an offset to interest income on the related debt instrument. A Holder who
24 elects to amortize bond premium must generally reduce its tax basis in the related obligation by
25 the amount of amortizable bond premium used to offset interest income. If a debt instrument
26 purchased at a premium is redeemed in full prior to its maturity, a Holder who has elected to
27 amortize bond premium should generally be entitled to a deduction for any remaining
28 unamortized bond premium in the taxable year of redemption.

29 ***New Leap Common Stock***

30 **Dividends**

31 A Holder generally will be required to include in gross income as ordinary
32 dividend income the amount of any distributions paid on the New Leap Common Stock to the
33 extent that such distributions are paid out of Reorganized Leap's current or accumulated earnings
34 and profits as determined for federal income tax purposes. Distributions in excess of such
35 earnings and profits will reduce the Holder's tax basis in its New Leap Common Stock and, to
36 the extent such excess distributions exceed such tax basis, will be treated as gain from a sale or
37 exchange of such New Leap Common Stock. Holders that are treated as corporations for federal
38 income tax purposes may be entitled to a dividends received deduction (generally at a 70% rate)
with respect to distributions out of earnings and profits and are urged to consult their tax advisor
regarding the rules relating to the dividends received deduction.

1 **Sale or Other Taxable Disposition**

2 Upon the sale or other taxable disposition of New Leap Common Stock, a Holder
3 generally will recognize capital gain or loss equal to the difference between the amount of Cash
4 and fair market value of any property received and such Holder’s adjusted tax basis in such New
5 Leap Common Stock (determined as described above). Capital gain or loss recognized upon the
6 disposition of the New Leap Common Stock will be long-term if, at the time of the disposition,
7 the holding period for the New Leap Common Stock exceeds one year. However, as discussed
8 above, if any Old Vendor Debt held by a Holder has accrued (but unrecognized) market discount
9 on the Effective Date, then any gain recognized by such Holder upon the disposition of New
Leap Common Stock would have to be treated as ordinary income to the extent of such accrued
market discount that is allocated to such New Leap Common Stock on the Effective Date.
Holders should consult their tax advisors with respect to applicable tax rates and netting rules for
capital gains and losses. Certain limitations exist on the deduction of capital losses by both
corporate and noncorporate taxpayers.

10 **Federal Income Tax Consequences to Holders of Old Leap Common Stock and New Leap
11 Common Stock**

12 *Exchange of Old Leap Common Stock for New Leap Common Stock*

13 If Old Leap Common Stock is exchanged for New Leap Common Stock pursuant
14 to the Plan, such exchange should constitute a recapitalization for federal income tax purposes,
15 and as a result, Holders of Old Leap Common Stock will not recognize any gain or loss in the
16 exchange. A Holder’s adjusted tax basis in the New Leap Common Stock will be equal to its tax
basis in the Old Leap Common Stock exchanged therefor, and a Holder’s holding period for the
New Leap Common Stock will include the Holder’s holding period for the Old Leap Common
Stock exchanged therefor.

17 *New Leap Common Stock*

18 For the tax consequences of holding and disposing of New Leap Common Stock,
19 see generally “—Federal Income Tax Consequences to Holders of Old Vendor Debt—New Leap
Common Stock” above.

20 **Accrued Interest**

21 A Holder will be treated as receiving a payment of interest (includible in income
22 in accordance with the Holder’s method of accounting for federal income tax purposes) to the
23 extent that any property received pursuant to the Plan is attributable to accrued but unpaid
24 interest, if any, with respect to the Holder’s Leap General Unsecured Claims or Old Vendor
25 Debt, as the case may be. The extent to which the receipt of Cash or other property should be
26 attributable to accrued but unpaid interest is unclear. The Reorganized Debtor Group intends to
27 take the position that such Cash or property distributed pursuant to the Plan will first be allocable
28 to the principal amount of a Holder’s Leap General Unsecured Claims or Old Vendor Debt, as
the case may be, and then, to the extent necessary, to any accrued but unpaid interest thereon. It
is possible, however, that the Service may take a contrary position.

To the extent any property received pursuant to the Plan is considered attributable
to accrued but unpaid interest, a Holder will recognize ordinary income to the extent the value of

1 such property exceeds the amount of interest previously taken into income by the Holder, and a
2 Holder's basis in such property should be equal to the amount of interest income treated as
3 satisfied by the receipt of such property. The holding period in such property should begin on
4 the day immediately after the Effective Date. A Holder generally will be entitled to recognize a
5 loss to the extent any accrued interest was previously included in its gross income and is not paid
6 in full. EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING
7 THE DETERMINATION OF THE AMOUNT OF CONSIDERATION RECEIVED UNDER
8 THE PLAN THAT IS ATTRIBUTABLE TO INTEREST (IF ANY).

6 **Backup Withholding and Information Reporting**

7 Holders may be subject to backup withholding at the applicable tax rate with
8 respect to the receipt of consideration received pursuant to the Plan, unless such Holder (1) is a
9 corporation or comes within certain other exempt categories and, when required, demonstrates
10 this fact or (2) provides a correct taxpayer identification number ("TIN") on IRS Form W-9 (or a
11 suitable substitute form), certifies as to no loss of exemption from backup withholding and
12 complies with applicable requirements of the backup withholding rules. An otherwise exempt
13 Holder may be subject to backup withholding if, among other things, the Holder (i) fails to
14 properly report payments of interest and dividends or (ii) in certain circumstances, has failed to
15 certify, under penalty of perjury, that such Holder has furnished a correct TIN. Holders that do
16 not provide a correct TIN may also be subject to penalties imposed by the Service.

17 Backup withholding is not an additional tax. Rather, the federal income tax
18 liability of persons subject to backup withholding will be reduced by the amount of tax withheld.
19 If withholding results in an overpayment of federal income taxes, a Holder may obtain a refund
20 of any excess amounts withheld under the backup withholding rules by filing the appropriate
21 claim for refund with the Service.

22 The Reorganized Debtor Group (or its paying agent) may be obligated to provide
23 information statements to the Service and to Holders who receive consideration pursuant to the
24 Plan reporting such payments (except with respect to Holders that are exempt from the
25 information reporting rules, such as corporations).

26 The backup withholding and information reporting rules described above may
27 also apply with respect to payments (and deemed payments) made after the Effective Date with
28 respect to the New Leap Common Stock.

29 THE FOREGOING DISCUSSION OF CERTAIN FEDERAL INCOME TAX
30 CONSIDERATIONS IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT
31 TAX ADVICE. ACCORDINGLY, EACH HOLDER SHOULD CONSULT ITS TAX
32 ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF THE PLAN DESCRIBED
33 HEREIN AND THE APPLICATION OF FEDERAL, STATE, LOCAL AND FOREIGN TAX
34 LAWS. NEITHER THE PROPONENTS NOR THEIR PROFESSIONALS SHALL HAVE
35 ANY LIABILITY TO ANY PERSON OR HOLDER ARISING FROM OR RELATED TO THE

1 FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN OR
2 THE FOREGOING DISCUSSION.

3 LEAP WIRELESS INTERNATIONAL,
4 INC.

5 By: _____
6 Title: _____

7 CRICKET COMMUNICATIONS
8 HOLDINGS, INC

9 By: _____
10 Title: _____

11 CRICKET COMMUNICATIONS, INC

12 By: _____
13 Title: _____

14 [THE LICENSE HOLDING
15 COMPANIES

16 By: _____
17 Title: _____]

18 [THE PROPERTY HOLDING
19 COMPANIES

20 By: _____
21 Title: _____]

22 [THE OTHER SUBSIDIARIES]

23 By: _____
24 Title: _____]

25 LATHAM & WATKINS LLP
26 Michael S. Lurey
27 Robert A. Klyman
28 Eric D. Brown
633 West Fifth Street, Suite 4000
Los Angeles, California 90071

By: _____
Counsel for the Debtors

1 **DECLARATION OF SERVICE**

2 **Leap Wireless International, Inc. Cricket Communications, Inc., et al.**
3 **Case No. 03-3470-All through 033535-All**

4 I am a resident of the State of California, over the age of eighteen years, and not a party
5 to the within action. My business address is Latham & Watkins, 633 West Fifth Street, Suite
6 4000, Los Angeles, California 90071-2007.

7 On May 9, 2003, I served the foregoing document entitled **DISCLOSURE**
8 **STATEMENT ACCOMPANYING JOINT PLAN OF REORGANIZATION DATED AS**
9 **OF MAY 9, 2003** on the interested parties as stated on the attached Service List.

10
11 I placed a sealed envelope or package containing the document(s) in a post
12 office, mailbox, sub-post office, substation, mail chute, or other like facility
13 regularly maintained by the United States Postal Service for receipt of U.S. Mail,
with U.S. Mail postage paid.

14 I declare that I am employed in the office of a member of the Bar of or permitted to
15 practice before this Court at whose direction the service was made.

16 Executed on May 9, 2003, at Los Angeles, California.

17
18 _____
19 s/s
20 JOAN ROBLES

SPECIAL NOTICE LIST (Updated: 5/8/03)		
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