

## Leap Wireless (LEAP): Advantage of Low Cost Structure

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	Leap <sup>1</sup>	Average	National Carriers <sup>2</sup>			
			AT&T	Sprint	T-Mobile	Verizon
Average MOUs per Month	1,500	955	906	960	1,130	825
<b>Cash Profit Per User</b>						
ARPU	\$41	\$51	\$50	\$56	\$47	\$51
CPU	(16)	(25)	(22)	(24)	(25)	(27)
CPPU	25	26	28	32	22	23
Margin %	61%	52%	56%	57%	47%	46%
<b>Churn Adjusted Profit Per User</b>						
CPPU	\$25	\$26	\$28	\$32	\$22	\$23
CPGA x Churn <sup>3</sup>	(10)	(7)	(6)	(12)	(7)	(5)
Adj. CPPU	15	19	22	20	15	18
Margin %	37%	37%	45%	35%	32%	36%
Total Adjusted Cost Per User	\$26	\$32	\$28	\$36	\$32	\$33

### Conclusions:

**Even at a price point around 20% lower than competitors, LEAP achieves similar profitability**

**As economy improves and churn drops, CCPU and margins will benefit**

**Cost to acquire users (CPGA) can increase modestly and Adj CCPU Margin still near average**

### Notes:

<sup>1</sup> Based on 3Q09, excluding costs of new market launches and Cricket Broadband

<sup>2</sup> Based data from PCS deck in 3Q09, which came from recent public info and Street estimates

<sup>3</sup> CGPA in Q309 of \$188 and churn of 5.1% in existing business

Churn year ago of 4.3% - higher now due to economy and comp