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7 Debtors and Debtors-in-Possession

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 FIRST AMENDED
JOINT PLAN OF REORGANIZATION
DATED AS OF MAY 23, 2003**

Hearing

Date: June 17, 2003

Time: 2:00 p.m.

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 First Amended 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 23, 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 Leap General Unsecured Claims (in their capacity as such Holders), and is the
6 product of months of investigation and negotiations among the foregoing parties (and the
7 Informal Noteholder Committee prior to the appointment of the Official Committee). As a result
8 of the foregoing settlement, the Debtors have been able to file the Plan – which provides for the
9 preservation of the Debtors as viable going-concern businesses – and expect to confirm the
10 Chapter 11 Cases on an expedited timetable. On the other hand, without the settlement
11 memorialized in the Plan, the Chapter 11 Cases could deteriorate into free-fall chapter 11 cases
12 and Holders of Allowed Claims and Interests would receive distributions (if any) only after the
13 conclusion of lengthy and expensive complex litigation. Those distributions, moreover, would
14 be reduced substantially due to the likely deterioration of the value of the Debtors during
15 prolonged Chapter 11 Cases and the millions of dollars in legal and expert fees which would be
16 incurred to litigate the Intercompany Claims and Litigation Claims.

17 In sum, the settlement provides that on the Effective Date, or as soon thereafter as
18 practicable, the Holders of Old Vendor Debt Claims will receive from Cricket, on a Pro Rata
19 basis, 96.5% of the New Leap Common Stock and New Senior Notes aggregating \$350 million
20 in principal amount. On the Initial Distribution Date, and notwithstanding the occurrence of the
21 Effective Date, (a) Holders of Allowed Leap General Unsecured Claims, including the Holders
22 of Old Leap Notes, will receive, on a Pro Rata basis, (i) beneficial interests in the Leap Creditor
23 Trust and (ii) the Leap General Unsecured Claim Cash Distribution, and (b) Leap will transfer
24 the 12 ½% Senior Secured Claim Distribution (approximately \$200,000), on a Pro Rata basis, to
25 the Holders of the 12 ½% Senior Secured Claims. In addition, on the later of the Effective Date
26 and the Initial Distribution Date, Reorganized Leap will transfer to the Leap Creditor Trust (i)
27 the Leap Creditor Trust Assets and (ii) 3.5% of the New Leap Common Stock. After satisfaction
28 of all Allowed Administrative Claims and Priority Claims against Leap, any remaining Cash held
in reserve by Leap will be distributed to the Leap Creditor Trust. If any Leap Creditor Trust
Assets are monetized on or after the Initial Distribution Date but prior to the Effective Date, such
monies shall be transferred to the Leap Creditor Trust immediately upon such monetization.
Holders of Old Leap Common Stock will receive nothing on account of their Interests.

21 The Holders of Old Vendor Debt hold valid, perfected and duly enforceable
22 security interests in all of the stock and assets of the License Holding Companies, the assets of
23 CCH, the stock and assets of Cricket and the stock and assets of the Property Holding
24 Companies. The only assets available to Holders of Old Leap Notes are the Leap General
25 Unsecured Claim Cash Distribution and those assets that will be transferred to the Leap Creditor
26 Trust for the benefit of such Holders pursuant to the Plan. There are no material assets available
27 for any Holders of Unsecured Claims against Cricket, the License Holding Companies, the
28 Property Holding Companies or the Other Subsidiaries (and in a chapter 7 liquidation such
holders would receive nothing). As a result, 96.5% of the New Leap Common Stock will be
contributed by Leap to CCH and by CCH to Cricket, and then distributed to the Holders of Old
Vendor Debt. All New Cricket Common Stock and New Other Subsidiary Common Stock will
be held directly by Reorganized Leap for the benefit of the Holders of New Leap Common
Stock. Leap also will contribute to CCH and CCH will contribute to Reorganized Cricket all of

1 the New License Holding Company Common Stock. As a result, Reorganized Cricket will hold
2 directly all New License Holding Company Common Stock and New Property Holding
3 Company Common Stock. The issuance of all of the aforementioned stock does not reflect any
4 so-called “new value” plan; instead, such issuance reflects the economic realities of these
5 Chapter 11 Cases. In other words, if the Holders of Old Vendor Debt foreclosed on their
6 collateral, such Holders would own the Old License Holding Company Common Stock (and the
7 assets of the License Holding Companies, subject to the FCC Claim), the Old Cricket Common
8 Stock (and the assets of Cricket) and the Old Property Holding Company Common Stock (and
9 the assets of the Property Holding Companies). Moreover, the Intercompany Releases provided
10 on account of Intercompany Claims do not take any value away from any Holder of a Claim
11 against or Interest in Cricket, the License Holding Companies or the Property Holding
12 Companies because any such Intercompany Claims are pledged to the Holders of Old Vendor
13 Debt and any recovery thereon would inure solely to the benefit of such Holders.

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

14 **THE PLAN IS THE PRODUCT OF NEGOTIATIONS AMONG THE**
15 **DEBTORS, THE INFORMAL VENDOR DEBT COMMITTEE, THE INFORMAL**
16 **NOTEHOLDER COMMITTEE (PRIOR TO THE APPOINTMENT OF THE OFFICIAL**
17 **COMMITTEE) AND THE OFFICIAL COMMITTEE. THE DEBTORS BELIEVE THE**
18 **PLAN REPRESENTS THE BEST POSSIBLE RETURN TO HOLDERS OF CLAIMS**
19 **AND INTERESTS. THE DEBTORS, THE INFORMAL VENDOR DEBT COMMITTEE**
20 **AND THE OFFICIAL COMMITTEE STRONGLY URGE YOU TO READ THE**
21 **DISCLOSURE STATEMENT AND VOTE IN FAVOR OF THE PLAN.**

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

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

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

- 26 • The Plan (Exhibit A);
- 27 • An Order of the Court dated [____], 2003 (the “Disclosure Statement
28 Order”) approving the Disclosure Statement and establishing certain

1 procedures with respect to the solicitation and tabulation of votes to accept or
2 reject the Plan (Exhibit B);

- 3 • Leap Wireless International, Inc. Organizational Chart (Exhibit C);
- 4 • Leap Wireless International, Inc. Annual Report on Form 10-K/A for the year
5 ending December 31, 2002 (excluding exhibits) (Exhibit D);
- 6 • Leap Wireless International, Inc. Quarterly Report on Form 10-Q for the
7 quarter ending March 31, 2003 (excluding exhibits) (Exhibit E);
- 8 • Liquidation Analyses (Exhibit F);
- 9 • Projections for Reorganized Leap (Exhibit G);
- 10 • Leap Budget (Exhibit H);
- 11 • Cricket Budget (Exhibit I),
- 12 • Description of New Cricket Common Stock, New Leap Capital Stock, New
13 License Holding Company Common Stock, New Property Holding Company
14 Common Stock and New Other Subsidiary Common Stock (Exhibit J);
- 15 • Description of New Senior Notes (Exhibit K);
- 16 • Schedule of Litigation Claims (Exhibit L); and
- 17 • Valuation of Reorganized Leap from UBS Warburg LLC (Exhibit M).

18 If you did not receive a copy of the Exhibits to the Disclosure Statement, you may
19 obtain the Exhibits by logging on to the Debtors' website for the Chapter 11 Cases,
20 www.leapreorganization.com.

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

24 On [_____], 2003, after notice and a hearing, the Court entered the
25 Disclosure Statement Order approving this Disclosure Statement as containing adequate
26 information of a kind and in sufficient detail to enable hypothetical, reasonable investors typical
27 of Holders of Claims against and Interests in the Debtors to make an informed judgment as to
28 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

1 Disclosure Statement Order and the instructions accompanying the Ballots in their entirety
2 before voting on the Plan.

3 II. OVERVIEW OF THE PLAN

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

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

20 CLAIMS AGAINST AND INTERESTS IN LEAP

21 <u>Class</u>	22 <u>Type of Allowed Claim or Interest</u>	23 <u>Treatment</u>	24 <u>Estimated Recovery</u>
25 –	26 Administrative Claims	27 Paid in full in Cash 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.	28 100%
–	Priority Tax Claims	Paid in full in Cash 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		
	Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
		<u>Secured Claims:</u>		
1A	GLH Claim	Impaired; on the Effective Date or as soon as practicable thereafter, GLH shall receive the GLH Collateral.	100%	
1B	12 ½% Senior Secured Claim	Unimpaired; on the Initial Distribution Date or as soon as practicable thereafter, each Holder of an Allowed 12 ½% Senior Secured Claim shall receive, on a Pro Rata basis, the 12 ½% Senior Secured Claim Distribution.	100%	
1C	Old Vendor Debt Claim	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.	36-43%	
2A et seq.	Other Secured Claims	Impaired; each Holder of an Allowed Class 2A et seq. Claim shall receive, in full satisfaction of its Claim, its Collateral on the Effective Date or as soon as practicable thereafter.	100%	
		<u>Unsecured Claims:</u>		
3	Priority Claims	Unimpaired; paid in full 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 the terms and conditions of any agreements or understandings relating thereto between Leap and the Holder of such Claim.	100%	
4	General Unsecured Claims	Impaired; each Holder of an Allowed Class 4 Claim to receive a Pro Rata distribution of the Leap General Unsecured Claim Cash Distribution and a Pro Rata distribution of beneficial interests in the Leap Creditor Trust.	14%	

1	2	3	4	5	6	7	8	9
	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 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.					0%
	7	Old Stock Rights in Leap and All Claims Arising Out of Such Old Stock Rights	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

11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
	Class	Type of Allowed Claim or Interest	Treatment														
	-	Administrative Claims	Paid in full in Cash by CCH 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.														
	-	Priority Tax Claims	Paid in full in Cash by CCH on the Effective Date or as soon as practicable thereafter.														
		<u>Secured Claims:</u>															
	1A	Old Vendor Debt Claim	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.														

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Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
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%
<u>Unsecured Claims:</u>			
3	Priority Claims	Unimpaired; paid in full by CCH 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 the 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 and All Claims Arising Out of Such Old Stock Rights	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 by Reorganized Cricket 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%
17	<u>Secured Claims:</u>		
18 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.	36-43%
21 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%
25	<u>Unsecured Claims:</u>		
26 3	Priority Claims	Unimpaired; paid in full by Reorganized Cricket on or before the later of (i) the Effective Date or as soon as practicable thereafter, (ii) the date such Claim	100%

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Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
		becomes an Allowed Claim and (iii) the date that such Claim would be paid in accordance with the 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.	>0%
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 and All Claims Arising Out of Such Old Stock Rights	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 LICENSE HOLDING COMPANIES**
 2 **(APPLICABLE TO EACH LICENSE HOLDING COMPANY)**

3 Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
4 –	Administrative Claims	Paid in full in Cash by the applicable Reorganized 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%
12 –	Priority Tax Claims	Paid in full in Cash by the applicable Reorganized License Holding Company on the Effective Date or as soon as practicable thereafter.	100%
15	<u>Secured Claims:</u>		
16 1A	Old Vendor Debt Claim	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.	36-43%
19 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%

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	Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
3	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%
6		<u>Unsecured Claims:</u>		
7	3	Priority Claims	Unimpaired; paid in full by the applicable Reorganized 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 the terms and conditions of any agreements or understandings relating thereto between the applicable License Holding Company and the Holder of such Claim.	100%
15	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%
17	5	Intercompany Claims	Impaired; each Holder of an Allowed Class 5 Claim to receive the Intercompany Release.	>0%
19	6	Old License Holding Company Common Stock and Securities Claims Against License Holding Company	Impaired; each Holder of an Allowed Class 6 Interest shall retain no Cash or property on account of such Interest.	0%
23	7	Old Stock Rights in License Holding Company and All Claims Arising Out of Such Old Stock Rights	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 PROPERTY HOLDING COMPANIES**
 2 **(APPLICABLE TO EACH PROPERTY HOLDING COMPANY)**

3 Class	4 Type of Allowed Claim or Interest	5 Treatment	6 Estimated Recovery
7 –	8 Administrative Claims	9 Paid in full in Cash by the applicable Reorganized Property Holding Company on the Effective Date or as soon as practicable thereafter (unless the Holder of a particular Claim and the applicable 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.	10 100%
11 –	12 Priority Tax Claims	13 Paid in full in Cash by the applicable Reorganized Property Holding Company on the Effective Date or as soon as practicable thereafter.	14 100%
15	<u>Secured Claims:</u>		
16 1A	17 Old Vendor Debt Claims	18 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.	19 36-43%
20 2A et seq.	21 Other Secured Claims	22 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.	23 100%

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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 by the applicable Reorganized Property 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 the terms and conditions of any agreements or understandings relating thereto between the applicable 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 Claim.	0%
5	Intercompany Claims	Impaired; each Holder of an Allowed Class 5 Claim to receive the Intercompany Release.	>0%
6	Old Property Holding Company Common Stock and Securities Claims Against Property Holding Company	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 Property Holding Company and All Claims Arising Out of Such Old Stock Rights	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 OTHER SUBSIDIARIES (APPLICABLE TO**
 2 **EACH OTHER SUBSIDIARY)**

3 Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
4 –	Administrative Claims	Paid in full in Cash by the applicable Reorganized Other Subsidiary 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%
11 –	Priority Tax Claims	Paid in full in Cash by the applicable Reorganized Other Subsidiary on the Effective Date or as soon as practicable thereafter.	100%
14	<u>Secured Claims:</u>		
15 1A et seq.	Other Secured Claims	Impaired; each Holder of an Allowed Class 1A et seq. Claim shall receive, in full satisfaction of its Claim, its Collateral on the Effective Date or as soon as practicable thereafter.	100%
18	<u>Unsecured Claims:</u>		
19 2	Priority Claims	Unimpaired; paid in full by the applicable Reorganized Other Subsidiary 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 the terms and conditions of any agreements or understandings relating thereto between the applicable Other Subsidiary and the Holder of such Claim.	100%

Class	Type of Allowed Claim or Interest	Treatment	Estimated Recovery
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%
4	Intercompany Claims	Impaired; each Holder of an Allowed Class 4 Claim to receive the Intercompany Release.	>0%
5	Old Other Subsidiary Common Stock and Securities Claims Against Other Subsidiary	Impaired; each Holder of an Allowed Class 5 Interest shall receive no Cash or property on account of such Interest.	0%
6	Old Stock Rights in Other Subsidiary and All Claims Arising Out of Such Old Stock Rights	Impaired; each Holder of an Allowed Class 6 Interest shall receive no Cash or property on account of such Interest.	0%

A. Holders of Claims and Interests Entitled To Vote

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

1. Leap

With respect to Leap, Class 1B (12 ½% Senior Secured Claim against Leap) and Class 3 (Priority Claims) are Unimpaired and are presumed to have accepted the Plan.

With respect to Leap, Class 1A (GLH Claim against Leap), Class 1C (Old Vendor Debt Claims), Class 2A et seq. Claims (Other Secured Claims against Leap), Class 4 (General Unsecured Claims against Leap), and Class 5 (Intercompany Claims against Leap) are Impaired and will receive distributions under the Plan. To the extent Claims and Interests in such classes are Allowed Claims and Interests, the Holders of such Claims and Interests are entitled to vote to accept or reject the Plan.

With respect to Leap, Class 6 (Old Leap Common Stock and Securities Claims against Leap) and Class 7 (Old Stock Rights in Leap and All Claims Arising Out of Such Old Stock Rights) are Impaired, but the votes of Class 6 and Class 7 are not being solicited. Holders

1 of Class 6 and 7 Interests are not receiving any distributions under the Plan and therefore are
2 deemed to have rejected the Plan.

3 **2. CCH**

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

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

11 With respect to CCH, Class 4 (General Unsecured Claims against CCH), Class 6
12 (Old CCH Common Stock and Securities Claims against CCH) and Class 7 (Old Stock Rights in
13 CCH and All Claims Arising Out of Such Old Stock Rights) are not being solicited. Holders of
14 Class 4 Claims and Class 6 and 7 Interests are not receiving any distributions under the Plan and
15 therefore are deemed to have rejected the Plan.

16 **3. Cricket**

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

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

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

4. License Holding Companies

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

With respect to License Holding Companies, Class 1A (Old Vendor Debt
Claims), Class 1B (FCC Claims) (to the extent such Claims are not Reinstated) 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.

1 With respect to License Holding Companies, Class 4 (General Unsecured
2 Claims), Class 6 (Old License Holding Company Common Stock and Securities Claims Against
3 License Holding Company) and Class 7 (Old Stock Rights in License Holding Company and All
4 Claims Arising Out of Such Old Stock Rights) are Impaired, but the votes of Classes 4, 6 and 7
are not being solicited. Holders of Class 4 Claims and Class 6 and 7 Interests are not receiving
any distributions under the Plan and therefore are deemed to have rejected the Plan.

5 **5. Property Holding Companies**

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

8 With respect to Property Holding Companies, Class 1A (Old Vendor Debt
9 Claims) and Class 5 (Intercompany Claims) are Impaired and will receive distributions under the
10 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.

11 With respect to Property Holding Companies, Class 4 (General Unsecured
12 Claims), Class 6 (Old Property Holding Company Common Stock and Securities Claims) and
13 Class 7 (Old Stock Rights in Property Holding Company and All Claims Arising Out of Such
14 Old Stock Rights) are Impaired, but the votes of Classes 4, 6 and 7 are not being solicited.
Holders of Class 4 Claims and Class 6 and 7 Interests are not receiving any distributions under
the Plan and therefore are deemed to have rejected the Plan.

15 **6. Other Subsidiaries**

16 With respect to Other Subsidiaries, Class 3 (Priority Claims) are Unimpaired and
17 are presumed to have accepted the Plan.

18 With respect to Other Subsidiaries, Class 1A et seq. Claims (Other Secured
19 Claims against Other Subsidiaries) and Class 5 (Intercompany Claims) are Impaired and will
20 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.

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

25 Generally, for the Plan to be confirmed by the Court with respect to each Debtor,
26 two-thirds in dollar amount, and one-half in number of the Allowed Claims, or with respect to
27 the Allowed Interests two-thirds of the Interests, in each Impaired Class of Claims, or Interests,
28 that actually are voted must vote to accept the Plan. The Plan may be confirmed under certain
circumstances, despite dissent by one or more Impaired Classes, and the Debtors reserve the
right to seek such non-consensual confirmation of the Plan. However, a Holder of a Claim or
Interest will be deemed to have rejected the Plan if such plan provides that the Claims or

1 Interests of such class do not entitle such Holders to receive or retain any property under the
2 Plan. For voting and distribution purposes, the Plan contemplates separate classes for each of the
3 Debtors. Accordingly, the voting and other confirmation requirements of the Bankruptcy Code
4 must be satisfied for each Debtor.

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

10 **B. Voting Procedures**

11 If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the
12 purpose of voting on the Plan. If you are entitled to vote Claims or Interests in more than one
13 Class, you will receive a separate Ballot for each such Class of Claims or Interests. Each Ballot
14 has been coded to reflect the Class of Claims and Interests it represents. Accordingly, in voting
15 to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this
16 Disclosure Statement. Please complete and sign your original Ballot (copies, facsimiles and oral
17 votes will not be accepted), and return it to the Voting Agent at the address set forth on the
18 Ballot.

19 **TO BE COUNTED, YOUR COMPLETED BALLOT MUST BE
20 RECEIVED BY THE VOTING AGENT NO LATER THAN 4:00 P.M., PACIFIC TIME,
21 ON [____], 2003. ANY EXECUTED BALLOT RECEIVED BY THE VOTING
22 AGENT THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION
23 OF THE PLAN SHALL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE
24 PLAN.**

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

30 Pursuant to the Disclosure Statement Order, the Court set [____], 2003 as the
31 record date for voting on the Plan and for receiving distributions under the Plan. Accordingly,
32 only holders of record as of [____], 2003 that otherwise are entitled to vote under the Plan
33 will receive a Ballot and may vote on the Plan.

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

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

C. Confirmation Hearing

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.

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

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

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

Andrews & Kurth L.L.P.
Attorneys for Informal Vendor Debt
Committee
805 Third Avenue
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

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

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

Any interested party desiring more information about the Plan should contact (IN WRITING) counsel to the Debtors, Robert A. Klyman, Latham & Watkins LLP, 633 West Fifth Street, Suite 4000, Los Angeles, California, (213) 891-8763 (facsimile), or log on to the Debtors' website for the Chapter 11 Cases, www.leapreorganization.com.

1 **E. Disclaimer**

2 ALL HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN
3 INTEREST ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE
4 STATEMENT AND THE ACCOMPANYING PLAN OF REORGANIZATION IN THEIR
5 ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES
6 AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN
7 THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS ANNEXED
8 HERETO AND OTHER DOCUMENTS REFERENCED AS FILED WITH THE COURT
9 PRIOR TO OR CONCURRENT WITH THE FILING OF THIS DISCLOSURE STATEMENT.
10 THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS
11 OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE
12 STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE
13 DATE HEREOF.

14 THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN
15 ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016
16 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE. THIS DISCLOSURE
17 STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES
18 AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE
19 ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS
20 OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR
21 TRANSFERRING SECURITIES OF LEAP SHOULD EVALUATE THIS DISCLOSURE
22 STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSES FOR WHICH THEY WERE
23 PREPARED.

24 CERTAIN STATEMENTS CONTAINED HEREIN OR ATTACHED HERETO,
25 INCLUDING PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-
26 LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE
27 CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL
28 OUTCOMES.

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

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

1 AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND
2 OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT
3 SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT,
4 LIABILITY, STIPULATION OR WAIVER BUT RATHER AS A STATEMENT MADE
5 WITHOUT PREJUDICE SOLELY FOR SETTLEMENT PURPOSES, WITH FULL
6 RESERVATION OF RIGHTS. THIS DISCLOSURE STATEMENT SHALL NOT BE USED
7 FOR ANY LITIGATION PURPOSE WHATSOEVER, AND SHALL NOT BE ADMISSIBLE
8 IN ANY PROCEEDING INVOLVING THE DEBTORS, THE INFORMAL VENDOR DEBT
9 COMMITTEE, THE OFFICIAL COMMITTEE OR ANY OTHER PARTY IN INTEREST,
10 NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX,
11 SECURITIES LAW OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF
12 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 March 31,
24 2003, Cricket:

- 25 • had approximately 1,513,000 customers in its markets across the U.S.; and
- 26 • owned wireless licenses covering approximately 53.1 million potential
27 customers in 33 states.

28 As of March 31, 2003, Cricket employed approximately 1,383 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 D,
Leap's most recent Annual Report on Form 10-K/A, and Exhibit E, Leap's most recent Quarterly
Report on Form 10-Q, 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 March 31, 2003,
18 the effective interest rates on the 12 ½% Senior Notes and 14 ½% Senior Discount Notes were
19 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 \$1.5 million of fees due under the
8 loan at March 31, 2003, 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 the 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 loan brokerage transactions and that the investment banking firms charged excessive brokerage
8 fees in violation of New York General Obligations Law Section 5-531, which limits the fees
9 payable to loan brokers. The complaint seeks compensatory damages, costs and fees in
10 connection with bringing suit, and other remedies. Leap believes the plaintiff lacked a right to
11 bring the claim and that the claim is without merit and intends to 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 March 31,
20 2003, Cricket had approximately \$1,614.3 million outstanding under its Vendor Debt Facilities.
21 In addition, as of March 31, 2003, Cricket had \$49.9 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 the lenders under such facilities 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 March 31, 2002 had a weighted-average
5 effective interest rate of 10.1% 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 Remaining fees payable by Cricket under the Vendor Debt Facilities include
9 origination fees totaling \$49.8 million. The origination fees are currently payable to the vendors,
10 as the availability period under all of the credit facilities ended upon termination of the
11 commitments in September 2002. At March 31, 2003, origination fees totaling \$49.8 million
12 were accrued, of which \$10.0 million had been paid through borrowings under the Vendor Debt
13 Facilities.

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

18 **C. Others**

19 *Debt Obligations to the FCC and Note Payable.* As of March 31, 2003, the
20 Cricket companies had assumed \$76.7 million in debt obligations to the FCC as part of the
21 purchase price for wireless licenses. The terms of the notes include interest rates ranging from
22 6.25% to 9.75% per annum and quarterly principal and interest payments until maturity through
23 July 2007. The notes were discounted using management's best estimate of the prevailing market
24 interest rate at the time of purchase of the wireless licenses ranging from 9.75% to 10.75% per
25 annum. At March 31, 2003, the weighted-average effective interest rate for the License Holding
26 Companies' debt obligations to the FCC and a third party was 9.9% per annum.

27 In April 2002, Leap completed the exchange of certain wireless licenses with
28 GLH. Pursuant to the agreement, GLH assumed FCC debt totaling \$8.4 million related to certain
of the wireless licenses transferred to GLH in the exchange. In consideration for GLH's
assumption of the FCC debt, Leap provided to GLH a note payable totaling \$8.4 million, which
is secured by a pledge of the stock of Cricket Licensee XI, Inc., a Leap subsidiary that owns
certain wireless licenses that are not used in the Cricket business. In January 2003, Leap chose
not to make a payment of principal and accrued interest that was due on the note, which
constituted an event of default. Leap has received a notice of default from GLH and a notice of
acceleration of the principal and accrued interest balance. GLH has also notified Leap 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

To address the Debtors' long-term financial needs, the Debtors' management began developing plans to improve the Debtors' capital structure. In order to maximize the recovery for all stakeholders, the Debtors, with the assistance of its financial advisors, determined that this could be achieved best through a restructuring. As such, in the Fall of 2002, the Debtors organized the Informal 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.

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

- In March 2002, Leap transferred approximately \$86.6 million to CCH as a capital contribution, and caused CCH to transfer such amounts to Cricket as a capital contribution.
- In May 2002, Leap transferred a refund from the FCC (in the approximate amount of \$34.5 million) to CCH as a capital contribution, and caused CCH to transfer such amounts to Cricket as a capital contribution.
- Between March and August 2002, Leap transferred 28 licenses to Cricket Licensee (Reauction), Inc. Cricket Licensee (Reauction), Inc. had 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

1 corporate enterprise could have been threatened. Moreover, a default and acceleration under the
2 Vendor Debt Facilities would have caused an Event of Default under the Indenture.

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

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

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

SECTION V.

THE CHAPTER 11 CASES

A. Disclosure Statement and Plan Confirmation Hearings

The Debtors filed this Disclosure Statement and the Plan with the Court on May
23, 2003. The Court considered the adequacy of the Disclosure Statement and the Plan at a
hearing on [_____], 2003. The Confirmation Hearing in respect of the Plan has been
scheduled for [_____], 2003 at 8:30 a.m., Pacific Time, before the Honorable 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.

1 **B. Significant Motions During the Chapter 11 Cases³**

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, Claims and
Data Management 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 and Employ and Compensate Latham & Watkins
LLP as General Bankruptcy Counsel for the Debtors;
- 14 (v) Application to Retain UBS Warburg LLC as Financial Advisor to the
15 Debtors; and
- 16 (vi) Motion for Order Establishing Notice and Service Requirements in
17 Debtors’ Chapter 11 Cases and Authorizing Debtors to Give Limited
Notice.

18 (b) Motions Relating to Financing:

- 19 (i) Motions for Interim and Final Order Authorizing the Use of Cash
20 Collateral and Granting Replacement Liens.

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

- 22 (i) Motion for Order (A) Authorizing Debtors to (1) Pay Prepetition
23 Employee Wages, Salaries, Bonuses and Related Items, (2) Reimburse
Prepetition Employee Business Expenses, (3) Make Payments for Which
24 Payroll Deductions Were Made, (4) Make Prepetition Contributions and
Pay Benefits Under Employee Benefit Plans and (5) Pay All Costs
25 Incidental to the Foregoing Payments and Contributions, and (B)
26 Authorizing and Directing Applicable Banks and Other Financial

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

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Institutions to Receive, Process, Honor and Pay Any and All Checks Drawn on Debtors' Accounts for Such Purposes;

- (ii) Motion for Order Authorizing Implementation of Retention Plan;
- (iii) Motion for Order Authorizing Implementation of Severance Agreements for Senior Management; and
- (iv) Motion for Order (I) Authorizing Continued Use of Existing Business Forms and Records and Maintenance of Existing Corporate Bank Accounts and Cash Management Systems, (II) Approving Investment Guidelines and (III) Authorizing Continuation of Intercompany Transactions.

(d) Motions Relating to Vendors and Suppliers:

- (i) Motion for Authority to Pay Certain Critical Prepetition Trade Creditors in the Ordinary Course; and
- (ii) Motion for Order Pursuant to 11 U.S.C. §§ 105, 503(b), 507(a) and 366 (I) Prohibiting Utilities from Altering, Refusing or Discontinuing Services on Account of Prepetition Invoices and (II) Establishing Procedures For Determining Requests for Additional Adequate Assurance.

(e) Motions Relating to Customers:

- (i) Motion for an Order Pursuant to 11 U.S.C. § 105(a) Authorizing, but not Directing, Debtors to Honor Certain Prepetition Obligations to Consumer Customers and to Continue Certain Consumer Customer Programs and Practices.

(f) Other:

- (i) Motion for Order Pursuant to §§ 105(a) and 541 of the Bankruptcy Code Authorizing the Debtors to Pay Prepetition Sales and Use Taxes, Regulatory Fees and Business License Fees and Directing Wells Fargo Bank to Honor Prepetition Checks for Payment of Prepetition Sales and Use Taxes, Regulatory Fees and Business License Fees; and
- (ii) Motion for Order Authorizing the Debtors to Reject Certain Executory Contracts and Non-Residential Real Property Leases Nunc Pro Tunc to the Petition Date.

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

1 Boulevard, Portland, Oregon 97005, Attention: Leap Wireless International Claims Processing,
2 on or before 4:00 p.m. (Pacific Time) on June 28, 2003 (the “Bar Date”). The motion requested
3 that any person or entity that fails to timely file a proof of claim will be barred, estopped and
4 enjoined forever from voting on, or receiving a distribution under, the Plan, and will be barred,
5 estopped and enjoined forever from asserting a Claim against the Debtors, their Estates,
6 Reorganized Debtors, and any of their successors or assigns. On April 14, 2003, the Court
7 entered the Bar Date Order and pursuant to such order, June 28, 2003 was established as the Bar
8 Date.

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

7 **1. Assumption and Cure**

8 Except as otherwise provided in the Plan, or in any contract, instrument, release or
9 other agreement or document entered into in connection with the Plan, on the Effective Date,
10 pursuant to Section 365 of the Bankruptcy Code, each Reorganized Debtor will assume each
11 executory contract and unexpired lease entered into by that Debtor prior to the Petition Date that
12 has not previously (a) expired or terminated pursuant to its own terms or (b) been assumed or
13 rejected pursuant to Section 365 of the Bankruptcy Code, as set forth on a Schedule to be Filed
14 no later than two weeks prior to the Confirmation Hearing. The Confirmation Order will
15 constitute an Order of the Court approving the assumptions described in the Plan, pursuant to
16 Section 365 of the Bankruptcy Code, as of the Effective Date.

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

28 A schedule of contracts and leases to be assumed by each Reorganized Debtor,
along with cure amounts each Reorganized Debtor intends to pay (or, in the case of contracts and
leases to be assumed by Leap, cure amounts Cricket intends to pay) on the Effective Date or as
soon as practicable thereafter will be Filed no later than two weeks prior to the Confirmation
Hearing. **Any party to a contract or lease who objects to the listed cure amounts must file
and serve an objection on counsel for the Debtors no later than 5 days prior to the
commencement of the Confirmation Hearing; failure to file and serve a timely objection
shall be deemed consent to the cure amounts Scheduled. Any cure amounts shall be the
responsibility of Cricket.**

2. **Rejection and Damages**

Executory contracts (including any employment agreements) and unexpired leases
that exist between the Debtors and any person that are not assumed in a manner consistent with

1 Section IV.D.1 above or that are not the subject of a motion to assume that is pending on the
2 Confirmation Date and that is subsequently approved shall be rejected as of the Confirmation
3 Date. All Claims for damages arising from the rejection of executory contracts or unexpired
4 leases must be filed with the Court in accordance with the terms of the order authorizing such
5 rejection, or, if not rejected by separate order, within thirty (30) days from the entry of the
6 Confirmation Order. Any Claims not filed within such time will be forever barred from assertion
7 against the Debtors, the Estates and the Reorganized Debtors. Each of the Allowed Claims
8 arising from the rejection of executory contracts or unexpired leases shall be treated as a General
9 Unsecured Claim of the applicable Debtor that was party to such contract or lease.

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

11 **1. The Debtors' Professionals**

12 During the course of the Chapter 11 Cases, the Court has approved or will be
13 asked to approve the Debtors' retention of the following professionals to advise the Debtors in a
14 variety of areas: Latham & Watkins LLP (bankruptcy counsel) and UBS Warburg LLC (the
15 Debtors' financial advisor).

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

17 On April 25, 2003, the United States Trustee for the Southern District of
18 California, pursuant to Section 1102 of the Bankruptcy Code, appointed the Official Committee
19 to represent the interests of all holders of unsecured claims in Leap's Chapter 11 Case. The
20 Official Committee currently consists of the following creditors: Goldman Sachs & Co., Aspen
21 Advisors LLC, QUALCOMM Inc., Aquitania Partners, LP, Royal Bank of Canada and US Bank
22 National Assoc.

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

26 The Informal Vendor Debt Committee retained Andrews & Kurth LLP and
27 Communications Technology Advisors, as legal counsel and financial advisors, respectively.

28 **SECTION VI.**

THE FUTURE BUSINESS OF REORGANIZED DEBTORS

A. Capitalization and Structure of Reorganized Debtors

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.

1 Except as otherwise provided in the Plan or the Confirmation Order, all Cash
2 necessary for the Reorganized Debtors to make payments pursuant to the Plan will be obtained
3 from the Reorganized Debtors' Cash balances or borrowings and the operations of the
4 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.

5 On the Effective Date, Reorganized Leap will own 100% of the issued and
6 outstanding shares of Reorganized Cricket and the Reorganized Other Subsidiaries. Reorganized
7 Leap will contribute to CCH the New License Holding Company Common Stock, and CCH will
8 contribute such stock to Reorganized Cricket. As a result, Reorganized Cricket will own 100%
9 of the issued and outstanding shares of each of the Reorganized License Holding Companies and
each of the Reorganized Property Holding Companies. On the Effective Date, CCH will be
merged with and into Cricket Communications, Inc. in a "tax-free" reorganization intended to
comply with Section 368(a)(1)(G) of the Internal Revenue Code.

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

11 The directors and officers of each of the Debtors will continue to serve in such
12 capacities until and through the Effective Date. As of the Effective Date, Leap currently
13 contemplates that the new board of directors of Reorganized Leap initially shall consist of the
Chief Executive Officer of Reorganized Leap and six directors to be designated by the Informal
Vendor Debt Committee.

14 The Board of Directors of Reorganized Leap shall select the Board of Directors
15 and senior management of the other Reorganized Debtors.

16 Reorganized Leap may authorize an appropriate compensation and bonus plan for
17 permanent senior management employed by Reorganized Cricket post-Confirmation. After the
18 Effective Date, Reorganized Leap may adopt a new incentive plan for the grant to officers,
19 employees and directors of the Company of options to acquire shares of New Leap Common
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.

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

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

- 22 (a) Leap will issue and contribute to CCH 96.5% of the New Leap Common Stock,
23 and CCH will contribute such stock to Cricket;
- 24 (b) the Holders of Old Vendor Debt will receive from Cricket, on a Pro Rata basis,
25 96.5% of the New Leap Common Stock and New Senior Notes issued by Cricket
26 aggregating \$350 million in principal amount. For a more detailed description of
the New Senior Notes, please refer to Exhibit K attached hereto; and
- 27 (c) the Holders of General Unsecured Claims against Leap will receive from Leap, on
28 a Pro Rata basis, 3.5% of the New Leap Common Stock (through their beneficial
interests in the Leap Creditor Trust).

1 right to receive an amount under the plan that is no less than the value that claim holder would
2 receive in a chapter 7 liquidation. Under Section 1124 of the Bankruptcy Code, a class is
3 “impaired” if the legal, equitable or contractual rights attaching to the claims or interests of that
4 class are modified, other than by curing defaults and reinstating maturity or by payment in full in
5 Cash. Typically, this means that the holder of an unimpaired claim will receive under the plan
6 payment in full, in Cash, with prepetition interest to the extent permitted and provided under the
7 governing agreement between the parties (if applicable) or applicable non-bankruptcy law, and
8 the remainder of the debtor’s obligations, if any, will be performed as they become due in
9 accordance with their terms. Thus, other than the right to accelerate the debtor’s obligations, the
10 holder of an unimpaired claim will be placed in the position in which it would have been if the
11 debtor had not commenced a chapter 11 case.

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

27 A chart summarizing the treatment of Claims and Interests under the Plan is set
28 forth at page v, supra.

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

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

1. **Unclassified – Administrative Claims**

Administrative Claims include the costs and expenses of administration of the
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

1 Allowed by the Court pursuant to Section 330 or Section 503 of the Bankruptcy Code, and any
2 fees or charges assessed against the Debtors' estates pursuant to Section 1930, Chapter 123 of
Title 28 of the United States Code.

3 Pursuant to the Plan, Allowed Administrative Claims (a) will be paid Cash equal
4 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
5 thereafter as practicable, or (b) will receive such other treatment as to which the applicable
Debtor and the holder of an Allowed Administrative Claim shall agree in writing.

6
7 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
8 Claims to be paid on the Effective Date will mainly comprise the Allowed fees and expenses
incurred by professionals providing services in the Chapter 11 Cases.

9
10 The Debtors estimate that the amount of Allowed Administrative Claims and
Priority Claims under the Bankruptcy Code (the "Effective Date Payments"), that are unpaid as
of the Effective Date, will be the following: (a) the Debtors', the Informal Vendor Debt
11 Committee's, the Informal Noteholder Committee's and the Official Committee's professionals'
fees (approximately \$5-10 million); and (b) severance payments.

12 13 **2. Unclassified – Priority Tax Claims**

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

22
23 The Debtors believe that no Allowed Priority Tax Claims exist.

24 25 **3. Classified Claims Against and Interests in Leap**

26 *Leap Class 1A – GLH Claim.* On the Effective Date, or as soon as practicable
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 the GLH Collateral. The
Holder of the Allowed Secured Claim in Class 1A shall be Impaired and entitled to vote to
28 accept or reject the Plan.

1 *Leap Class 1B – 12 ½% Senior Secured Claim.* On the Initial Distribution Date,
2 or as soon as practicable thereafter, each Holder of a Class 1B 12 ½% Senior Secured Claim
3 shall receive, in full satisfaction, settlement, release and discharge of and in exchange for its
4 Claim, on a Pro Rata basis, the 12 ½% Senior Secured Claim Distribution. In addition, by order
5 entered by the Court on April 18, 2003, each Holder of a Class 1B 12 ½% Senior Secured Claim,
6 received, on a Pro Rata basis, the Cash in the Senior Notes Pledged Account reflecting the
7 amount of interest owing as of April 15, 2003. Leap Class 1B is Unimpaired and shall be
8 deemed to have voted to accept the Plan.

9 *Leap Class 1C – Old Vendor Debt Claim.* On the Effective Date or as soon as
10 practicable thereafter, each Holder of a Class 1C Old Vendor Debt Claim shall, in full
11 satisfaction, settlement, release and discharge of and in exchange for its Claim, receive, on a Pro
12 Rata basis, the Old Vendor Debt Distribution. Leap Class 1C is Impaired and shall be entitled to
13 vote to accept or reject the Plan.

14 *Leap Class 2A et seq. – Other Secured Claims.* Class 2 consists of all other
15 Secured Claims against Leap. This Class will be further divided into subclasses designated by
16 letters of the alphabet (**Class 2A**, **Class 2B**, and so on), so that each Holder of any Secured
17 Claim is in a Class by itself, except to the extent that there are Secured Claims that are
18 substantially similar to each other and may be included within a single Class. Each Allowed
19 Secured Claim in Class 2 will be treated as follows: Leap will transfer the Collateral securing
20 the Class 2 Claim to the Holder of the Class 2 Claim. The Holder of the Class 2 Claim shall be
21 Impaired and entitled to vote to accept or reject the Plan. Leap currently does not believe any
22 such Holders exist. If any such Claim is Filed prior to the Bar Date, the Debtors will File a
23 Schedule addressing the treatment of such Claim within ten days following the Bar Date.

24 *Leap Class 3 – Priority Claims.* The Plan provides that unless otherwise agreed
25 to by Leap and the applicable Holder of a Claim, each Holder of an Allowed Claim in Class 3
26 will be paid the Allowed Amount of such Claim in full in Cash by Leap on or before the later of
27 (i) the Effective Date or as soon as practicable thereafter, (ii) the date such Claim becomes an
28 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.

Leap Class 4 – General Unsecured Claims. On the Initial Distribution Date, each
Holder of an Allowed Class 4 Claim shall, in full satisfaction, settlement, release and discharge
of and in exchange for such Claim, receive the following treatment: a Pro Rata share of (i) the
beneficial interests in the Leap Creditor Trust and (ii) the Leap General Unsecured Claim Cash
Distribution. On the Effective Date, Reorganized Leap shall transfer to the Leap Creditor Trust
the Leap General Unsecured Claim Equity Distribution and the Leap Creditor Trust Assets.
After satisfaction of all Allowed Administrative Claims and Priority Claims, any remaining Cash
held in reserve by Leap will be distributed to the Leap Creditor Trust. If any Leap Creditor Trust
Assets are monetized on or after the Initial Distribution Date but prior to the Effective Date, such
monies shall be transferred to the Leap Creditor Trust immediately upon such monetization.
Class 4 is Impaired and therefore entitled to vote to accept or reject the Plan.

1 *Leap Class 5 - Intercompany Claim.* Each Holder of an Allowed Class 5 Claim
2 shall, in full satisfaction, settlement, release, discharge of and in exchange for such Claim,
3 receive the Intercompany Release on account of such Claim. Class 5 is Impaired under the Plan
4 and therefore entitled to vote to accept or reject the Plan.

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

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

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

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

19 *CCH Class 2A et seq. – Other Secured Claims.* Class 2 consists of all other
20 Secured Claims against CCH. This Class will be further divided into subclasses designated by
21 letters of the alphabet (**Class 2A, Class 2B,** and so on), so that each Holder of any Secured
22 Claim is in a Class by itself, except to the extent that there are Secured Claims that are
23 substantially similar to each other and may be included within a single Class. Each Allowed
24 Secured Claim in Class 2 will, in full satisfaction, settlement, release, discharge of and in
25 exchange for such Claim, be treated as follows: Either (a) the Plan will leave unaltered the legal,
26 equitable and contractual rights to which such Claim entitles the Holder; (b) (i) CCH shall cure
27 any default with respect to such Claim that occurred before or after the Petition Date, (ii) the
28 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 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 to accept
or reject the Plan. CCH currently does not believe any such Holders exist. If any such Claim is
Filed prior to the Bar Date, the Debtors will File a Schedule addressing the treatment of such
Claim within ten days following the Bar Date.

CCH Class 3 – Priority Claims. Unless otherwise agreed to by CCH and the
applicable Holder of a Claim, each Holder of an Allowed Claim in Class 3 will, in full
satisfaction, settlement, release, discharge of and in exchange for such Claim, be paid the
Allowed Amount of such Claim in full in Cash by Reorganized CCH on or before the later of (i)
the Effective Date or as soon as practicable thereafter, (ii) the date such Claim becomes an

1 Allowed Claim and (iii) the date that such Claim would be paid in accordance with any terms
2 and conditions of any agreements or understandings relating thereto between CCH and the
3 Holder of such Claim. Allowed Claims in Class 3 are Unimpaired under the Plan and the
4 Holders of Allowed Claims in Class 3 will be deemed to have accepted the Plan.

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

8 *CCH Class 5 - Intercompany Claim.* Each Holder of an Allowed Class 5 Claim
9 shall, in full satisfaction, settlement, release, discharge of and in exchange for such Claim,
10 receive the Intercompany Release on account of such Claim. Class 5 is Impaired under the Plan
11 and therefore entitled to vote to accept or reject the Plan.

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

15 *CCH Class 7 - Interests of Holders of Old Stock Rights and All Claims Arising*
16 *Out of Such Old Stock Rights.* Each Holder of an Allowed Class 7 Interest shall not receive or
17 retain any property or Cash under the Plan on account of such Interest. Class 7 is Impaired under
18 the Plan and deemed to have voted to reject the Plan. CCH currently does not believe any such
19 Holders exist.

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

21 *Cricket Class 1A – Old Vendor Debt Claim.* On the Effective Date, or as soon as
22 practicable thereafter, each Holder of an Allowed Class 1A Claim shall, in full satisfaction,
23 settlement, release, discharge of and in exchange for such Claim, receive from Cricket a Pro Rata
24 share of the Old Vendor Debt Distribution. Class 1A is Impaired and entitled to vote to accept or
25 reject the Plan.

26 *Cricket Class 2A et seq. – Other Secured Claims.* Class 2A consists of all other
27 Secured Claims against Cricket. This Class will be further divided into subclasses designated by
28 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 Allowed
Secured Claim in Class 2 will, in full satisfaction, settlement, release, discharge of and in
exchange for such Claim, be treated as follows: Either (a) the Plan will leave unaltered the legal,
equitable and contractual rights to which such Claim entitles the Holder; (b) (i) Cricket shall cure
any default with respect to such Claim that occurred before or after the 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 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 to accept

1 or reject the Plan. The Debtors will File a Schedule addressing the treatment of any such Claim
2 within ten days following the Bar Date.

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

12 *Cricket Class 4 – General Unsecured Claims.* Holders of Allowed Class 4
13 Claims shall, in full satisfaction, settlement, release, discharge of and in exchange for such
14 Claim, receive, on a Pro Rata basis, the Cricket General Unsecured Creditor Distribution on
15 account of such Claims. The Debtors believe that there will be de minimus or no value
16 distributed to Holders of Allowed Class 4 Claims under the Cricket General Unsecured Creditor
17 Distribution. In addition, such Holders will include the deficiency Claims of Old Vendor Debt
18 Holders of approximately \$990 million or more. Class 4 is Impaired and therefore entitled to
19 vote to accept or reject the Plan.

20 *Cricket Class 5 – Intercompany Claim.* Each Holder of an Allowed Class 5
21 Claim shall in full satisfaction, settlement, release, discharge of and in exchange for such Claim,
22 receive the Intercompany Release on account of such Claim. Class 5 is Impaired under the Plan
23 and therefore entitled to vote on the Plan.

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

27 *Cricket Class 7 - Interests of Holders of Old Stock Rights and All Claims Arising*
28 *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. Cricket does not believe any such Holders exist.

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

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

36 *License Holding Company Class 1B – FCC Claims.* On the Effective Date or as
37 soon as practicable thereafter, the Holder of the FCC Claims shall, in full satisfaction, settlement,
38 release, discharge of and in exchange for such Claim, 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

1 interest and a four year amortization schedule thereafter or (b) be Reinstated. Under (a), the
2 Holder of the FCC Claims will be Impaired under the Plan and entitled to vote on the Plan; under
3 (b), the Holder of the FCC Claims will be deemed Unimpaired and to have voted to accept the
4 Plan. Each License Holding Company will elect treatment for the Allowed Class 1B Claim by
5 Filing a notice of such election no later than the date of the Disclosure Statement Hearing.

6 *License Holding Company Class 2A et seq. – Other Secured Claims.* Class 2A
7 consists of all other Secured Claims against a License Holding Company. This Class will be
8 further divided into subclasses designated by letters of the alphabet (**Class 2A, Class 2B**, and so
9 on), so that each Holder of any Secured Claim is in a Class by itself, except to the extent that
10 there are Secured Claims that are substantially similar to each other and may be included within
11 a single Class. Each Allowed Secured Claim in Class 2 will, in full satisfaction, settlement,
12 release, discharge of and in exchange for such Claim, be treated as follows: Either (a) the Plan
13 will leave unaltered the legal, equitable and contractual rights to which such Claim entitles the
14 Holder; (b) (i) each applicable License Holding Company shall cure any default with respect to
15 such Claim that occurred before or after the Petition Date, (ii) the maturity of such Claim shall be
16 Reinstated as such maturity existed before any such default, (iii) the Holder of such Claim shall
17 be compensated for any damages incurred as a result of any reasonable reliance by the Holder on
18 any right to accelerate its Claim, and (iv) the legal, equitable and contractual rights of such
19 Holder will not otherwise be altered; or (c) such Claim shall receive such other treatment to
20 which the Holder shall consent. The Holder of each Allowed Secured Claim in Class 2 which is
21 treated as set forth in clause (a) or (b) of this paragraph will be Unimpaired and shall be deemed
22 to have voted for the Plan; any treatment under clause (c) of this paragraph will render the Claim
23 Impaired and entitled to vote to accept or reject the Plan. The License Holding Companies
24 currently do not believe any such Holders exist. If any such Claim is Filed prior to the Bar Date,
25 the Debtors will File a Schedule addressing the treatment of such Claim within ten days
26 following the Bar Date.

27 *License Holding Company Class 3 – Priority Claims.* Unless otherwise agreed to
28 by the parties, each Holder of an Allowed Claim in Class 3 will, in full satisfaction, settlement,
release, discharge of and in exchange for such Claim, be paid the Allowed Amount of such
Claim in full in Cash by the applicable Reorganized 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. 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.

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

License Holding Company Class 5 – Intercompany Claim. Each Holder of an
Allowed Class 5 Claim shall, in full satisfaction, settlement, release, discharge of and in
exchange for such Claim, receive the Intercompany Release under the Plan on account of such
Claim. Class 5 is Impaired under the Plan and therefore entitled to vote to accept or reject the
Plan.

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

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

10 **7. Classified Claims Against and Interests in Property Holding Companies**
11 **(applicable to each Property Holding Company)**

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

17 *Property Holding Company Class 2A et seq. – Other Secured Claims.* Class 2A
18 consists of all other Secured Claims against a Property Holding Company. This Class will be
19 further divided into subclasses designated by letters of the alphabet (**Class 2A, Class 2B,** and so
20 on), so that each Holder of any Secured Claim is in a Class by itself, except to the extent that
21 there are Secured Claims that are substantially similar to each other and may be included within
22 a single Class. Each Allowed Secured Claim in Class 2 will, in full satisfaction, settlement,
23 release, discharge of and in exchange for such Claim, be treated as follows: Either (a) the Plan
24 will leave unaltered the legal, equitable and contractual rights to which such Claim entitles the
25 Holder; (b) (i) each applicable Property Holding Company shall cure any default with respect to
26 such Claim that occurred before or after the Petition Date, (ii) the maturity of such Claim shall be
27 Reinstated as such maturity existed before any such default, (iii) the Holder of such Claim shall
28 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 to accept or reject the Plan. The Property Holding Companies
currently do not believe any such Holders exist. If any such Claim is Filed prior to the Bar Date,
the Debtors will File a Schedule addressing the treatment of such Claim within ten days
following the Bar Date.

Property Holding Company Class 3 – Priority Claims. Unless otherwise agreed
to by the parties, each Holder of an Allowed Claim in Class 3 will, in full satisfaction,
settlement, release, discharge of and in exchange for such Claim, be paid the Allowed Amount of
such Claim in full in Cash by the applicable Reorganized Property 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

1 with any terms and conditions of any agreements or understandings relating thereto between the
2 applicable Property Holding Company and the Holder of such Claim. Allowed Claims in Class 3
3 are Unimpaired under the Plan and the Holders of Allowed Claims in Class 3 will be deemed to
4 have accepted the Plan.

4 *Property Holding Company Class 4 – General Unsecured Claims.* Holders of
5 Allowed Class 4 Claims shall not receive any property or Cash on account of such Claims. Class
6 4 is Impaired and deemed to have voted to reject the Plan.

6 *Property Holding Company Class 5 – Intercompany Claim.* Each Holder of an
7 Allowed Class 5 Claim shall, in full satisfaction, settlement, release, discharge of and in
8 exchange for such Claim, receive the Intercompany Release under the Plan on account of such
9 Claim. Class 5 is Impaired under the Plan and therefore entitled to vote to accept or reject the
10 Plan.

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

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

16 **8. Classified Claims Against and Interests in Other Subsidiaries
17 (applicable to each Other Subsidiary)**

17 *Other Subsidiary Class 1A et seq. – Other Secured Claims.* Class 1A consists of
18 all other Secured Claims against an Other Subsidiary. This Class will be further divided into
19 subclasses designated by letters of the alphabet (**Class 1A**, **Class 1B**, and so on), so that each
20 Holder of any Secured Claim is in a Class by itself, except to the extent that there are Secured
21 Claims that are substantially similar to each other and may be included within a single Class.
22 Each Allowed Secured Claim in Class 1 will, in full satisfaction, settlement, release, discharge of
23 and in exchange for such Claim, be treated as follows: The Other Subsidiary will transfer the
24 Collateral securing the Class 1 Claim to the Holder of the Class 1 Claim. The Holder of the
25 Class 1 Claim shall be Impaired and entitled to vote to accept or reject the Plan. The Other
26 Subsidiaries currently do not believe any such Holders exist. If any such Claim is Filed prior to
27 the Bar Date, the Debtors will File a Schedule addressing the treatment of such Claims within ten
28 days following the Bar Date.

25 *Other Subsidiary Class 2 – Priority Claims.* Unless otherwise agreed to by the
26 parties, each Holder of an Allowed Claim in Class 2 will, in full satisfaction, settlement, release,
27 discharge of and in exchange for such Claim, be paid the Allowed Amount of such Claim in full
28 in Cash by the applicable Reorganized Other Subsidiary 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

1 Holder of such Claim. Allowed Claims in Class 2 are Unimpaired under the Plan and the
2 Holders of Allowed Claims in Class 2 will be deemed to have accepted the Plan.

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

6 *Other Subsidiary Class 4 – Intercompany Claim.* Each Holder of an Allowed
7 Class 4 Claim shall, in full satisfaction, settlement, release, discharge of and in exchange for
8 such Claim, receive the Intercompany Release under the Plan on account of such Claim. Class 4
9 is Impaired under the Plan and therefore entitled to vote to accept or reject the Plan.

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

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

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

18 **1. FCC Debt**

19 On the Effective Date or as soon thereafter as practicable, the Holder of the FCC
20 Claims shall either (a) remain fully secured, but the payment terms of the FCC Claims shall be
21 extended for a two year grace period for principal and interest and a four year amortization
22 schedule thereafter or (b) be Reinstated. Pursuant to the Plan, the Reorganized License Holding
23 Companies shall remain indebted to the FCC in the aggregate principal amount of approximately
24 \$76.7 million at March 31, 2002.

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

26 On the Effective Date, Reorganized Cricket will issue the New Senior Notes. A
27 description of the New Senior Notes is attached hereto as Exhibit K.

28 Reorganized Cricket will have additional indebtedness as set forth in the
29 Projections, attached hereto as Exhibit G.

30 **D. Distributions Under the Plan**

31 **1. General**

32 Except as otherwise provided in the Leap Creditor Trust Agreement (which shall
33 govern the timing of distributions of proceeds from the liquidation of Leap Creditor Trust Assets
34 to Holders of Leap General Unsecured Claims), on the Effective Date or as soon as practicable
35 thereafter to the extent that the Plan provides for distributions on account of Allowed Claims or
36 Allowed Interests in the applicable Class, each Holder of an Allowed Claim or Allowed Interest
37 will receive the full amount of the distributions that the Plan provides for Allowed Claims or
38

1 Allowed Interests in the applicable Class, unless such distribution was received on an earlier date
2 pursuant to the terms of the Plan. Beginning on the date that is 10 days after the end of the
3 calendar quarter following the Effective Date and 10 days after the end of each calendar quarter
4 thereafter, distributions will also be made respectively (a) to Holders of Claims or Interests to
5 whom a distribution has become deliverable during the preceding calendar quarter and (b) to
6 Holders of Disputed Claims or Disputed Interests in any such Class whose Claims or Interests
7 were Allowed during the preceding calendar quarter. Such quarterly distributions will also be in
8 the full amount that the Plan provides for Allowed Claims or Allowed Interests in the applicable
9 Class.

10 Except as otherwise provided in the Plan or the Confirmation Order, and except
11 with respect to Claims against Leap, all Cash necessary for the Reorganized Debtors to make
12 payments pursuant to the Plan will be obtained from the applicable Debtors' existing cash
13 balances, the operations of the Debtors or Reorganized Debtors or post-Effective Date
14 borrowings, as applicable.

15 Except as otherwise provided in the Plan or the Confirmation Order, all Cash
16 necessary for the Leap Creditor Trust to make payments pursuant to the Plan for Holders of
17 Claims against Leap will be obtained from assets transferred to the Leap Creditor Trust in
18 accordance with the terms of the Plan.

19 The Disbursing Agent will make all distributions of Cash and securities required
20 to be distributed under the applicable provisions of the Plan. Any Disbursing Agent may employ
21 or contract with other entities to assist in or make the distributions required by the Plan. Each
22 Disbursing Agent will serve without bond, and each Disbursing Agent, other than the
23 Reorganized Debtors, will receive, without further Court approval, reasonable compensation for
24 distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-
25 pocket expenses incurred in connection with such services from the Reorganized Debtors on
26 terms acceptable to the Reorganized Debtors.

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

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

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

2 **a. Compliance with Tax Requirements**

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

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

17 **b. Pro Rata Distribution**

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

21 **c. Distribution Record Date**

22 As of the close of business on the Distribution Record Date, the transfer registers
23 for any Old Securities and Old Vendor Debt maintained by the Debtors, or their respective
24 agents, will be closed. The Disbursing Agent and the respective agents of the Debtors will have
25 no obligation to recognize the transfer of the Old Securities and Old Vendor Debt occurring after
26 the Distribution Record Date, and will be entitled for all purposes relating to the Plan to
27 recognize and deal only with those Holders of record as of the close of business on the
28 Distribution Record Date. Distributions under the Plan shall be made by the Debtors, Leap
29 Creditor Trust or Reorganized Debtors, as applicable, to the Holders of Allowed Administrative
30 Claims and Allowed Claims in the Debtors' respective books and records, unless such addresses
31 are superseded by addresses listed on proofs of claim or transfers of claims filed pursuant to
32 Bankruptcy Rule 3001.

33 **d. Fractional Shares**

34 The calculation of percentage distribution of the New Common Stock to be made
35 to Holders of certain Allowed Claims and Interests, as provided for in the Plan, may
36 mathematically entitle such Holder to a fractional interest in the New Common Stock. The
37 number of shares of New Common Stock to be received by a Holder of an Allowed Claim and/or
38 Interest shall be rounded to the next greater or lower whole number of shares as follows: (a)
39 fractions of ½ or greater shall be rounded to the next greater whole number and (b) fractions of
40 less than ½ shall be rounded to the next lower whole number. The total number of shares of

1 New Common Stock to be distributed to a class of Claims or Interests shall be adjusted as
2 necessary to account for the rounding described above. No consideration shall be provided in
3 lieu of the fractional shares that are rounded down and not issued.

4 **e. Special Procedures for Lost, Stolen, Mutilated or Destroyed
5 Instruments**

6 In addition to any requirements under the Bylaws of the Debtors, any Holder of a
7 Claim evidenced by an Instrument that has been lost, stolen, mutilated or destroyed will, in lieu
8 of surrendering such Instrument, deliver to the Disbursing Agent: (a) evidence satisfactory to the
9 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.
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.

10 **f. Undeliverable or Unclaimed Distributions**

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

25 **3. Objections to Claims and Authority to Prosecute Objections; Claims
26 Resolution**

27 Objections to Claims, including without limitation Administrative Claims, shall
28 be Filed and served upon the Holder of such Claim or Administrative Claim no later than the
later of (a) 60 days after the Effective Date, and (b) 60 days after a proof of claim or request for
payment of such Claim is Filed, unless this period is extended by the Court; such extension may

1 be granted on an ex parte basis without notice or hearing. After the Effective Date, only the
2 Leap Creditor Trust Trustee and the Reorganized Debtors, as applicable, will have the authority
3 to File objections, settle, compromise, withdraw or litigate to judgment objections to Claims and
4 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.

5 Within 10 days prior to the date objections are due to the Plan, the Debtors will
6 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.

7 **4. Disputed Claims; Reserve and Estimations**

8 **a. Treatment of Disputed Claims**

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

10 Notwithstanding any other provisions of the Plan, no payments or distributions will be made on
11 account of a Disputed Claim or a Disputed Interest until such Claim or Interest becomes an
12 Allowed Claim or Allowed Interest. The Leap Creditor Trust Trustee or Reorganized Debtors,
13 as applicable, may, at any time, request that the Court estimate any contingent or unliquidated
14 Claim pursuant to section 502(c) of the Bankruptcy Code, irrespective of whether any Debtor
15 previously objected to such Claim or whether the Court has ruled on any such objection. The
16 Court will retain jurisdiction to estimate any contingent or unliquidated Claim at any time during
17 litigation concerning any objection to the Claim, including during the pendency of any appeal
18 relating to any such objection. If the Court estimates any contingent or unliquidated Claim, that
19 estimated amount will constitute either the Allowed Amount of such Claim or a maximum
20 limitation on such Claim, as determined by the Court. If the estimated amount constitutes a
21 maximum limitation on such Claim, the Leap Creditor Trust Trustee or Reorganized Debtors, as
22 applicable, may elect to pursue any supplemental proceedings to object to any ultimate payment
on account of such Claim. All of these Claims objection, estimation and resolution procedures
are cumulative and not necessarily exclusive of one another. In addition to seeking estimation of
Claims as provided in the Plan, the Leap Creditor Trust Trustee or Reorganized Debtors, as
applicable, may resolve or adjudicate certain Disputed Claims of Holders in Unimpaired Classes
in the manner in which the amount of such Claim and the rights of the Holder of such Claim
would have been resolved or adjudicated if the Chapter 11 Cases had not been commenced,
subject to any applicable discharge and limitations on amounts of claims and remedies available
under bankruptcy law. Claims may be subsequently compromised, settled, withdrawn or
resolved by the Leap Creditor Trust Trustee or Reorganized Debtors, as applicable.

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

24 Except as set forth in the Leap Creditor Trust Agreement, within 15 days
25 following the end of each calendar quarter, the Disbursing Agent will make all distributions on
26 account of any Disputed Claim or Disputed Interest that has become an Allowed Claim or
27 Allowed Interest in accordance with the Plan. Such distributions will be made pursuant to the
28 provisions of the Plan governing the applicable Class. Holders of Disputed Claims or Disputed
Interests that are ultimately Allowed will not be entitled to receive, on the basis of the amounts
ultimately allowed, any interest.

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c. Reserve

In accordance with the terms of the Leap Creditor Trust, and as more fully set forth therein, the Leap Creditor Trust Trustee shall be authorized to make distributions to Holders of Allowed Leap General Unsecured Claims from time to time. The total amount of Allowed Leap General Unsecured Claims (and the value of certain of Leap 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 Trust Trustee may hold back from the distributions from the Leap 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 Trust Trustee will have no further liability with respect to those Claims and the Holders of those Claims may receive proportionately lower distributions of the Old Leap General Unsecured Claim Total Distribution than the Holders of Claims Allowed prior to the time distributions are made.

5. Setoffs

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

E. General Information Concerning the Plan

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

1. Executory Contracts And Unexpired Leases

Under Section 365 of the Bankruptcy Code, the Debtors have the right, subject to Court approval, to assume or reject any executory contracts or unexpired leases. If an executory contract or unexpired lease entered into before the Petition Date is rejected by the Debtors, it will be treated as if the Debtors breached such contract or lease on the date immediately preceding the Petition Date, and the other party to the agreement may assert an Unsecured Claim for damages incurred as a result of the rejection. In the case of rejection of employment agreements

1 and real property leases, damages are subject to certain limitations imposed by Sections 365 and
2 502 of the Bankruptcy Code.

3 **a. Assumptions**

4 Except as otherwise provided in the Plan, or in any contract, instrument, release,
5 indenture or other agreement or document entered into in connection with the Plan, on the
6 Effective Date, pursuant to Section 365 of the Bankruptcy Code, the Reorganized Debtors will
7 assume each executory contract and unexpired lease entered into by the Debtors prior to the
8 Petition Date that has not previously (a) expired or terminated pursuant to its own terms or (b)
9 been assumed or rejected pursuant to Section 365 of the Bankruptcy Code, as set forth on a
10 Schedule to be Filed no later than two weeks prior to the Confirmation Hearing. The
11 Confirmation Order will constitute an Order of the Court approving the assumptions described in
12 the Plan, pursuant to Section 365 of the Bankruptcy Code, as of the Effective Date.

13 **b. Cure of Defaults in Connection With Assumption**

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

26 **c. Rejections**

27 Except as otherwise provided in the Plan or in any contract, instrument, release,
28 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 on the Schedule to be Filed;
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 such Schedule 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 Schedule. 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

1 Debtors, the Leap Creditor Trust, their successors or properties unless (a) a stipulation has been
2 entered into with respect to the rejection of such executory contract or unexpired lease or (b) a
3 proof of Claim is Filed and served on counsel for the Debtors, the Informal Vendor Debt
4 Committee and the Official Committee within 30 days after the order of the Court approving
5 such rejection becomes a Final Order or such earlier date as established by the Court. The
6 Reorganized Debtors and the Leap Creditor Trust Trustee shall have 120 days from the date of
7 such filing to File an objection to any Claim for rejection damages.

8
9 **2. Continuation of Certain Retirement and Other Benefits**

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

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

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

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

22 **1. Treatment of Unclassified Claims**

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

27 *Administrative Claims.* An “Administrative Claim” is a claim for payment of an
28 administrative expense of a kind specified in Section 503(b) of the Bankruptcy Code and referred
to in Section 507(a)(1) of the Bankruptcy Code, including, without limitation, the actual and
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
commissions for services), loans and advances to the company made after the petition date,
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
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
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,
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
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

1 Administrative Claim will be assumed on the Effective Date and paid, performed or settled by
2 the Reorganized Debtors when due in accordance with the terms and conditions of the particular
3 agreement(s) governing the obligation in the absence of the Chapter 11 Cases. Holders of
4 Administrative Claims shall have until 30 days after the Effective Date to File requests for
5 payment.

6 *Claims by Professionals.* Professionals or other entities requesting compensation
7 or reimbursement of expenses pursuant to Sections 327, 328, 330, 331, 503(b) and 1103 of the
8 Bankruptcy Code for post-petition services rendered before the Effective Date (including
9 compensation requested pursuant to Section 503(b)(4) of the Bankruptcy Code by any
10 professional or other entity for making a substantial contribution in the Chapter 11 Cases) must
11 File an application for final allowance of compensation and reimbursement of expenses no later
12 than 60 days after the Effective Date, unless such filing and service deadline is extended by the
13 Court. Objections to applications of professionals or other entities for compensation or
14 reimbursement of expenses must be filed and served on the Reorganized Debtors, counsel for the
15 Reorganized Debtors and the requesting professional or other entity no later than 30 days after
16 the date on which the applicable application for compensation or reimbursement was filed and
17 served.

12 **G. Allocation of Consideration**

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

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

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

22 **I. Cancellation of Old Securities**

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

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

26 Except as otherwise provided in the Plan or the Confirmation Order, all Cash
27 necessary for the Reorganized Debtors to make payments pursuant to the Plan will be obtained
28 from the Reorganized Debtors' Cash balances or borrowings and the operations of the
Reorganized Debtors.

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

4 **K. Certain Corporate Governance Matters**

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

6 On the Effective Date, the Old Securities and the Old Stock Rights, and all
7 obligations of the Debtors under all of the foregoing or under any agreements relating to the
8 foregoing will be terminated, cancelled and extinguished.

9 **b. Certificates of Incorporation**

10 On the Effective Date, each of the Reorganized Debtors shall adopt the Amended
11 Debtor Certificates of Incorporation pursuant to applicable non-bankruptcy law and section
12 1123(a)(5)(I) of the Bankruptcy Code. The Amended Debtor Certificates of Incorporation will,
13 among other provisions: (i) authorize the issuance of the New Common Stock; and (ii) prohibit
14 the issuance of nonvoting securities to the extent required by section 1123(a)(6) of the
15 Bankruptcy Code. The Amended Debtor Certificates of Incorporation will become effective
16 upon the occurrence of the Effective Date.

17 **L. Effect of Confirmation of the Plan**

18 **1. Vesting of Assets**

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

27 **2. Discharge of Claims and Termination of Interests**

28 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.

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

3 **3. Discharge of Reorganized Debtors and Injunction**

4 Except as otherwise provided in the Plan or the Confirmation Order: (i) on the
5 Effective Date, each Reorganized Debtor shall be deemed discharged and released to the fullest
6 extent permitted by section 1141 of the Bankruptcy Code from all Claims and Interests,
7 including, but not limited to, demands, liabilities, Claims and Interests that arose before the
8 Confirmation Date and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the
9 Bankruptcy Code, whether or not: (A) a proof of Claim or proof of Interest based on such debt
10 or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code, (B) a Claim
11 or Interest based on such debt or Interest is allowed pursuant to section 502 of the Bankruptcy
12 Code or (C) the Holder of a Claim or Interest based on such debt or Interest has accepted the
13 Plan; and (ii) all Persons shall be precluded from asserting against each Reorganized Debtor, its
14 successors, or its assets or properties any other or further Claims or Interests based upon any act
15 or omission, transaction, or other activity of any kind or nature that occurred prior to the
16 Confirmation Date. Except as otherwise provided in the Plan or the Confirmation Order, the
17 Confirmation Order shall act as a discharge of any and all Claims against and all debts and
18 liabilities of the Reorganized Debtors, as provided in sections 524 and 1141 of the Bankruptcy
19 Code, and such discharge shall void any judgment against each Reorganized Debtor at any time
20 obtained to the extent that it relates to a Claim discharged.

21 All Persons that have held, currently hold or may hold a Claim or other debt or
22 liability or an Interest or other right of such Holders, are permanently enjoined from taking any
23 of the following actions on account of any such Claims, debts or liabilities or Interests or rights:
24 (a) commencing or continuing in any manner any action or other proceeding against any of the
25 Debtors, the Informal Vendor Debt Committee (and each of its members in such capacity), the
26 Informal Noteholder Committee (and each of its members in such capacity), the Official
27 Committee (and each of its members in such capacity) and professional persons retained by the
28 Debtors, the Informal Vendor Debt Committee, the Noteholder Committee and the Official
29 Committee, and each of their respective affiliates, current or former officers, directors, agents,
30 employees and representatives; (b) enforcing, attaching, collecting or recovering in any manner
31 any judgment, award, decree or order against any of the Debtors, the Informal Vendor Debt
32 Committee (and each of its members in such capacity), the Informal Noteholder Committee (and
33 each of its members in such capacity), the Official Committee (and each of its members in such
34 capacity) and professional persons retained by any of the Debtors, the Informal Vendor Debt
35 Committee, the Informal Noteholder Committee and the Official Committee, and each of their
36 respective affiliates, current or former officers, directors, agents, employees and representatives;
37 (c) creating, perfecting or enforcing any Lien or encumbrance against any of the Debtors, the
38 Informal Vendor Debt Committee (and each of its members in such capacity), the Informal
39 Noteholder Committee (and each of its members in such capacity), the Official Committee (and
40 each of its members in such capacity) and professional persons retained by any of the Debtors,
41 the Informal Vendor Debt Committee, the Informal Noteholder Committee and the Official
42 Committee, and each of their respective affiliates, current or former officers, directors, agents,
43 employees and representatives; (d) asserting a setoff, right of subrogation or recoupment of any
44 kind against any obligation due to any of the Debtors, the Informal Vendor Debt Committee (and

1 each of its members in such capacity), the Informal Noteholder Committee (and each of its
2 members in such capacity), the Official Committee (and each of its members in such capacity)
3 and professional persons retained by any of the Debtors, the Informal Vendor Debt Committee,
4 the Informal Noteholder Committee and the Official Committee, and each of their respective
5 affiliates, current or former officers, directors, agents, employees and representatives; and (e)
6 commencing or continuing any action, in any manner, in any place that does not comply with or
7 is inconsistent with the provisions of the Plan.

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

11 **M. Retention of Jurisdiction**

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

- 15 (i) Allow, disallow, determine, liquidate, classify, subordinate, estimate or
16 establish the priority or secured or unsecured status of any Claim or
17 Interest, including the resolution of any request for payment of any
18 Administrative Claim, the resolution of any objections to the allowance or
19 priority of Claims or Interests and the resolution of any dispute as to the
20 treatment necessary to reinstate a Claim pursuant to the Plan;
- 21 (ii) Grant or deny any applications for allowance of compensation or
22 reimbursement of expenses authorized pursuant to the Bankruptcy Code or
23 the Plan, for periods ending before the Effective Date;
- 24 (iii) Resolve any matters related to the assumption or rejection of any
25 executory contract or unexpired lease to which any Debtor is a party or
26 with respect to which any Debtor may be liable, and to hear, determine
27 and, if necessary, liquidate any Claims arising therefrom;
- 28 (iv) Ensure that distributions to Holders of Allowed Claims or Allowed
Interests are accomplished pursuant to the provisions of the Plan;
- (v) Decide or resolve any motions, adversary proceedings, contested or
litigated matters and any other matters and grant or deny any applications
involving the Debtors, the Reorganized Debtors or the Chapter 11 Cases
that may be pending on the Effective Date;
- (vi) Enter such Orders as may be necessary or appropriate to implement or
consummate the provisions of the Plan and all contracts, instruments,
releases, indentures and other agreements or documents created in
connection with the Plan, this Disclosure Statement or the Confirmation
Order, except as otherwise provided herein;

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- (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 with the Plan, this Disclosure Statement or the Confirmation Order; or remedy any defect or omission or reconcile any inconsistency in any Court Order, the Plan, this Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, this Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;
- (ix) Issue injunctions, enter and implement other Orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;
- (x) Enter and implement such Orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;
- (xi) Determine any other matters that may arise in connection with or relating to the Plan, this Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, this Disclosure Statement or the Confirmation Order, except as otherwise provided in the Plan; and
- (xii) Enter an Order concluding the Chapter 11 Cases.

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

1 **N. Miscellaneous Provisions**

2 **1. Exemption From Transfer Taxes**

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

8 **2. Payment of Statutory Fees**

9 All fees payable on or before the Effective Date pursuant to section 1930 of Title
10 28 of the United States Code, as determined by the Court at the Confirmation Hearing, shall be
11 paid on or before the Effective Date.

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

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

15 **4. Governing Law**

16 Unless a rule of law or procedure is supplied by federal law (including the
17 Bankruptcy Code and Bankruptcy Rules), the laws of the State of New York (without reference
18 to the conflicts of laws provisions thereof) shall govern the construction and implementation of
19 the Plan and any agreements, documents and instruments executed in connection with the Plan.

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

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

22 **6. Withholding and Reporting Requirements**

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

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

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

5 **8. Headings**

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

8 **9. Exhibits and Schedules**

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

11 **10. Notices**

12 All notices, requests and demands hereunder to be effective shall be in writing
13 and unless otherwise expressly provided herein, shall be deemed to have been duly given or
made when actually delivered or, in the case of notice by facsimile transmission, when received
and telephonically confirmed, addressed as provided for in the Plan.

14 **11. Plan Supplement**

15 Forms of documents relating to the Amended Debtor Certificates of
16 Incorporation, Amended Debtor Bylaws, Leap Creditor Trust Agreement and New Senior Notes
17 Indenture shall be contained in the Plan Supplement and filed with the Clerk of the Court at least
18 5 days prior to the date of the Confirmation Hearing. Upon its filing with the Court, the Plan
Supplement may be inspected during normal Court hours. Holders of Claims may obtain a copy
of the Plan Supplement upon written request to counsel the Debtors.

19 **12. Conflict**

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

22 **13. Successors And Assigns**

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

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

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

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

2 Notes, bonds, stock certificates and other evidences of Claims against or Interests
3 in the Debtors, and all Instruments of the Debtors (in either case, other than those executed and
4 delivered as contemplated hereby in connection with the consummation of the Plan), shall,
5 effective upon the Effective Date, represent only the right to participate in the distributions
6 contemplated by the Plan.

7 **16. Severability Of Plan Provisions**

8 If, prior to Confirmation, any term or provision of the Plan that does not govern
9 the treatment of Claims or Interests provided for herein or the conditions to the Effective Date is
10 held by the Court to be invalid, void, or unenforceable, the Court shall have the power to alter
11 and interpret such term or provision to make it valid or enforceable to the maximum extent
12 practicable, consistent with the original purpose of the term or provision held to be invalid, void,
13 or unenforceable, and such term or provision shall then be applicable as altered or interpreted.
14 Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and
15 provisions of the Plan will remain in full force and effect and will in no way be affected,
16 impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order
17 shall constitute a judicial determination, and shall provide, that each term and provision of the
18 Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and
19 enforceable pursuant to its terms.

20 **17. Balloting**

21 Each Holder of an Allowed Claim or an Allowed Interest entitled to vote on the
22 Plan will receive a Ballot. The Ballot will contain two boxes, one indicating acceptance of the
23 Plan and the other indicating rejection of the Plan. Holders of Allowed Claims or Allowed
24 Interests who elect to vote on the Plan must mark one or the other box pursuant to the
25 instructions contained on the Ballot. Any executed Ballot that does not indicate acceptance or
26 rejection of the Plan will be deemed to be an acceptance of the Plan.

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

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

19. Survival of Settlements

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

SECTION VIII.

PROJECTIONS

1 The Debtors have developed financial projections to assess the feasibility of the
2 Reorganized Debtors generally. These projections and valuations are based on a number of
3 significant assumptions, including the successful reorganization of the Debtors, an assumed
4 Effective Date of September 30, 2003, and no significant downturn in the specific markets in
5 which the Debtors operate.

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

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

23 SECTION IX.

24 CONFIRMATION PROCEDURE

25 A. Solicitation of Votes

26 The Debtors will solicit votes from Holders of Claims and Interests in Classes
27 entitled to vote (e.g., those classes that (a) are Impaired and (b) are receiving property or Cash
28 under the Plan). As to such Classes, the Bankruptcy Code defines acceptance of a plan by a class
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.

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

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
been scheduled as disputed, contingent or unliquidated) or (ii) who filed a proof of claim on or
before June 28, 2003 (or, if not filed by such date, any proof of claim filed within any other
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.

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

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

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

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

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

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

 Again, delivery of the Ballots must be made to the Voting Agent at Poorman-
Douglas Corporation, 10300 SW Allen Boulevard, Portland, Oregon 97005, Attn: Leap Wireless
International Claims Processing. The method of such delivery is at the election and risk of the
Holder. If such delivery is by mail, it is recommended that Holders use an air courier with a

1 guaranteed next day delivery or registered mail, properly insured, with return receipt requested.
2 In all cases, sufficient time should be allowed to assure timely delivery.

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

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

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

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

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

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

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

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

26 **3. Brokerage Firms, Banks and Other Nominees**

27 A brokerage firm, commercial bank, trust company or other nominee which is the
28 registered holder of a Voting Security for a beneficial owner, or is a participant in a securities

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

8 **4. Voting Deadline and Extensions**

9
10 In order to be counted for purposes of voting on the Plan, all of the information
11 requested by the applicable Ballot must be provided. Ballots indicating acceptance or rejection
12 of the Plan must be received by the Voting Agent at its address set forth below no later than
13 4:00 p.m., Pacific Time, on the Voting Deadline. The Debtors reserve the right, in their sole
14 discretion, to extend the Voting Deadline or the Court may extend the Voting Deadline, in which
15 case the term "Voting Deadline" shall mean the latest date on which a Ballot will be accepted.

13 **5. Withdrawal of Votes on the Plan**

14
15 The solicitation of acceptances of the Plan will expire on the Voting Deadline. A
16 properly submitted Ballot may be withdrawn by delivering a written or facsimile transmission
17 notice of withdrawal to the Voting Agent, Poorman-Douglas, at the following address:

17 Poorman-Douglas Corporation
18 10300 SW Allen Boulevard
19 Portland, Oregon 97005
20 Tel: (503) 350-5800
21 Fax: (503) 350-5890
22 Attn: Leap Wireless International Claims Processing

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

25 In order to be valid, a notice of withdrawal must (i) specify the name of the
26 Holder who submitted the votes on the Plan to be withdrawn; (ii) contain a description of the
27 Claim or Interest to which it relates and the aggregate principal amount or number of shares
28 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.

Any Holder who has previously submitted to Poorman-Douglas prior to the
Expiration Date a properly completed Ballot may revoke and change such vote by submitting to
Poorman-Douglas prior to the Expiration Date a subsequent properly completed Ballot for
acceptance or rejection of the Plan. In the case where more than one timely, properly completed

1 Ballot is received, only the one which bears the latest date will be counted for purposes of
2 determining whether sufficient acceptances required to seek Confirmation of the Plan have been
3 received. If more than one Master Ballot is submitted and the later dated Master Ballot(s)
4 supplement rather than supersede the earlier Master Ballot(s), please mark the subsequent Master
Ballot(s) with the words "Additional Votes" or such other language as is customarily used to
indicate additional votes that are not meant to revoke earlier votes.

5 **6. Voting Agent**

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

9 **B. The Confirmation Hearing**

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

17 Latham & Watkins LLP
18 Attorneys for the Debtors
633 West Fifth Street, Suite 4000
19 Los Angeles, California 90071
20 Attn: Robert A. Klyman

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

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

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

24
25 **C. Confirmation**

26 This Disclosure Statement and the appropriate Ballot are being distributed to all
27 Holders of Claims and Interests who are entitled to vote on the Plan. There is a separate Ballot
28 designated for each Impaired Class in order to facilitate vote tabulation; however, all Ballots are

1 substantially similar in form and substance and the term “Ballot” is used without intended
2 reference to the Ballot of any specific class of Claims or Interests.

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

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

28 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)
“does not discriminate unfairly” with respect to each class of claims or interests that is impaired
under, and has not accepted, the plan. The “fair and equitable” standard, also known as the
“absolute priority rule,” requires, among other things, that unless a dissenting class of claims or a
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

1 claims. The Bankruptcy Code establishes different “fair and equitable” tests for secured
2 creditors, unsecured creditors and equity holders, as follows:

- 3 (a) Secured Creditors: either (i) each impaired secured creditor retains its liens
4 securing its secured claim and receives on account of its secured claim deferred
5 Cash payments having a present value equal to the amount of its allowed secured
6 claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of
7 its allowed secured claim, or (iii) the property securing the claim is sold free and
8 clear of liens with such liens to attach to the proceeds, and the liens against such
9 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 senior to a
21 dissenting class from receiving under a plan more than 100% of its allowed claims. Attached as
22 Exhibit M is a summary of a valuation analysis by UBS Warburg LLC, financial advisor to the
23 Debtors. Based on the analysis, the Debtors believe that the plan satisfies the “fair and
24 equitable” standard. The requirement that a plan not “discriminate unfairly” means, among other
25 things, that a dissenting class must be treated substantially equally with respect to other classes
26 of equal rank.

27 The Debtors believe that, if necessary, the Plan may be crammed down over the
28 dissent of certain Classes of Claims and Interests, in view of the treatment proposed for such
Classes. If necessary and appropriate, the Debtors intend to amend the Plan to permit cramdown
of dissenting Classes of Claims or Interests. There can be no assurance, however, that the
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
those of the nonaccepting class, and (ii) no class receives payments in excess of that which it is

1 legally entitled to receive for its claims or interests. The Debtors believe the Plan does not
2 discriminate unfairly.

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

6 Subject to the conditions set forth in the Plan, a determination by the Court that
7 the Plan is not confirmable pursuant to section 1129 of the Bankruptcy Code will not limit or
8 affect the Debtors' ability to modify the Plan to satisfy the Confirmation requirements of section
9 1129 of the Bankruptcy Code.

10 **1. Feasibility**

11 Section 1129(a)(11) of the Bankruptcy Code requires as a condition for
12 Confirmation that the Court determine that the Plan is not likely to be followed by a liquidation,
13 or the need for further financial reorganization, of the Debtors or the Reorganized Debtors,
14 unless such liquidation or reorganization is proposed in the Plan. The Debtors believe that the
15 Plan satisfies this requirement. The Debtors have prepared the Projections which are attached to
16 this Disclosure Statement as Exhibit G. The Debtors believe that throughout the forecast period
17 ending December 31, 2010, assuming the underlying assumptions are realized, Cash provided by
18 operations combined with availability under the post-Effective Date borrowings will be adequate
19 to meet capital expenditure and debt service requirements.

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

21 With respect to each Impaired Class of Claims and Interests, Confirmation of the
22 Plan requires that each Holder of a Claim or Interest either (i) accept the Plan or (ii) receive or
23 retain under the Plan property of a value, as of the Effective Date, that is not less than the value
24 such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the
25 Bankruptcy Code. To determine what Holders of Claims and Interests of each Impaired Class
26 would receive if the Debtors were liquidated under chapter 7, the Bankruptcy Court must
27 determine the dollar amount that would be generated from the liquidation of the Debtors' assets
28 and properties in the context of a chapter 7 liquidation case. The Cash amount that would be
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.

The Debtors' cost of liquidation under chapter 7 would include the fees payable to
a trustee in bankruptcy, as well as those fees that might be payable to attorneys and other
professionals that such a trustee might engage. In addition, claims would arise by reason of the
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 Cases. The foregoing types of claims
and other claims that might arise in a liquidation case or result from the pending Chapter 11
Cases, including unpaid expenses incurred by the Debtors during the Chapter 11 Cases such as
compensation for attorneys, financial advisors and accountants, would be paid in full from the

1 liquidation proceeds before the balance of those proceeds would be made available to pay
2 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
5 and properties, after subtracting the amounts attributable to the foregoing Claims, are then
6 compared with the value of the property offered to such Classes of Claims and Interests under
7 the Plan.

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

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

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

30 Underlying the Liquidation Analysis are a number of estimates and assumptions
31 that, although developed and considered reasonable by management, are inherently subject to
32 significant economic and competitive uncertainties and contingencies beyond the control of the
33 Debtors and their management. The Liquidation Analysis is also based on assumptions with
34 regard to liquidation decisions that are subject to change. Accordingly, the values reflected
35 might not be realized if the Debtors were, in fact, to undergo such a liquidation. The chapter 7
36 liquidation period is assumed to be a period of more than one year, allowing for, among other
37 things, the (i) discontinuation of operations, (ii) selling of assets and (iii) collection of
38 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 Official 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 Official 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 including, without limitation, all FCC approvals and consents in form and substance reasonably acceptable to the Informal Vendor Debt Committee; (3) the New Senior Notes 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 and it becomes apparent to the
13 Debtors that the Effective Date will not occur due to their inability to obtain all necessary
14 authorizations, consents and regulatory approvals required for the Plan's effectiveness, but the
15 Initial Distribution Date has occurred, the Holders of Claims against Leap and the Leap Creditor
16 Trust will retain the assets transferred to them on the Initial Distribution Date or thereafter and in
17 exchange shall be deemed to implement the Intercompany Releases and to release the Debtors
18 and the Holders of Old Vendor Debt of all Intercompany Claims and Litigation Claims held or
19 asserted by Leap and/or the Holders of Leap General Unsecured Claims as of the Initial
20 Distribution Date (which release shall be reciprocal in nature and shall be provided to the Leap
21 General Unsecured Creditors and Leap by the other Debtors and the Holders of Old Vendor Debt
22 Claims); provided, however, that the Holders of Leap General Unsecured Claims and the Leap
23 Creditor Trust will retain the right to obtain the remainder of the Leap General Unsecured Claim
24 Total Distribution in the event of the occurrence of the Effective Date.

25 **F. Vacatur of Confirmation Order**

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

22 **SECTION XI.**

23 **ALTERNATIVES TO CONFIRMATION**
24 **AND CONSUMMATION OF THE PLAN**

25 **A. Liquidation Under Chapter 7**

26 If no plan is confirmed, the Chapter 11 Cases may be converted to cases under
27 chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected to liquidate the
28 Debtors' assets for distribution in accordance with the priorities established by chapter 7. A
discussion of the effects that a chapter 7 liquidation would have on the recoveries of holders of
Claims and Interests and the Debtors' liquidation analysis are set forth herein. The Debtors, the

1 Informal Vendor Debt Committee and the Official Committee believe that liquidation under
2 chapter 7 would result in smaller distributions being made to creditors than those provided for in
3 the Plan because of (a) the likelihood that the Debtors' assets would have to be sold or otherwise
4 disposed of in a less orderly fashion over a shorter period of time, (b) additional administrative
5 expenses involved in the appointment of a trustee, and (c) additional expenses and claims, some
of which would be entitled to priority, which would be generated during the liquidation and from
the rejection of leases and other executory contracts in connection with a cessation of the
Debtors' operations.

6 **B. Alternative Plans of Reorganization**

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

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

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

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

24 **D. Final Decree.**

25 Once the Estates have been fully administered as referred to in Bankruptcy Rule
26 3019, Reorganized Cricket, or such other party as the Court shall designate in the Plan
27 Confirmation Order, shall file a motion with the Court to obtain a final decree to close the
Chapter 11 Cases.

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 and Old Vendor Debt (collectively, the
15 "Holders"), Leap and its subsidiaries (collectively, the "Debtor Group") and Reorganized Leap
16 and its subsidiaries (collectively, the "Reorganized Debtor Group"). It cannot be predicted
17 whether any tax legislation will be enacted or, if enacted, whether any tax law changes contained
18 therein would affect the tax consequences to the Holders, the Debtor Group or the Reorganized
19 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 and Old Vendor Debt
24 (collectively, the "Old Investment Securities") have held such property as "capital assets" within
25 the meaning of Section 1221 of the Tax Code (generally, property held for investment) and will
26 also hold the New Leap Common Stock and the New Senior Notes as "capital assets." This
27 discussion also assumes that the New Senior Notes are properly treated as indebtedness for
28 federal income tax purposes. This summary does not address all of the tax consequences that
29 may be relevant to a Holder, such as the potential application of the alternative minimum tax, nor
30 does it address the federal income tax consequences to Holders subject to special treatment under
31 the federal income tax laws, such as brokers or dealers in securities or currencies, certain
32 securities traders, tax-exempt entities, financial institutions, insurance companies, foreign
33 corporations, foreign trusts, foreign estates, Holders who are not citizens or residents of the
34 United States, Holders that hold the Old Investment Securities as a position in a "straddle" or as
35 part of a "synthetic security," "hedging," "conversion" or other integrated instrument, Holders
36 that have a "functional currency" other than the United States dollar and Holders that have
37 acquired the Old Investment Securities in connection with the performance of services. EACH
38 HOLDER SHOULD CONSULT ITS TAX ADVISOR AS TO THE PARTICULAR TAX
39 CONSEQUENCES TO IT OF THE PLAN, INCLUDING THE APPLICABILITY AND
40 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 or whether the same separate company or consolidated
24 group approach should apply to each tax attribute. Because the Leap General Unsecured Claims
25 are 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 may be eliminated (assuming a Section 108(b)(5) Election is
not made) as a result of the consummation of the Plan.

29 CCH would likely be required to recognize income if the amount of the COI
30 income realized by Cricket as a result of the consummation of the Plan exceeds the amount of its
31 tax attributes available for reduction under Section 108 of the Tax Code. A parent corporation in
32 a consolidated group has an "excess loss account" ("ELA") when its basis in the stock of its
33 subsidiary is reduced under the intercompany adjustment rules for members of consolidated
34 groups and the reductions exceed the parent's basis in the subsidiary's stock. A parent

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

6 *Section 382 Limitations on NOLs*

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

14 Except as otherwise discussed below, a Loss Corporation's use of NOLs (and
15 certain other tax attributes) after an "ownership change" will generally be limited annually to the
16 product of the long-term tax-exempt rate (as published by the Service for the month in which the
17 "ownership change" occurs) and the value of the Loss Corporation's outstanding stock
18 immediately before the ownership change (excluding certain capital contributions) (the
19 "Section 382 Limitation"). However, the Section 382 Limitation for a taxable year any portion of
20 which is within the five-year period following the date of the "ownership change" will be
21 increased by the amount of any "recognized built-in gains" for such taxable year. The increase in
22 a year cannot exceed the "net unrealized built-in gain" (if such gain exists immediately before
23 the "ownership change" and exceeds a statutorily-defined threshold amount) reduced by
24 recognized built-in gains from prior years ending during such five-year period. In addition, any
25 "recognized built-in losses" for a taxable year any portion of which is within the five-year period
26 following the Effective Date will be subject to limitation in the same manner as if such loss was
27 an existing NOL to the extent such recognized built-in losses do not exceed the "net unrealized
28 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
normal expiration dates. To the extent that the Loss Corporation's Section 382 Limitation in a

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

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

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

28 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
Section 382(1)(6) of the Tax Code, the Debtor Group currently intends to similarly apply the

1 rules of Section 382(1)(5) of the Tax Code on a consolidated group basis as if the Debtor Group
2 were a single entity.

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

9 *Alternative Minimum Tax*

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

20 *Cancellation of Intercompany Claims*

21 Although not free from doubt, the Debtor Group believes that it will not recognize
22 a net taxable gain if any Intercompany Claims which are “obligations of a member” (within the
23 meaning of Treasury Regulations § 1.1502-13(g)) are extinguished in the implementation of the
24 Plan. The Debtor Group also believes, although not free from doubt, that many of the
25 Intercompany Claims are not “obligations of a member.” The determination of whether an
26 Intercompany Claim is an “obligation of a member” will depend upon whether, at the Effective
27 Time, it is more probable than not that the debtor member would be called upon to perform
28 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 The merger of CCH with and into Cricket should be treated as a tax-free
10 reorganization under Section 368(a)(1)(G) of the Tax Code. Neither CCH nor Cricket should
11 recognize any gain or loss for 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 will recognize gain or loss upon
14 the receipt of Cash and other property transferred in complete satisfaction of such Claims. The
15 amount of the gain or loss will be equal to the difference between (i) the sum of the Cash and the
16 fair market value of the property received in exchange therefor, and (ii) the Holder’s adjusted tax
17 basis in the Leap General Unsecured Claims exchanged therefor. Any such gain or loss
18 generally would be (subject to the market discount rules discussed below) long-term capital gain
19 or loss if the Leap General Unsecured Claims had been held for more than one year. The
20 Holder’s tax basis in the other property received in exchange for Leap General Unsecured
21 Claims would be equal to the fair market value of such other property on the Effective Date, and
22 the holding period for such other property would begin for a Holder on the day immediately after
23 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 the lesser of the amount of
3 gain realized or the fair market value on the Effective Date of any New Leap Common Stock
4 (which is other property received in the recapitalization since it is not a security in the issuer of
5 the Old Vendor Debt) received in exchange therefor. The Holders of Old Vendor Debt would
6 also recognize income to the extent the New Senior Notes and the New Leap Common Stock are
7 attributable to accrued but unpaid interest on the Old Vendor Debt, in which event Holders
8 would generally be required to treat such amounts as payment of interest includible in income in
9 accordance with the Holder's method of accounting for tax purposes (see "Accrued Interest"
10 below). A Holder's adjusted tax basis in any New Senior Notes received in exchange for Old
11 Vendor Debt will equal the Holder's tax basis in such Old Vendor Debt, increased by any gain
12 recognized in respect of such Old Vendor Debt and decreased by the fair market value of the
13 New Leap Common Stock (other than any portion that is allocable to accrued interest with
14 respect to the Old Vendor Debt). The Holder's basis in the New Leap Common Stock will be
15 the fair market value of such Stock. The Holder's holding period for the New Senior Notes will
16 include the Holder's holding period for the Old Vendor Debt, and the Holder's holding period
17 for the New Leap Common Stock will begin on the day immediately following the Effective
18 Date.

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

New Senior Notes

Original Issue Discount

Because the New Senior Notes provide for the payment of interest in Additional Notes (as defined below), 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

1 applicable federal rate), and will be equal to its “imputed principal amount” if the debt
2 instrument does not provide for “adequate stated interest.” Since the New Senior Notes will not
3 bear “adequate stated interest,” the issue price of the New Senior Notes would equal the
4 “imputed principal amount” of such New Senior Notes if neither the Old Vendor Debt nor the
5 New Senior Notes is “traded on an established securities market.” The “imputed principal
6 amount” of the New Senior Notes would be equal to the sum of the present values of all
7 payments due under such New Senior Notes, as long as the “imputed principal amount” so
8 calculated exceeds the stated redemption price at maturity of such New Senior Notes. If the debt
9 instrument received is “traded on an established securities market,” then its issue price will be its
10 trading price immediately following issuance. If the exchanged debt instrument is so traded (but
11 the debt instrument received in exchange therefor is not), the issue price of the debt instrument
12 received will generally be equal to the fair market value of the debt instrument exchanged
13 therefor at the time of the exchange (less the fair market value of the portion of such debt
14 instrument allocable to any other property received in addition to the new debt instrument, such
15 as the New Leap Common Stock in the exchange of Old Vendor Debt for New Senior Notes and
16 New Leap Common Stock).

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

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

AHYDO Rules

The New Senior Notes will constitute “applicable high yield discount obligations” (“AHYDOs”) if the yield to maturity of such New Senior Notes equals or exceeds the sum of the

1 “applicable federal rate” in effect on the Effective Date (the “AFR”) plus five percentage points
2 and the New Senior Notes have “significant” OID. Because payments of interest on the New
3 Senior Notes will be made with Additional Notes, the New Senior Notes should be considered to
4 have “significant” OID. Based on the current AFR, the New Senior Notes would likely be
5 AHYDOs. However, the final determination of whether the New Senior Notes will constitute
6 AHYDOs will ultimately be made on the Effective Date.

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

23 **Market Discount**

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

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

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

13 **Amortizable Bond Premium**

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

20 ***New Leap Common Stock***

21 **Dividends**

22 A Holder generally will be required to include in gross income as ordinary
23 dividend income the amount of any distributions paid on the New Leap Common Stock to the
24 extent that such distributions are paid out of Reorganized Leap's current or accumulated earnings
25 and profits as determined for federal income tax purposes. Distributions in excess of such
26 earnings and profits will reduce the Holder's tax basis in its New Leap Common Stock and, to
27 the extent such excess distributions exceed such tax basis, will be treated as gain from a sale or
28 exchange of such New Leap Common Stock. Holders that are treated as corporations for federal
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. Holders should consult
8 their tax advisors with respect to applicable tax rates and netting rules for capital gains and
9 losses. Certain limitations exist on the deduction of capital losses by both corporate and
10 noncorporate taxpayers.

11 **Accrued Interest**

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

22 To the extent any property received pursuant to the Plan is considered attributable
23 to accrued but unpaid interest, a Holder will recognize ordinary income to the extent the value of
24 such property exceeds the amount of interest previously taken into income by the Holder, and a
25 Holder’s basis in such property should be equal to the amount of interest income treated as
26 satisfied by the receipt of such property. The holding period in such property should begin on
27 the day immediately after the Effective Date. A Holder generally will be entitled to recognize a
28 loss to the extent any accrued interest was previously included in its gross income and is not paid
in full. EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING
THE DETERMINATION OF THE AMOUNT OF CONSIDERATION RECEIVED UNDER
THE PLAN THAT IS ATTRIBUTABLE TO INTEREST (IF ANY).

29 **Backup Withholding and Information Reporting**

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

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

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

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

13 THE FOREGOING DISCUSSION OF CERTAIN FEDERAL INCOME TAX
14 CONSIDERATIONS IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT
15 TAX ADVICE. ACCORDINGLY, EACH HOLDER SHOULD CONSULT ITS TAX
16 ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF THE PLAN DESCRIBED
17 HEREIN AND THE APPLICATION OF FEDERAL, STATE, LOCAL AND FOREIGN TAX
18 LAWS. NEITHER THE PROPONENTS NOR THEIR PROFESSIONALS SHALL HAVE
19 ANY LIABILITY TO ANY PERSON OR HOLDER ARISING FROM OR RELATED TO THE
20 FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN OR
21 THE FOREGOING DISCUSSION.

22 SECTION XIII.

23 LIMITATION OF LIABILITY

24 Neither (a) any Debtor or Reorganized Debtor or any of their respective
25 postpetition employees, officers, directors, agents, representatives, affiliates, attorneys, financial
26 advisors or any other professional persons employed by any of them, nor (b) the Informal
27 Vendor Debt Committee and the Informal Noteholder Committee, or any of their respective
28 members, agents, employees, directors, officers, representatives, attorneys or other professional
advisors nor (c) the Official Committee, or any of their respective postpetition members, agents,
employees, directors, officers, representatives, attorneys or other professional advisors, in each
case, shall have any responsibility, or have or incur any liability, to any Person whatsoever,
under any theory of liability (except for any claim based upon willful misconduct or gross
negligence), for any act taken or omission made in good faith directly related to formulating,
implementing, confirming, or consummating the Plan, the Disclosure Statement, or any contract,
instrument, release, or other agreement or document created in connection with the Plan,
provided that nothing in this paragraph shall limit the liability of any Person for breach of any
express obligation it has under the terms of this Plan or under any post-petition agreement or
other post-petition document entered into by such Person or in accordance with the terms of this
Plan or for any breach of a duty of care owed to any other Person occurring after the Effective
Date.

1 DATED: May 23, 2003

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5 DATED: May 23, 2003

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20 DATED: May 23, 2003

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LEAP WIRELESS INTERNATIONAL,
INC.

By: _____ /s/ _____

Title:

CRICKET COMMUNICATIONS
HOLDINGS, INC.

By: _____ /s/ _____

Title:

CRICKET COMMUNICATIONS, INC.

By: _____ /s/ _____

Title:

FOR EACH OF THE LICENSE
HOLDING COMPANIES

By: _____ /s/ _____

Title:

FOR EACH OF THE PROPERTY
HOLDING COMPANIES

By: _____ /s/ _____

Title:

FOR EACH OF THE OTHER
SUBSIDIARIES

By: _____ /s/ _____

Title:

LATHAM & WATKINS LLP

Michael S. Lurey

Robert A. Klyman

Eric D. Brown

633 West Fifth Street, Suite 4000

Los Angeles, California 90071

By: _____ /s/ _____

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 23, 2003, I served the foregoing document entitled **DISCLOSURE**
8 **STATEMENT ACCOMPANYING FIRST AMENDED JOINT PLAN OF**
9 **REORGANIZATION DATED AS OF MAY 23, 2003** on the interested parties as stated on
10 the attached Service List.

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

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

17 Executed on May 23, 2003, at Los Angeles, California.

18
19 _____
20 s/s
21 JOAN ROBLES

SPECIAL NOTICE LIST
(Updated: 5/21/03)

	<p>SPECIAL NOTICE LIST (Updated: 5/21/03)</p>	
<p>Tiffany Carroll Office of the U.S. Trustee 402 W. Broadway, Suite 600 San Diego, CA 92101 (619) 557-5013 ph (619) 557-5339 fax</p>	<p>James Hoffmann Leap Wireless International 10307 Pacific Center Court San Diego, CA 92121 (858) 882-6000 ph (858) 882-6010 fax</p>	<p>Robert Klyman, Esq. Latham & Watkins 633 W. Fifth St., Suite 4000 Los Angeles, CA 90071 (213) 891-7584 ph (213) 891-8763 fax robert.klyman@lw.com</p>
<p>Lannas J. Barfield Andrews & Kurth L.L.P. 600 Travis, Suite 4200 Houston, Texas 77002 (713) 220-4347 ph (713) 238-7307 fax lanasbarfield@akllp.com</p>	<p>Matthew Williams Kramer Levin Naftalis & Frankel LP 919 Third Avenue New York, NY 10022 (212) 715-9527 ph (212) 715 8000 fax mjwilliams@kramerlevin.com</p>	<p>Margery N. Reed (Atty for Lucent) Duane Morris LLP One Liberty Pl., Ste. 4200 Philadelphia, PA 19103-7396 (215) 979-1000 ph (215) 979-1020 fax mreed@duanemorris.com</p>
<p>Pamela Cocalas Wirt, Esq. Atty for SBA Towers Inc/SBA Prop. 5900 Broken Sound Pky NW Boca Raton, FL 33487 (561) 226-9395 ph (561) 998-3448 fax</p>	<p>Richard Baumfield Andrews & Kurth LLP 805 Third Avenue New York, New York 10022 (212) 850-2852 ph (212) 850-2929 fax richardbaumfield@akllp</p>	<p>Jeffrey M. Reisner Irell & Manella LLP 840 Newport Center Dr, Ste 400 Newport Beach, CA 92660 (949) 760-0991 ph (949) 760-5200 fax jreisner@irell.com</p>
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