

1 Richard F. Kalenka
2 PRICEWATERHOUSECOOPERS LLP
3 750 B Street, Suite 2900
4 San Diego, CA 92101
5 Telephone (619) 744-8000
6 Facsimile (619) 744-8400

7
8 Accountants for
9 Debtors and Debtors-in-Possession

10
11 **UNITED STATES BANKRUPTCY COURT**
12 **SOUTHERN DISTRICT OF CALIFORNIA**

13 In re
14 LEAP WIRELESS INTERNATIONAL, INC.,
15 and CRICKET COMMUNICATIONS, INC.,
16 et al.
17 Debtors.

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

Case Nos.: 03-03470-A11 through
03-03535-A11

(Jointly Administered)

Chapter 11

**SECOND APPLICATION OF
PRICEWATERHOUSECOOPERS LLP
FOR COMPENSATION FOR
SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS
ACCOUNTANTS TO THE DEBTORS
AND DEBTORS IN POSSESSION FOR
THE PERIOD FROM SEPTEMBER 1,
2003 THROUGH JANUARY 31, 2004.**

Hearing

Date: May 6, 2004

Time: 10:30 a.m.

Place: Department 2

Judge: Hon. Louise DeCarl Adler

1 Name of Applicant: PricewaterhouseCoopers LLP (“PwC”).

2 Authorized to Provide Professional Services to: The above-captioned debtors and debtors-in-
3 possession.

4 Date of Retention: July 25, 2003.

5 Period for which Compensation and Reimbursement is Sought: September 1, 2003 through
6 January 31, 2004.

7 Amount of Compensation Sought as Actual, Reasonable and Necessary: \$461,107.02

8 Amount of Expense Reimbursement Sought as Actual, Reasonable, and Necessary: \$1,682.84

9 This is a: monthly xx__ interim __ final application.

10
11 The total time expended for preparation of this fee application is 394.3 hours and the
12 the corresponding compensation requested is \$41,918.82.

13
14 Prior Fee Applications Filed: The initial fee application covering the period April 13, 2003
15 through August 31, 2003 was filed on November 12, 2003. Compensation of \$397,321 and
16 expenses of \$1,298.91 were approved by the United States Court for the Southern District of
17 California (the “Court”) at a hearing on December 11, 2003. These fees and expenses have
18 previously been paid in full. An order approving the interim application for compensation and
19 reimbursement of expenses was filed with the Court on April 7, 2004.

20
21
22
23
24
25
26
27
28

1 **SUMMARY OF PARTNER AND STAFF FEES**

2	<u>Name</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Compensation</u>
3	Aeder, Mitch	Partner	\$513	1.0	\$513.00
4	Banks, Jim	Partner	513	1.0	513.00
5	Bauman, Scott	Associate	135	5.0	675.00
6	Bourne, Richard	Associate	135	106.0	14,310.00
7	Burton, Grant	Senior Manager	385	187.7	72,264.50
8	Carlin, Ann	Executive Assistant	50	6.5	325.00
9	Cross, Sharon	Executive Assistant	50	8.0	400.00
10	Cross, Sharon	Executive Assistant	55	5.5	302.50
11	Duryea, Heather	Associate	110	2.5	275.00
12	Ficks, Jaimee	Associate	135	6.5	877.50
13	FitzGerald, Camellia	Associate	135	235.4	31,779.00
14	Freeman, Kelley	Senior Associate	250	14.0	3,500.00
15	Frensley, Mark	Manager	300	1.3	390.00
16	Fuller, Scott	Manager	300	7.0	2,100.00
17	Gardner, Douglas	Associate	135	45.7	6,169.50
18	Gergurich, Ted	Manager	300	12.5	3,750.00
19	Gergurich, Ted	Manager	258	139.7	36,042.60
20	Gergurich, Ted	Manager	225	19.7	4,432.50
21	Gil, Michelle	Associate	135	8.8	1,188.00
22	Gilabert, Diane	Partner	500	37.2	18,600.00
23	Gilabert, Diane	Partner	225	1.5	337.50
24	Gilabert, Diane	Partner	366	32.8	12,004.80
25	Gilabert, Diane	Partner	513	10.5	5,386.50
26	Hall, Trent	Executive Associate	60	5.2	312.00
27	Hauser, Jan	National Office Partner	800	0.5	400.00
28	Hayashibara, Todd	Manager	300	5.0	1,500.00
	Hedblad, Eric	Associate	135	8.0	1,080.00
	Hoppe, Elizabeth	Associate	225	2.5	562.50

1	Hoppe, Elizabeth	Associate	225	2.5	562.50
2	Hoppe, Elizabeth	Associate	110	288.7	31,757.00
3	Hoppe, Elizabeth	Associate	135	2.0	270.00
4	Johanns, Jeffrey	Partner	500	1.0	500.00
5	Jones, Scott	Manager	300	2.5	750.00
6	Kalenka, Richard	Partner	500	63.6	31,800.00
7	Lau, Kona	Associate	110	21.8	2,398.00
8	Leedom, Jeff	Director	385	30.0	11,550.00
9	LeVan, Gary	National Office Partner	800	4.0	3,200.00
10	Mead, Kevin	Associate	135	6.0	810.00
11	Meisel, Steve	Partner	500	18.0	9,000.00
12	Miller, Gerald	National Office Manager	300	3.2	960.00
13	Milner, Angela	Executive Assistant	60	21.0	1,260.00
14	Myers, Aaron	Associate	110	24.1	2,651.00
15	Neder, Ryan	Associate	135	99.5	13,432.50
16	O'Connell, Marcel	Senior Associate	250	9.0	2,250.00
17	Prettyman, James	National Office Senior Manager	554	5.0	2,770.00
18	Randolph, Sabrina	Senior Associate	250	297.5	74,375.00
19	Redel, Linda	Executive Assistant	60	11.9	714.00
20	Scott, Timothy	Partner	500	2.0	1,000.00
21	Sexton, Sherrill	Executive Assistant	60	0.8	48.00
22	Skedd, Sandra	Associate	135	263.5	35,572.50
23	Smith, Michelle	Associate	135	8.0	1,080.00
24	Smitham, Geoffrey	Associate	135	8.0	1,080.00
25	Speer, Pete	Senior Manager	385	1.5	577.50
26	Spence, Diana	Senior Associate	154	27.7	4,265.80
27	Spence, Diana	Senior Associate	225	4.0	900.00
28	Spence, Diana	Senior Associate	216	2.5	540.00

1	Spence, Diana	Senior Associate	250	0.8	200.00
2	Stein, Kimberly	Associate	135	15.0	2,025.00
3	Taitano, Edward	Senior Associate	250	2.0	500.00
4	Tanner, Doug	National Office Partner	800	4.0	3,200.00
5	Velasquez, Maria	Executive Assistant	60	11.5	690.00
6	Vitray, Randall	National Office Partner	800	0.5	400.00
7	Vucicevic, Vlado	Senior Associate	250	6.6	1,650.00
8	Wagner, Steven	Director	385	65.0	25,025.00
9	Wagner, Steven	Director	327	1.9	621.30
10	Wagner, Steven	Director	457	17.6	8,043.20
11	White, Sarah	Senior Associate	250	1.7	425.00
12	Wilhite, Katie	Associate	135	137.0	18,495.00
13	Wyndham, Peter	Associate	135	48.2	6,507.00
14	Zarro, Stephanie	Associate	135	<u>27.0</u>	<u>3,645.00</u>
15					
16		Total Hours		<u>2,482.6</u>	<u>\$526,928.20</u>
17	Fee reduction agreed to with Leap Wireless management for June 30, 2003 Quarterly Review				(6,000.00)
18					
19	Adjustment to limit Fees for Tax Compliance Services (other than Out-of-Scope Services) to agreed upon fees of \$135,000				(11,980.50)
20					
21	Adjustment to limit Compensation of Professionals - Self to an amount not to exceed 10% of fees for professional services rendered				(47,840.68)
22		Total Fees			<u><u>\$461,107.02</u></u>

24 Total fees for the period were \$461,107.02. Total hours were 2,482.6. PwC's blended
25 hourly rate for the period was \$185.74.

1 **COMPENSATION BY PROJECT CATEGORY**

2

3 Project Category	Total Hours	Total Fees Requested
4 Fees for Financial Statement Audits	894.2	\$199,277.50
5 Fees for Quarterly Reviews of Interim Financial Statements	350.8	77,439.50
6 Fees for Tax Compliance Services	581.4	84,992.50
7 Fees for Tax Consulting and Advisory Services	43.1	18,068.20
8 Other Accounting and Auditing Services	18.3	6,978.50
9 Compensation of Professionals – Self	394.3	41,918.82
10 Fees for Sarbanes-Oxley Act Consultations	3.0	1,155.00
11 Fees for 401(k) Plan Financial Statement Audits	166.5	24,759.50
12 Nebraska USF Agreed Upon Procedures	31.0	6,517.50
13 TOTAL	2,482.6	\$461,107.02

14

15 **EXPENSE SUMMARY**

16

Expense Category	Total Expenses
17 Business Meals (including travel meals)	\$565.89
18 Transportation	894.43
19 Lodging	95.51
20 Other (including direct charges for postage, supplies, telephone, etc.)	127.01
TOTAL	\$1,682.84

21

22 Pursuant to Section 327(a) of Title 11 of the United States Code (the “Bankruptcy Code”),

23 Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the

24 Court’s Order on Application for Authority to Employ PricewaterhouseCoopers LLP (“PwC”) as

25 Accountants to the Debtors, entered on July 25, 2003 (the “Order”), PwC hereby files this

26 Application of PricewaterhouseCoopers LLP for Compensation for Services Rendered and

27 Reimbursement of Expenses as Accountants to the Debtors for the Period from September 1, 2003

28

1 through January 31, 2004 (the “Application”). By this Application, PwC seeks compensation in
2 the amount of \$461,107.02 and reimbursement of actual and necessary expenses in the amount of
3 \$1,682.84 for the period September 1, 2003 through January 31, 2004 (the “Interim Period”). In
4 support of this Application, PwC respectfully represents as follows:

5
6 **Background**

7 Leap Wireless International, Inc. (“Leap”), a Delaware corporation, together with its
8 wholly owned subsidiaries, is a wireless communications carrier that offers digital wireless service
9 in the United States under the brand “Cricket®.” Leap conducts operations through its
10 subsidiaries. Leap has no independent operations or sources of operating revenue other than
11 through dividends, if any, from its operating subsidiaries. Cricket service is operated by Leap’s
12 indirect wholly owned subsidiary, Cricket Communications, Inc. (“Cricket”), a wholly owned
13 subsidiary of Cricket Communications Holdings, Inc. (“Cricket Communications Holdings”).

14 On April 13, 2003 (the “Petition Date”), Leap, Cricket and their respective 64 subsidiaries
15 and/or affiliates (collectively, the “Debtors”) filed voluntary petitions for relief under Chapter 11
16 of the United States Bankruptcy Code (“Chapter 11”) in the Court (jointly administered as Case
17 Nos. 03-03470-A11 through 03-03535-A11). Each of the debtors continues to manage its
18 properties and operate its business as a “debtor-in-possession” under the jurisdiction of the Court
19 and in accordance with Sections 1107(a) and 1108 of Chapter 11.

20 Pursuant to the Order, the Debtors were authorized to employ and retain PwC as of the
21 Petition Date as their Accountants to provide accounting, auditing and tax services on the terms
22 set forth in the Application. The Order authorizes Debtors to compensate PwC in accordance with
23 the procedures set forth in Sections 330 and 331 of the Bankruptcy Code and such Bankruptcy
24 Rules as may then be applicable, from time to time, and such procedures as may be fixed by order
25 of this Court.

26 The debtors’ Fifth Amended Joint Plan of Reorganization Dated as of July 30, 2003 (the
27 “Plan”) was confirmed by order of this Court dated October 22, 2003. The Plan is not effective
28 yet.

1 On September 23, 2003, the Debtors filed their June 30, 2003 condensed consolidated
2 interim financial statements with the Securities and Exchange Commission (“SEC”) on Form10-
3 Q. On November 21, 2003, the Debtors filed their September 30, 2003 condensed consolidated
4 interim financial statements with the SEC on Form 10-Q.

5 During the period from September 1, 2003 through November 2003, PwC was engaged in
6 performing its quarterly reviews of the Debtors’ condensed consolidated interim financial
7 statements for the periods ended June 30, 2003 and September 30, 2003. During the period from
8 September 1, 2003 through January 31, 2004, PwC was engaged in performing certain audit
9 planning procedures and was involved in the resolution of accounting issues impacting the
10 Debtor’s consolidated financial statements for the year ended December 31, 2003. During the
11 period September 1, 2003 through October 31, 2003 PwC was engaged in performing an audit of
12 the financial statements of the Debtor’s 401(k) Savings Plan.

13 **Compensation Paid and Its Source**

14
15 All Services for which PwC requests compensation were performed for or on behalf of the
16 Debtors. By this application, PwC requests interim allowance of \$461,107.02 as compensation for
17 professional services rendered and \$1,682.84 for actual and necessary expenses incurred by PwC
18 during the Interim Period pursuant to the Order. By this application, PwC requests payment of
19 \$82,875.20 of net fees and expenses payable. A calculation of this amount appears in the table
20 below:

21	Total professional fees	\$ 461,107.02
22	Less, fees paid to date	<u>(378,231.82)</u>
23	Net professional fees	\$ <u>82,875.20</u>
24		
25	Total expenses	\$1,682.84
26	Less, expenses paid to date	<u>(1,682.84)</u>
27	Net expenses	<u>\$0.00</u>
28		

1 PwC was paid professional fees of \$378,231.82 and actual and necessary expenses of
2 \$1,682.84 pursuant to Monthly Fee Notices filed for the Interim Period in accordance with the
3 Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of
4 Professionals, signed on May 6, 2003.

5 PwC has received no payment and no promises for payment from any source for services
6 rendered or to be rendered in any capacity whatsoever in connection with the matters covered by
7 this Application, other than the amounts paid pursuant to the Monthly Fee Notices. There is no
8 agreement or understanding between PwC and any other person other than the partners of PwC for
9 the sharing of compensation to be received for services rendered in these cases.

11 **Fee Statements**

12
13 To the best of PwC's knowledge, this Application complies with Sections 330 and 331 of
14 the Bankruptcy Code, the Bankruptcy Rules, and the Order. PwC's time reports are initially
15 handwritten or typewritten by the partner or staff member performing the described services. The
16 time reports are organized on a daily basis. PwC is particularly sensitive to issues of "lumping,"
17 and unless time was spent in one time frame on a variety of different matters for a particular
18 client, separate time entries are set forth in the time reports. PwC's charges for its professional
19 services are based upon the time, nature, extent and value of such services and the cost of
20 comparable services other than in a case under the Bankruptcy Code.

21 **Actual and Necessary Expenses**

22
23 A detail of actual and necessary expenses incurred by PwC for the Interim Period is
24 attached hereto as Exhibit B.

25 **Summary of Services Rendered**

26
27 Numerous PwC professionals rendered professional services in these cases during
28 the Interim Period. A complete listing of all partners and staff members who have rendered

1 professional services in these cases for which PwC seeks compensation and their hourly rates is
2 attached as Exhibit C. The compensation is based on the customary compensation charged by
3 comparably skilled practioners in cases other than Chapter 11. PwC, by and through the these
4 professionals, has performed all necessary professional services which are described and narrated
5 in detail below.

6 **Summary of Services by Project**

7
8 The services rendered by PwC during the Interim Period can be grouped into the categories
9 set forth below. PwC summarizes its services in categories applicable to accountants and financial
10 advisors that are substantially similar to those recommended in the Trustee's Guide, and the
11 discussion in this section is organized by category. PwC attempted to place the services provided
12 in the category that best relates to such services. However, because certain services may relate to
13 one or more categories, services pertaining to one category may in fact be included in another
14 category.

15 The Fee Application Summary (Form 1143) as required by the UST Guidelines, is attached
16 hereto as Exhibit A. These services performed, by categories, are generally described below, with
17 a more detailed identification of the actual services provided set forth on the attached Exhibits E-
18 M. Exhibits E-M contain daily time logs describing the time spent by each partner and staff
19 member during the Interim Period. A copy of Form 1143 (Exhibit A from the initial fee
20 application) is also attached.

21 A Personnel Activity Summary, as required by the UST Guidelines, is attached as Exhibit
22 D. This summary sets forth, by activity category, each person's hourly rate and the total amount
23 billed by each person who rendered services, along with the total number of hours and
24 compensation sought for each category.

25 **A. Financial Statement Audits**

26
27 For purposes of this Application, this category relates to certain planning activities, the
28

1 performance of certain interim audit procedures, and the resolution of certain accounting matters
2 related to audit of Leap's consolidated financial statements for the year ended December 31, 2003.
3 Fees incurred in connection with the Financial Statement Audits and the Quarterly Reviews of
4 Interim Financial Statements are the subject of a Letter of Arrangement dated February 16, 2004
5 between PwC and the Company's Audit Committee and Management. That letter sets forth
6 PwC's estimate of fees of \$800,000 for the audit of the consolidated financial statements and
7 reviews of the interim financial information for the three quarters ended September 30, 2003.
8 PwC believes that all fees and expenses incurred to date in the conduct of the planning and interim
9 audit procedures have been reasonable and necessary in order to permit PwC to render an opinion
10 on Leap's consolidated financial statements for the year ended December 31, 2003.

11 Fees: \$199,277.50 Total hours: 894.2

12
13 **B. Quarterly Reviews of Interim Financial Statements**

14 For purposes of this Application, this category relates to services provided in connection
15 with the quarterly reviews of Leap's condensed consolidated interim financial statements for the
16 periods ended June 30, 2003 and September 30, 2003. PwC conducted reviews of the condensed
17 consolidated balance sheets of Leap and its subsidiaries as of June 30, 2003 and September 30,
18 2003, and the related condensed consolidated statements of operations for the three-month periods
19 ended June 30, 2003 and 2002 and six-month periods ended June 30, 2003 and 2002 and the
20 condensed consolidated statements of cash flows for the three-month periods ended September 30,
21 2003 and 2002 and nine-month periods ended September 30, 2003 and 2002 for the purpose of
22 determining whether any material modifications should be made to the condensed consolidated
23 interim financial statements for them to conform with accounting principles generally accepted in
24 the United States of America. A review consists of inquiries and analytical review, with a focus
25 on the consistency of accounting policies, management judgments and estimates, and the
26 implementation of new accounting pronouncements.

27
28 The Debtors' businesses have involved certain transactions for which the technical

1 accounting treatment is inherently complex. Establishing the proper accounting treatment for
2 certain matters, including accounting and financial statement presentation while a company is in
3 bankruptcy and the adoption of new accounting pronouncements such as SFAS 143, "Accounting
4 for Asset Retirement Obligations" and SFAS 146, "Accounting for Costs Associated with Exit or
5 Disposal Activities", requires significant research and consultation. In addition, during the
6 quarterly period ended June 30, 2003, the Debtor recorded a significant impairment charge related
7 to its wireless spectrum licenses, which also required significant research and consultation. As
8 such, multiple PwC partners and staff, including senior SEC and technical accounting experts
9 from PwC's national office, are involved in the interim quarterly review procedures and the
10 determination of the accounting treatment for these complex transactions.

11
12 In addition, because of certain deficiencies in Leap's internal control structure, which
13 matters are noted in Item 14 of Leap's Annual Report on Form 10-K/A for the year ended
14 December 31, 2002, additional inquiries and analytical procedures are required to establish the
15 reasonableness of certain management judgments and estimates. Management judgments and
16 estimates requiring increased attention during the quarterly review include revenue recognition for
17 customers who pay in arrears and inventory reserves. The internal control deficiencies noted by
18 Leap in its 2002 Form 10-K/A are as follows:

- 19 • Improvements are required in Leap's internal controls over the tracking and valuation of
20 its network assets in order to be able to monitor and account for the movement or
21 abandonment of assets on a timely basis.
- 22 • Improvements are required in Leap's internal controls over the tracking and valuation of
23 inventory held at third-party dealers and distributors, including processes to cycle count or
24 otherwise verify quantities on a systematic basis in order to ensure the reasonable accuracy
25 of Leap's inventory balances.

26
27 PwC believes that all fees and expenses incurred to date in the conduct of the interim
28

1 quarterly reviews have been reasonable and necessary to allow PwC to consent to Leap's filing of
2 its condensed consolidated interim financial statements for the periods ended June 30, 2003 and
3 September 30, 2003 with the SEC on Form 10-Q.

4 Fees: \$77,439.50 Total hours: 350.8

5
6 **C. 401(k) Plan Financial Statement Audits**

7 This category relates to services provided in connection with the annual audit of the
8 financial statements of Leap's 401(k) plan for the year ended December 31, 2002. The audited
9 financial statements are required to be attached to the Company's annual filing Form 5500. PwC
10 believes that all fees and expenses incurred in connection with the audit of the 401(k) Plan
11 financial statements were reasonable and necessary in order to permit PwC to render an opinion
12 Leap's 401(k) financial statements for the year ended December 31, 2002.

13 Fees: \$24,729.50 Total hours: 166.5

14
15 **D. Tax Compliance Services**

16 Time billed to this category relates principally to assisting the Debtors with the preparation
17 of their U.S. and state corporation income tax returns for the taxable year ended December 31,
18 2002. The category also includes time for preparation of state estimated tax payments for the
19 taxable year ended December 31, 2003.

20
21 The Debtors file a consolidated U.S. income tax return and 106 state separate, combined or
22 consolidated tax returns. Additionally, the Debtors are required to file 10 Forms 5471,
23 "Information Return of U.S. Persons with Respect to Certain Foreign Corporations." The
24 Debtors have filed their U.S. consolidated income tax return and all 106 required state tax returns.

25 The Debtors are required to file certain state estimated tax payments during 2003. During
26 the months of September and December, PwC prepared eight and five estimated tax payments for
27 the Debtors, respectively.

1 During January, PwC commenced planning for the tax compliance work with respect to
2 the 2003 U.S. and state income tax returns and 2004 state income tax estimated tax payments.
3

4 PwC's engagement letter dated March 3, 2003, referenced in the Order, estimated that our
5 fees for compliance services would be \$125,000, but provided that any assistance in gathering
6 information, analyzing data, or formatting and calculating schedules ("Out-of-Scope Services")
7 would be billed as additional fees at a blended rate of \$225 per hour. In addition, subsequent to
8 the issuance of this letter, the Debtors agreed to pay PwC an additional \$10,000 for preparation of
9 Ohio city income tax returns, which was not contemplated in the fees specified in our engagement
10 letter. Accordingly, our fixed fee for tax compliance services was \$135,000, exclusive of Out-of-
11 Scope Services.

12 We have previously billed \$59,652.50 for tax compliance services under our engagement
13 letter. This category includes \$75,347.50 for the balance of our services under our engagement
14 letter, for an aggregate total of \$135,000. This category also includes \$6,795.00 for Out-of-Scope
15 Services. In addition, this category includes \$2,850.00 for services in connection with planning
16 for preparation of the 2003 tax returns and 2004 estimated tax payments.

17 Fees: \$84,992.50 Total hours: 581.4
18

19 **E. Tax Consulting and Advisory Services**

20 Time billed to this category principally relates to advising the Debtors on various federal
21 and state income tax matters related to the planned bankruptcy reorganization, including research
22 and consultation regarding the tax consequences of a potential investment in the Debtors prior to
23 confirmation of the Plan and a potential purchase of the Debtors' debt by third parties after
24 confirmation of the Plan but before its effective date.

25 In addition, PwC provided advice to the Debtors regarding newly issued proposed and
26 temporary regulations under section 108(b) on tax attribute reduction in a consolidated return as a
27 result of debt cancellation income. PwC also provided advice to the debtors regarding the
28 potential impact of new Internal Revenue Service guidance on the calculation of net unrealized

1 built-in gain and loss under Section 382.

2 Fees: \$18,068.20 Total hours: 43.1

3
4
5 **F. Other Accounting and Auditing Services**

6 For purposes of this Application, this category includes time spent reviewing comments
7 received by Leap from the United States Securities and Exchange Commission regarding Leap's
8 Form 10-K for the year ended December 31, 2002 and providing advisory services to Leap
9 management in connection with Leap's responses thereto. In addition, this category includes
10 advisory services provided to Leap management with regard to specific future accounting and
11 financial reporting matters, principally the impact of adopting fresh start reporting upon
12 emergence from bankruptcy, as set forth in Statement of Position No. 90-7. This category
13 includes amounts reported on attached Exhibits I and K.

14 Fees: \$8,133.50 Total hours: 21.3

15
16 **G. Nebraska USF Agreed Upon Procedures**

17 Leap Management engaged PwC to perform certain procedures, which were agreed to by
18 Leap and Nebraska Public Service Commission, to assist the parties in assessing the accuracy of
19 the information provided by Leap in the monthly Nebraska Universal Service Fund Carrier
20 Remittance Worksheets for the period from July 1, 2001 to December 31, 2002 in accordance with
21 Application No. NUSF-1, Progression Order No. 7, of the Nebraska Public Service Commission.
22 PwC and Leap management agreed prior to the commencement of our work that fees for this
23 project would not exceed \$12,000.00. Our work continued through January 2004 and was
24 completed in February 2004.

25 Fees: \$6,517.50 Total hours: 31.0

26
27 **H. Compensation of Professionals – Self**

28 This category relates to services provided in connection with compiling and reconciling the

1 detailed time and expense reports required by this Court. Numerous PwC partners and staff have
2 participated in this engagement, making management of time and expense reporting more
3 complex than on smaller engagements. PwC has limited the amount of compensation sought for
4 such efforts to amount equal to 10% of all other professional services provided during the period.
5 PwC believes that its time and expense reporting are in compliance with all applicable rules.

6 Fees: \$41,918.82 Total hours: 394.3

7
8 **Valuation of Services**

9 PwC's partners and staff expended a total of 2,482.6 hours in connection with these cases
10 during the Interim Period for a total cost of \$461,107.02, after considering adjustments and
11 discounts provided, resulting in a blended hourly rate of \$185.74. A summary of hours and total
12 compensation and details of the nature of work performed by each person is fully set forth in
13 Exhibits E-M attached hereto. These are PwC's normal hourly rates for work of this character.
14 The reasonable value of the services rendered by PwC to the Debtors during the Interim Period,
15 after excluding the adjustments and discounts provided, is \$461,107.02. In accordance with the
16 factors enumerated in Section 330 of the Bankruptcy Code, it is respectfully submitted that the
17 amount requested by PwC is fair and reasonable given (a) the complexity of these cases, (b) the
18 time expended, (c) the nature and extent of the services rendered, (d) the value of such services,
19 and (e) the costs of comparable services other than in a case under this title.

20 Leap Wireless International, Inc. will receive a copy of the Application. A separate
21 Certification approving PwC's services will be filed.

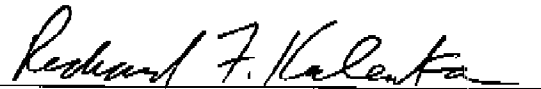
22
23 WHEREFORE, PwC respectfully requests that the Court approve, for the period
24 September 1, 2003 through January 31, 2004, an allowance be made to PwC in the sum of
25 \$461,107.02 as compensation for necessary professional services rendered, and the sum of
26 \$1,682.84 for reimbursement of actual necessary costs and expenses, for a total of \$462,789.86
27
28 and provide PwC such other and further relief as this Court may deem just and proper.

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

\$461,107.02 as compensation for necessary professional services rendered, and the sum of \$1,682.84 for reimbursement of actual necessary costs and expenses, for a total of \$462,789.86 and provide PwC such other and further relief as this Court may deem just and proper.

Dated: April 7, 2004

PRICEWATERHOUSECOOPERS LLP



Richard F. Kalenka
Partner
PricewaterhouseCoopers LLP
750 B Street, Suite 2900
San Diego, CA 92101
Telephone:(619) 744-8000
Facsimile: (619) 744-8400

Accountants for the Debtors and Debtors in Possession

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

VERIFICATION

STATE OF CALIFORNIA:

COUNTY OF SAN DIEGO:

Richard F. Kalenka, after being duly sworn according to law, deposes and says:

a) I am a partner in the applicant accounting firm PricewaterhouseCoopers LLP.

b) I have personally performed many of the accounting services rendered by PricewaterhouseCoopers LLP accountants to the Debtors.

c) I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Moreover, I have reviewed Sections 330 and 331 of Title 11 of the United States Code, and submit that the Application substantially complies with such rules.

Richard F. Kalenka

Richard F. Kalenka

SWORN AND SUBSCRIBED

before me this 7th day of April 2004.



Angela Milner

Notary Public

My Commission Expires:
January 24, 2007.