

## Definition of Terms and Reconciliation of Non-GAAP Financial Measures for 2010

The Company utilizes certain financial measures that are widely used in the telecommunications industry and are not calculated based on GAAP. Certain of these financial measures are considered non-GAAP financial measures within the meaning of Item 10 of Regulation S-K promulgated by the SEC.

The consolidated financial measures set forth below reflect the financial results of the Company on a consolidated basis. The voice financial measures set forth below reflect the financial results of the Company's Cricket Wireless and Cricket PAYGo™ service offerings and the broadband financial measures set forth below reflect the financial results of the Company's Cricket Broadband service. For purpose of calculating the voice and broadband financial measures set forth below, certain corporate-level and regional-level overhead expenses have been allocated based on the number of gross customer additions and weighted-average number of customers for such services.

**(1) Consolidated, Voice and Broadband Average Revenue per User (ARPU):** ARPU is service revenue divided by the weighted-average number of customers, divided by the number of months during the period being measured. Voice ARPU and broadband ARPU are additional non-GAAP financial measures that reflect average revenue per user attributable to the Company's particular service offerings. Management uses ARPU to identify average revenue per customer, to track changes in average customer revenues over time, to help evaluate how changes in our business, including changes in our service offerings affect average revenue per customer, and to forecast future service revenue. In addition, ARPU provides management with a useful measure to compare our subscriber revenue to that of other wireless communications providers. Under our current revenue recognition policy, regulatory fees and telecommunications taxes that are billed and collected from our customers are reported as service revenue net of amounts that we remit to government agencies. Effective August 2010 with the launch of our new "all-inclusive" service plans, we no longer bill and collect these fees and taxes from customers, although we incur a reduction to our reported service revenues when we remit these fees and taxes to governmental agencies. As a result, for purposes of our calculation of ARPU, these fees and taxes remitted with respect to our all-inclusive plans have been added back to service revenues. In a corresponding adjustment described in note 3 below, fees and taxes remitted with respect to our all-inclusive plans have been added to our cost of service for purposes of calculation CCU.

Customers of our Cricket Wireless and Cricket Broadband service are generally disconnected from service approximately 30 days after failing to pay a monthly bill. Customers of our Cricket PAYGo service are generally disconnected from service if they have not replenished or "topped up" their account within 60 days after the end of their current term of service. Therefore, because our calculation of weighted-average number of customers includes customers who have yet to disconnect service because they have either not paid their last bill or have not replenished or "topped up" their account, ARPU may appear lower during periods in which we have significant disconnect activity. We believe investors use ARPU primarily as a tool to track changes in our average revenue per customer and to compare our per customer service revenues to those of other wireless communications providers. Other companies may calculate this measure differently.

The following table reconciles total service revenues used in the calculation of consolidated, voice and broadband ARPU to service revenue, which we consider to be the most directly comparable GAAP financial measure to ARPU (in thousands, except weighted-average number of customers and ARPU):

	Three Months Ended			Nine Months Ended
	March 31, 2010	June 30, 2010	September 30, 2010	September 30, 2010
Service Revenue.....	\$ 584,822	\$ 596,999	\$ 565,237	\$ 1,747,058
Plus applicable regulatory fees and telecommunications taxes remitted for our all-inclusive service plans.....	—	—	4,669	4,669
Total service revenues used in the calculation of ARPU.....	\$ 584,822	\$ 596,999	\$ 569,906	\$ 1,751,727
Consolidated weighted-average number of customers.....	5,135,102	5,290,825	5,131,982	5,185,976
Consolidated ARPU.....	\$ 37.96	\$ 37.61	\$ 37.02	\$ 37.53
Less service revenues attributable to the Company's broadband service included in total service revenues.....	(58,180)	(64,033)	(60,696)	(182,909)
Total service revenues used in the calculation of voice ARPU.....	\$ 526,642	\$ 532,966	\$ 509,210	\$ 1,568,818
Voice weighted-average number of customers.....	4,569,634	4,654,418	4,529,044	4,584,372
Voice ARPU.....	\$ 38.42	\$ 38.17	\$ 37.48	\$ 38.02
Less applicable regulatory fees and telecommunications taxes for our all-inclusive service plans.....	—	—	(4,669)	(4,669)
Less service revenues attributable to the Company's voice service included in total service revenues.....	(526,642)	(532,966)	(504,541)	(1,564,149)
Total service revenues used in the calculation of broadband ARPU.....	\$ 58,180	\$ 64,033	\$ 60,696	\$ 182,909
Broadband weighted-average number of customers.....	565,468	636,407	602,937	601,604
Broadband ARPU.....	\$ 34.30	\$ 33.54	\$ 33.56	\$ 33.78

**(2) Consolidated, Voice and Broadband Cost Per Gross Customer Addition (CPGA):** CPGA is selling and marketing costs (excluding applicable share-based compensation expense included in selling and marketing expense), and equipment subsidy (generally defined as cost of equipment less equipment revenue), less the net loss on equipment transactions and third-party commissions unrelated to the initial customer acquisition, divided by the total number of gross new customer additions during the period being measured. Voice CPGA and broadband CPGA are additional non-GAAP financial measures that reflect customer acquisition costs attributable to the Company's particular service offerings. The net loss on equipment transactions unrelated to the initial customer acquisition includes the revenues and costs associated with the sale of wireless devices to existing customers as well as costs associated with device replacements and repairs (other than warranty costs which are the responsibility of the device manufacturers). Commissions unrelated to the initial customer acquisition are commissions paid to third parties for certain activities related to the continuing service of customers. We deduct customers who do not pay their monthly bill for their second month of service from our gross customer additions, which tends to increase CPGA because we incur the costs associated with this customer without receiving the benefit of a gross customer addition. Management uses CPGA to measure the efficiency of our customer acquisition efforts, to track changes in our average cost of acquiring new subscribers over time, and to help evaluate how changes in our sales and distribution strategies affect the cost-efficiency of our customer acquisition efforts. In addition, CPGA provides management with a useful measure to compare our per customer acquisition costs with those of other wireless communications providers. We believe investors use CPGA primarily as a tool to track changes in our average cost of acquiring new customers and to compare our per customer acquisition costs to those of other wireless communications providers. Other companies may calculate this measure differently.

The following table reconciles total costs used in the calculation of consolidated, voice and broadband CPGA to selling and marketing expense, which we consider to be the most directly comparable GAAP financial measure to CPGA (in thousands, except gross customer additions and CPGA):

	Three Months Ended			Nine Months Ended
	March 31, 2010	June 30, 2010	September 30, 2010	September 30, 2010
Selling and marketing expense	\$ 111,884	\$ 96,449	\$ 98,942	\$ 307,275
Less share-based compensation expense included in selling and marketing expense	(1,106)	(1,831)	(1,577)	(4,514)
Plus cost of equipment	168,053	111,041	120,273	399,367
Less equipment revenue	(69,132)	(36,542)	(37,478)	(143,152)
Less net loss on equipment transactions and commissions unrelated to the initial customer acquisition	(16,141)	(22,025)	(38,833)	(76,999)
Total costs used in the calculation of consolidated CPGA	\$ 193,558	\$ 147,092	\$ 141,327	\$ 481,977
Consolidated gross customer additions	1,132,998	683,315	644,387	2,460,700
Consolidated CPGA	\$ 171	\$ 215	\$ 219	\$ 196
Less net operating expenses attributable to the Company's broadband service included in total operating expenses	(37,939)	(20,650)	(20,222)	(78,811)
Total costs used in the calculation of voice CPGA	\$ 155,619	\$ 126,442	\$ 121,105	\$ 403,166
Voice gross customer additions	871,095	573,846	533,949	1,978,890
Voice CPGA	\$ 179	\$ 220	\$ 227	\$ 204
Less net operating expenses attributable to the Company's voice services included in total operating expenses	(155,619)	(126,442)	(121,105)	(403,166)
Total costs used in the calculation of broadband CPGA	\$ 37,939	\$ 20,650	\$ 20,222	\$ 78,811
Broadband gross customer additions	261,903	109,469	110,438	481,810
Broadband CPGA	\$ 145	\$ 189	\$ 183	\$ 164

**(3) Consolidated, Voice and Broadband Cash Costs Per User (CCU):** CCU is cost of service and general and administrative costs (excluding applicable share-based compensation expense included in cost of service and general and administrative expense) plus net loss on equipment transactions and third-party commissions unrelated to the initial customer acquisition (which includes the gain or loss on the sale of devices to existing customers, costs associated with device replacements and repairs (other than warranty costs which are the responsibility of the device manufacturers) and commissions paid to third parties for certain activities related to the continuing service of customers), divided by the weighted-average number of customers, divided by the number of months during the period being measured. CCU does not include any depreciation and amortization expense. Voice and broadband CCU are additional non-GAAP financial measures that reflect the cash costs per user attributable to the Company's particular service offerings. In connection with the launch of our new "all-inclusive" rate plans in August 2010, regulatory fees and telecommunications taxes on our all-inclusive rate plans that we remit to governmental agencies but no longer bill and collect from our customers have been added to cost of service for purposes of calculating CCU. Management uses CCU as a tool to evaluate the non-selling cash expenses associated with ongoing business operations on a per customer basis, to track changes in these non-selling cash costs over time, and to help evaluate how changes in our business operations affect non-selling cash costs per customer. In addition, CCU provides management with a useful measure to compare our non-selling cash costs per customer with those of other wireless communications providers. We believe investors use CCU primarily as a tool to track changes in our non-selling cash costs over time and to compare our non-selling cash costs to those of other wireless communications providers. Other companies may calculate this measure differently.

The following table reconciles total costs used in the calculation of consolidated, voice and broadband CCU to cost of service, which we consider to be the most directly comparable GAAP financial measure to CCU (in thousands, except weighted-average number of customers and CCU):

	Three Months Ended			Nine Months Ended
	March 31, 2010	June 30, 2010	September 30, 2010	September 30, 2010
Cost of service .....	\$ 165,934	\$ 175,803	\$ 180,043	\$ 521,780
Plus general and administrative expense .....	92,256	88,944	89,202	270,402
Less share-based compensation expense included in cost of service and general and administrative expense .....	(6,059)	(8,885)	(7,405)	(22,349)
Plus net loss on equipment transactions and commissions unrelated to the initial customer acquisition .....	16,141	22,025	38,833	76,999
Plus applicable regulatory fees and telecommunications taxes remitted for our all-inclusive plans .....	—	—	4,669	4,669
Total costs used in the calculation of consolidated gross CCU .....	\$ 268,272	\$ 277,887	\$ 305,342	\$ 851,501
Consolidated weighted-average number of customers .....	5,135,102	5,290,825	5,131,982	5,185,976
Consolidated gross CCU .....	\$ 17.41	\$ 17.51	\$ 19.83	\$ 18.24
Less net operating expenses attributable to the Company's broadband service included in total operating expenses .....	(24,768)	(25,965)	(28,370)	(79,103)
Total costs used in the calculation of gross voice CCU .....	\$ 243,504	\$ 251,922	\$ 276,972	\$ 772,398
Voice weighted-average number of customers .....	4,569,634	4,654,418	4,529,044	4,584,372
Voice gross CCU .....	\$ 17.76	\$ 18.04	\$ 20.38	\$ 18.72
Less applicable regulatory fees and telecommunications taxes for our all-inclusive plans .....	—	—	(4,669)	(4,669)
Less net operating expenses attributable to the Company's voice services included in total operating expenses .....	(243,504)	(251,922)	(272,303)	(767,729)
Total costs used in the calculation of broadband gross CCU .....	\$ 24,768	\$ 25,965	\$ 28,370	\$ 79,103
Broadband weighted-average number of customers .....	565,468	636,407	602,937	601,604
Broadband gross CCU .....	\$ 14.60	\$ 13.60	\$ 15.68	\$ 14.61

#### **(4) Consolidated, Voice and Broadband Adjusted Operating Income Before Depreciation and Amortization**

**(Adjusted OIBDA):** Adjusted OIBDA is a non-GAAP financial measure defined as operating income (loss) before depreciation and amortization, adjusted to exclude the effects of: gain/loss on sale/disposal of assets; impairment of assets; and share-based compensation expense. Voice and broadband OIBDA are additional non-GAAP financial measures that reflect the OIBDA unique to each of the Company's service offerings. Adjusted OIBDA should not be construed as an alternative to operating income or net income as determined in accordance with GAAP, or as an alternative to cash flows from operating activities as determined in accordance with GAAP or as a measure of liquidity.

In a capital-intensive industry such as wireless telecommunications, management believes that adjusted OIBDA and the associated percentage margin calculation are meaningful measures of our operating performance. We use adjusted OIBDA as a supplemental performance measure because management believes it facilitates comparisons of our operating performance from period to period and comparisons of our operating performance to that of other companies by backing out potential differences caused by the age and book depreciation of fixed assets (affecting relative depreciation expenses) as well as the items described above for which additional adjustments were made. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Because adjusted OIBDA facilitates internal comparisons of our historical operating performance, management also uses this metric for business planning purposes and to measure our performance relative to that of our competitors. In addition, we believe that adjusted OIBDA and similar measures are widely used by investors, financial analysts and credit rating agencies as measures of our financial performance over time and to compare our financial performance with that of other companies in our industry.

Adjusted OIBDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations include:

- it does not reflect capital expenditures;
- although it does not include depreciation and amortization, the assets being depreciated and amortized will often have to be replaced in the future and adjusted OIBDA does not reflect cash requirements for such replacements;
- it does not reflect costs associated with share-based awards exchanged for employee services;

- it does not reflect the interest expense necessary to service interest or principal payments on current or future indebtedness;
- it does not reflect expenses incurred for the payment of income taxes and other taxes; and
- other companies, including companies in our industry, may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Management understands these limitations and considers adjusted OIBDA as a financial performance measure that supplements but does not replace the information provided to management by our GAAP results.

The following table reconciles consolidated, voice and broadband adjusted OIBDA to operating income (loss), which we consider to be the most directly comparable GAAP financial measure to adjusted OIBDA (in thousands):

	Three Months Ended			Nine Months Ended
	March 31, 2010	June 30, 2010	September 30, 2010	September 30, 2010
Operating income.....	\$ 5,128	\$ 49,167	\$ (478,050)	\$ (423,755)
Plus depreciation and amortization .....	109,246	110,649	114,055	333,950
OIBDA .....	\$ 114,374	\$ 159,816	\$ (363,995)	\$ (89,805)
Less (gain) loss on sale or disposal of assets.....	1,453	1,488	923	3,864
Plus impairment of assets .....	—	—	477,327	477,327
Plus share-based compensation expense.....	7,165	10,716	8,982	26,863
Consolidated adjusted OIBDA.....	\$ 122,992	\$ 172,020	\$ 123,237	\$ 418,249
Plus OIBDA investment attributable to broadband services.....	4,520	(17,424)	(12,112)	(25,016)
Voice adjusted OIBDA .....	\$ 127,512	\$ 154,596	\$ 111,125	\$ 393,233

**(5) Consolidated, Voice and Broadband Calculated Contribution per User per Month (CCPU):** CCPU is calculated by subtracting CCU (see note 3) and the product of CPGA (see note 2) times churn from average revenue per user per month (ARPU) (see note 1). Voice and Broadband CCPU are non-GAAP financial measures that further adjust CCPU and are calculated by subtracting Voice and Broadband CCU (see note 3) and the product of Voice and Broadband CPGA (see note 1) times churn from average revenue per user per month (ARPU) for the Company's voice services (Voice ARPU) and broadband service (Broadband ARPU). CCPU is not a measurement under GAAP and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statements of operations and consolidated statements of cash flows. We believe CCPU is useful to management and investors as indicators of our expected ongoing operating contribution per average customer, including the costs of replacing subscribers who churn from service, assuming that ARPU, CCU, CPGA, and churn remain constant over the customer's lifetime. We also believe that these measures, like ARPU, provide useful information to management and investors concerning the appeal of our rate plans and service offerings and our performance in attracting and retaining our customers. Other companies may calculate these measures differently.

CCPU is calculated as follows (unaudited):

	Three Months Ended			Nine Months Ended
	March 31, 2010	June 30, 2010	September 30, 2010	September 30, 2010
Gross ARPU (see note 1) .....	\$ 37.96	\$ 37.61	\$ 37.02	\$ 37.53
Less consolidated gross CCU (see note 3) .....	(17.41)	(17.51)	(19.83)	(18.24)
Less consolidated CPGA (see note 2) times consolidated churn (\$171 x 4.5%, \$215 x 5.0%, \$219 x 5.5%, and \$196 x 5.0%) .....	(7.70)	(10.75)	(12.05)	(9.80)
Calculated contribution per user per month .....	<u>\$ 12.85</u>	<u>\$ 9.35</u>	<u>\$ 5.14</u>	<u>\$ 9.49</u>

	Three Months Ended			Nine Months Ended
	March 31, 2010	June 30, 2010	September 30, 2010	September 30, 2010
Voice gross ARPU (see note 1) .....	\$ 38.42	\$ 38.17	\$ 37.48	\$ 38.02
Less voice gross CCU (see note 3) .....	(17.76)	(18.04)	(20.38)	(18.72)
Less voice CPGA (see note 2) times voice churn (\$179 x 4.5%, \$220 x 4.6%, \$227 x 5.2%, and \$204 x 4.8%) .....	(8.06)	(10.12)	(11.80)	(9.79)
Voice calculated contribution per user per month .....	<u>\$ 12.60</u>	<u>\$ 10.01</u>	<u>\$ 5.30</u>	<u>\$ 9.51</u>

	Three Months Ended			Nine Months Ended
	March 31, 2010	June 30, 2010	September 30, 2010	September 30, 2010
Broadband gross ARPU (see note 1) .....	\$ 34.30	\$ 33.54	\$ 33.56	\$ 33.78
Less broadband gross CCU (see note 3) .....	(14.60)	(13.60)	(15.68)	(14.61)
Less broadband CPGA (see note 2) times broadband churn (\$145 x 3.8%, \$189 x 7.8%, \$183 x 7.6%, and \$164 x 6.5%) .....	(5.51)	(14.74)	(13.91)	(10.66)
Broadband calculated contribution per user per month .....	<u>\$ 14.19</u>	<u>\$ 5.20</u>	<u>\$ 3.97</u>	<u>\$ 8.51</u>