

Leap Wireless (LEAP): DCF

Closing price on 9/21/09 of \$19.95

\$USD in Mil.

Islamorada Investment Management

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Projected Financial Data - 2 Stage Discounted Cash Flow Model

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Adjusted OIBDA - Maint Capex	\$195	\$216	\$240	\$267	\$296	\$329	\$365	\$405	\$449	\$499
Growth Rate	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
EOY Adj OIBDA - MC	\$216	\$240	\$267	\$296	\$329	\$365	\$405	\$449	\$499	\$554
Discount Rate (11%)	0.901	0.812	0.731	0.659	0.593	0.535	0.482	0.434	0.391	0.352
Present Value of Cash Flow	\$195	\$195	\$195	\$195	\$195	\$195	\$195	\$195	\$195	\$195

Sum of PV of Annual Owners Earnings 1,950

Calculation of Terminal Value

Cash Flow in year 10	195
Growth rate	0.03
Owner Earnings in year 11	201
Cap rate	0.08
Terminal Value end of yr 10	2,509
PV factor at end of yr 10	0.352

PV of Terminal Value 883

Intrinsic Value of Company 2,834

Market Value of Company 1,544

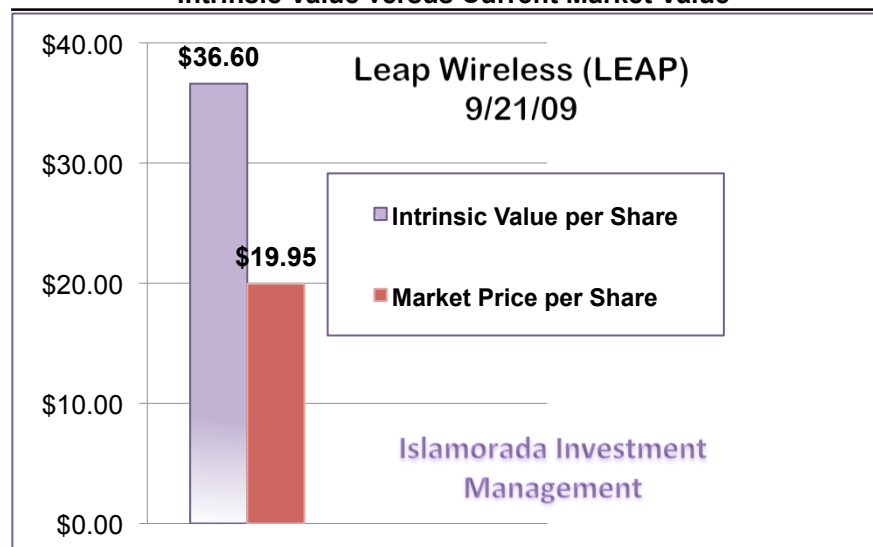
Margin of Safety 46%

Shares Outstanding 77,410,000

Intrinsic Value per Share \$36.60

Market Price per Share \$19.95

Intrinsic Value versus Current Market Value



Notes (9.21.09):

Adj OIBDA data from Aug 6 09 Q2 Press Release

Adj OIBDA "excludes effects of gain/loss on sale/disposal of assets, impairment of assets and share-based comp expense"

2010 exp consensus growth = 14%

Maintenance capex is mid-teens of service revenue (from latest slide deck). Six month rev of \$1.06B x 2 x .17

Good deck is Leap2Q08_PPT in Watch List folder

Ignored equity in IV calc cuz \$2.3B of goodwill and intangibles