

LEAP WIRELESS INTERNATIONAL INC

Form DEF 14A

April 06, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

LEAP WIRELESS INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- o Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**10307 Pacific Center Court
San Diego, California 92121**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 17, 2007**

To the Stockholders of Leap Wireless International, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Leap Wireless International, Inc., a Delaware corporation (Leap), will be held at the Hyatt Regency La Jolla, 3777 La Jolla Village Drive, San Diego, California 92122, on Thursday, May 17, 2007, at 1:00 p.m. local time, for the following purposes:

1. To elect the following six directors to hold office until the next Annual Meeting of Stockholders or until their successors have been elected and have qualified:

James D. Dondero
John D. Harkey, Jr.
S. Douglas Hutcheson

Robert V. LaPenta
Mark H. Rachesky, M.D.
Michael B. Targoff

2. To approve the second amendment to the 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan, as amended, increasing the number of shares of Common Stock reserved for issuance thereunder from 4,800,000 to 8,300,000 shares, and the 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan, as amended to date, including the second amendment thereto.

3. To approve the Leap Wireless International, Inc. Executive Incentive Bonus Plan.

4. To ratify the selection of PricewaterhouseCoopers LLP as Leap s independent registered public accounting firm for the fiscal year ending December 31, 2007.

5. To transact such other business as may properly come before the Annual Meeting or any continuation, adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on March 20, 2007 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and at any continuation, adjournment or postponement thereof.

By Order of the Board of Directors

S. Douglas Hutcheson
Chief Executive Officer and President

San Diego, California
April 6, 2007

ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING. A RETURN ENVELOPE (WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR THAT PURPOSE. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN A PROXY ISSUED IN YOUR NAME FROM THE RECORD HOLDER.

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**10307 Pacific Center Court
San Diego, California 92121**

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The enclosed proxy is solicited by the Board of Directors (the Board) of Leap Wireless International, Inc., a Delaware corporation (Leap), for use at the Annual Meeting of Stockholders to be held on Thursday, May 17, 2007, at 1:00 p.m. local time (the Annual Meeting), or at any continuation, adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at the Hyatt Regency La Jolla, 3777 La Jolla Village Drive, San Diego, California 92122. The approximate date on which this proxy statement and the accompanying proxy card are first to be sent to stockholders is April 6, 2007. As used in this proxy statement, the terms we, us, our, and ours refer to Leap and its wholly owned subsidiaries, including Cricket Communications, Inc. (Cricket).

Solicitation

Leap will bear the cost of soliciting proxies for the upcoming Annual Meeting. Leap will ask banks, brokerage houses, fiduciaries and custodians holding stock in their names for others to send proxy materials to and obtain proxies from the beneficial owners of such stock, and Leap will reimburse them for their reasonable expenses in doing so. In addition, Leap has retained D.F. King and Co., Inc. to act as a proxy solicitor in conjunction with the meeting. Leap has agreed to pay that firm \$5,500, plus reasonable expenses, costs and disbursements for proxy solicitation services. Leap and its directors, officers and regular employees may supplement the proxy solicitor's solicitation of proxies by mail, personally, by telephone or by other appropriate means. No additional compensation will be paid to directors, officers or other regular employees for such services.

Voting Rights and Outstanding Shares

Stockholders of record at the close of business on March 20, 2007 (the Record Date) are entitled to receive notice of and to vote at the Annual Meeting. At the close of business on the Record Date, Leap had 68,042,429 shares of common stock outstanding and entitled to vote. Stockholders of record on such date will be entitled to one vote on all matters to be voted upon for each share of common stock held.

A quorum is necessary for the transaction of business at the Annual Meeting. A quorum exists when holders of a majority of the total number of outstanding shares of common stock entitled to vote at the meeting are present in person or by proxy. At the Annual Meeting, the inspector of election appointed for the Annual Meeting will determine the presence of a quorum and tabulate the results of the voting by stockholders. The inspector of elections will

separately tabulate affirmative and negative votes, abstentions and broker non-votes. Abstentions will be considered shares entitled to vote in the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes (i.e., shares held by a broker or nominee that are represented at the meeting but which the broker or nominee is not empowered to vote on a particular proposal) are counted towards a quorum but are not counted for any purpose in determining whether a matter has been approved.

Revocability of Proxies

Any stockholder giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. Proxies may be revoked by filing with the Corporate Secretary of Leap at Leap's principal executive offices, 10307 Pacific Center Court, San Diego, California 92121, a written notice of revocation or a duly executed proxy

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bearing a later date. A stockholder of record at the close of business on the Record Date may vote in person if present at the Annual Meeting, whether or not he or she has previously given a proxy. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

PROPOSAL 1

ELECTION OF DIRECTORS

Leap's Amended and Restated Certificate of Incorporation provides that the number of directors that shall constitute the whole Board shall be fixed exclusively by one or more resolutions adopted from time to time by the Board. The authorized number of directors currently is six.

Each of the nominees is currently a member of Leap's Board and is standing for re-election by the stockholders. If elected at the Annual Meeting, each of the six nominees will serve until Leap's next Annual Meeting of Stockholders, in each case until his successor is elected and has qualified, or until such director's earlier death, resignation or removal.

Directors are elected by a plurality of the votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the six nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as the Board may propose. Each person nominated for election has agreed to serve if elected, and the Board does not believe that any nominee will be unable to serve.

Biographical information for each person nominated as a director is set forth below.

Nominees for Election

Mark H. Rachesky, M.D., 48, has served as a member and chairman of our Board since August 2004. Dr. Rachesky is the founder and president of MHR Fund Management LLC, which is an investment manager of various private investment funds that invest in inefficient market sectors, including special situation equities and distressed investments. From 1990 through June 1996, Dr. Rachesky served in various positions at Icahn Holding Corporation, including as a senior investment officer and for the last three years as sole managing director and acting chief investment advisor. Dr. Rachesky serves as a member and chairman of the board of directors of Loral Space & Communications, Inc. (NASDAQ: LORL), and as a member of the boards of directors of Emisphere Technologies, Inc. (NASDAQ: EMIS), Neose Technologies, Inc. (NASDAQ: NTEC) and NationsHealth, Inc. (NASDAQ: NHRX). Dr. Rachesky holds a B.S. in molecular aspects of cancer from the University of Pennsylvania, an M.D. from the Stanford University School of Medicine, and an M.B.A. from the Stanford University School of Business.

James D. Dondero, 44, has served as a member of our Board since August 2004. Mr. Dondero is the founder of Highland Capital Management, L.P. and has served as its president since 1993. Prior to founding Highland Capital Management, L.P., Mr. Dondero served as chief investment officer of a subsidiary of Protective Life Insurance Company. Mr. Dondero is also currently a member of the board of directors of American Banknote Corp. Mr. Dondero holds degrees in accounting and finance, Beta Gamma Sigma, from the University of Virginia. Mr. Dondero completed financial training at Morgan Guaranty Trust Company, and is a certified public accountant, a chartered financial analyst and a certified management accountant.

John D. Harkey, Jr., 46, has served as a member of our Board since March 2005. Since 1998, Mr. Harkey has served as chief executive officer and chairman of Consolidated Restaurant Companies, Inc., and as chief executive officer

and vice chairman of Consolidated Restaurant Operations, Inc. Mr. Harkey also has been manager of the investment firm Cracken, Harkey & Street, L.L.C. since 1997. From 1992 to 1998, Mr. Harkey was a partner with the law firm Cracken & Harkey, LLP. Mr. Harkey was founder and managing director of Capstone Capital Corporation and Capstone Partners, Inc. from 1989 until 1992. He currently serves on the boards of directors and audit committees of Loral Space & Communications, Inc. (NASDAQ:LORL), Energy Transfer Partners, L.P. (NYSE:ETP), Energy Transfer Equity, L.P. (NYSE:ETE) and Emisphere Technologies, Inc. (NASDAQ:EMIS). He

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also serves on the President's Development Council of Howard Payne University, and on the executive board of Circle Ten Council of the Boy Scouts of America. Mr. Harkey obtained a B.B.A. with honors and a J.D. from the University of Texas at Austin and an M.B.A. from Stanford University School of Business.

S. Douglas Hutcheson, 50, was appointed as our chief executive officer and president in February 2005, and has served as a member of our Board since then, having previously served as our president and chief financial officer from January 2005 to February 2005, as our executive vice president and chief financial officer from January 2004 to January 2005, as our senior vice president and chief financial officer from August 2002 to January 2004, as our senior vice president and chief strategy officer from March 2002 to August 2002, as our senior vice president, product development and strategic planning from July 2000 to March 2002, as our senior vice president, business development from March 1999 to July 2000 and as our vice president, business development from September 1998 to March 1999. From February 1995 to September 1998, Mr. Hutcheson served as vice president, marketing in the Wireless Infrastructure Division at Qualcomm Incorporated. Mr. Hutcheson is on the board of directors of the Children's Museum of San Diego and of San Diego's Regional Economic Development Corporation. Mr. Hutcheson holds a B.S. in mechanical engineering from California Polytechnic University and an M.B.A. from University of California, Irvine.

Robert V. LaPenta, 61, has served as a member of our Board since March 2005. Mr. LaPenta is the chairman, president and chief executive officer of L-1 Identity Solutions, Inc. (NYSE:ID), a provider of technology solutions for protecting and securing personal identities and assets. From April 2005 to August 2006, Mr. LaPenta served as the chairman and chief executive officer of L-1 Investment Partners, LLC, an investment firm seeking investments in the biometrics area. Mr. LaPenta served as president, chief financial officer and director of L-3 Communications Holdings, Inc., a company he co-founded, from April 1997 until his retirement from those positions effective April 1, 2005. From April 1996, when Loral Corporation was acquired by Lockheed Martin Corporation, until April 1997, Mr. LaPenta was a vice president of Lockheed Martin and was vice president and chief financial officer of Lockheed Martin's C3I and Systems Integration Sector. Prior to the April 1996 acquisition of Loral, Mr. LaPenta was Loral's senior vice president and controller, a position he held since 1981. Mr. LaPenta previously served in a number of other executive positions with Loral since he joined that company in 1972. Mr. LaPenta is on the board of trustees of Iona College and the board of directors of Core Software Technologies. Mr. LaPenta received a B.B.A. in accounting and an honorary degree in 2000 from Iona College in New York.

Michael B. Targoff, 62, has served as a member of our Board since September 1998. He is founder of Michael B. Targoff and Co., a company that seeks active or controlling investments in telecommunications and related industry early stage companies. In February 2006, Mr. Targoff was appointed chief executive officer and vice-chairman of the board of directors of Loral Space & Communications Inc. (NASDAQ: LORL). From its formation in January 1996 through January 1998, Mr. Targoff was president and chief operating officer of Loral Space & Communications Ltd. Mr. Targoff was senior vice president of Loral Corporation until January 1996. Previously, Mr. Targoff was the president of Globalstar Telecommunications Limited, the public owner of Globalstar, Loral's global mobile satellite system. Mr. Targoff also serves as a member of the board of directors of ViaSat, Inc. (NASDAQ: VSAT) and CPI International, Inc. (NASDAQ: CPII), in addition to serving as chairman of the boards of directors of three small private telecommunications companies. Before joining Loral Corporation in 1981, Mr. Targoff was a partner in the New York law firm of Willkie Farr & Gallagher. Mr. Targoff holds a B.A. from Brown University and a J.D. from Columbia University School of Law.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH NOMINEE NAMED ABOVE.

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BOARD OF DIRECTORS AND BOARD COMMITTEES

Board Meetings

Leap's Board held 11 meetings, including telephonic meetings, during fiscal 2006. During the past fiscal year, each incumbent director, other than Mr. LaPenta, attended at least 75% of the total number of meetings of the Board and meetings of committees of the Board on which he served. Mr. LaPenta attended over 72% of such meetings.

Director Attendance at Annual Meetings of Stockholders

Leap's policy is to encourage the members of its Board to attend Leap's annual meetings of stockholders. All of Leap's directors attended the Annual Meeting of stockholders held on May 18, 2006.

Communications with Our Board

Any stockholder may communicate with the Board and its committees by addressing his or her communication to the Board, the independent directors, a committee of the Board, or an individual director by sending a communication addressed to the recipient group or individual at:

Leap Wireless International, Inc.
Attn: Board of Directors
c/o Corporate Secretary
10307 Pacific Center Court
San Diego, CA 92121

Copies of written communications received by the Corporate Secretary will be provided to the relevant director(s) unless such communications are considered, in the reasonable judgment of the Corporate Secretary, to be improper for submission to the intended recipient(s). Examples of stockholder communications that would be considered improper for submission include, without limitation, customer complaints, solicitations, communications that do not relate directly or indirectly to Leap or its business, or communications that relate to improper or irrelevant topics. Any such improper communication will be made available to any non-employee director upon request.

Director Independence

The Board has determined that, except for Mr. Hutcheson, all of its members are independent directors as defined in the Nasdaq Stock Market listing standards. Mr. Hutcheson is not considered independent because he is employed by us as our president and chief executive officer.

Committees of the Board of Directors

Our Board has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee. Our Audit Committee consists of Mr. Targoff, Chairman, and Messrs. Harkey and LaPenta. Each member of the Audit Committee is an independent director, as defined in the Nasdaq Stock Market listing standards. Our Board has determined that each member of the Audit Committee qualifies as an audit committee financial expert as that term is defined in the rules and regulations established by the Securities and Exchange Commission, or the

SEC. The functions of this Committee include:

appointment, compensation, retention and oversight of our independent registered public accounting firm and senior internal audit executive;

pre-approval of audit and non-audit services to be rendered by our independent registered public accounting firm;

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review of the independence and quality control procedures of our independent registered public accounting firm and the experience and qualifications of the senior personnel from our independent registered public accounting firm providing audit services to us;

meeting with our management, our independent registered public accounting firm and our senior internal audit executive to discuss: (i) each annual audit, major issues regarding accounting principles and financial statement presentations, complex or unusual transactions, and other special financial issues; (ii) analyses prepared by management or the independent registered public accounting firm of significant financial reporting issues and judgments made in connection with the preparation of our financial statements; and (iii) the effect of recent regulatory and professional accounting pronouncements and off-balance sheet structures on our financial statements;

reviewing our financial statements and periodic reports and discussing these statements and reports with our management and our independent registered public accounting firm, and considering whether such statements and reports are complete and consistent with information known to the Audit Committee members; and

meeting separately with representatives from the independent registered public accounting firm: (i) regarding any problems or difficulties encountered during the course of the audit work; (ii) to discuss the report the independent registered public accounting firm is required to make to the Audit Committee; and (iii) to discuss the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees.

Representatives from both our independent registered public accounting firm and our internal financial personnel regularly meet privately with the Audit Committee and have unrestricted access to this committee. The Audit Committee held seven meetings during the 2006 fiscal year. A copy of the Audit Committee Charter adopted by Leap's Board is posted in the Investor Relations section of Leap's website at www.leapwireless.com. The information on our website is not part of this proxy statement or any other report or registration statement that we furnish to or file with the SEC.

Compensation Committee. Our Compensation Committee currently consists of Mr. Dondero, Chairman, Dr. Rachesky and Mr. Targoff. All members of the Compensation Committee are independent directors, as defined in the Nasdaq Stock Market listing standards. The functions of this Committee include:

reviewing our compensation philosophy and our employee compensation, pension and welfare benefit plans;

reviewing and approving corporate goals and objectives relating to the compensation of the chief executive officer, and evaluating the performance of, and determining and approving the compensation of, the chief executive officer;

evaluating the performance of our other executive officers, and reviewing and approving, or modifying, the recommendations of the chief executive officer regarding compensation of such executive officers; and

reviewing and approving any employment contracts and special employment arrangements to be entered into by Leap with any executive officer.

The Compensation Committee held five meetings during the 2006 fiscal year. A copy of the Compensation Committee Charter adopted by Leap's Board is posted in the Investor Relations section of Leap's website at www.leapwireless.com. Under the Compensation Committee Charter, the Compensation Committee may delegate any

or all of its responsibilities to a subcommittee of the Compensation Committee, and may delegate to one or more officers of Leap any or all of the Committee's responsibilities to grant awards under Leap's stock incentive plans to eligible participants (other than to Leap's executive officers).

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee currently consists of Dr. Rachesky, Chairman, and Messrs. Harkey and Targoff. All members of the Nominating and

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Corporate Governance Committee are independent directors, as defined in the Nasdaq Stock Market listing standards. The functions of this Committee include:

- identifying qualified candidates to become members of our Board;
- recommending to the Board candidates for nomination for election as directors at each annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected);
- recommending to the Board candidates for appointment to fill vacancies on our Board;
- overseeing the annual evaluation of the performance of the Board; and
- overseeing our corporate governance guidelines.

The Nominating and Corporate Governance Committee held two meetings during the 2006 fiscal year. A copy of the Nominating and Corporate Governance Committee Charter adopted by Leap's Board is posted in the Investor Relations section of Leap's website at www.leapwireless.com.

Director Nomination Process

Director Qualifications

The Nominating and Corporate Governance Committee's goal is to assemble a Board that brings to our company a variety of perspectives and skills derived from high quality business and professional experience. In evaluating director nominees, the Nominating and Corporate Governance Committee considers the following criteria, among others that the Nominating and Corporate Governance Committee shall deem appropriate:

- personal and professional integrity, ethics and values;
- experience in corporate management, such as serving as an officer or former officer of a publicly held company, and a general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today's business environment;
- experience in our industry;
- experience as a board member of another publicly held company;
- academic expertise in an area of our operations; and
- practical and mature business judgment, including ability to make independent analytical inquiries.

The Nominating and Corporate Governance Committee has no stated minimum criteria for director nominees. In evaluating director nominees, in addition to the criteria described above, the Nominating and Corporate Governance Committee may consider other factors that it deems to be appropriate and in the best interests of Leap and its stockholders. The Nominating and Corporate Governance Committee believes it is appropriate for at least one, and preferably several, members of our Board to meet the criteria for an audit committee financial expert as defined by SEC rules, and that a majority of the members of our Board be independent directors, as defined under the Nasdaq Stock Market listing standards. At this time, the Nominating and Corporate Governance Committee also believes it is appropriate for our president and chief executive officer to serve as a member of our Board.

Process for Identification and Evaluation of Nominees for Director

Nominating and Corporate Governance Committee Process. The Nominating and Corporate Governance Committee identifies nominees for director by first evaluating the current members of the Board willing to continue in service. Current members with qualifications and skills that are consistent with the Nominating and Corporate Governance Committee's criteria for Board service and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board with that of obtaining new perspectives. If any member of the Board does not wish to continue in service or if the Board decides not to re-nominate a member for re-election, the Nominating and Corporate Governance Committee identifies the desired skills and experience of a new nominee in light of the criteria above. In such a case, the Nominating and Corporate Governance Committee generally polls the Board and members of management for their recommendations. The

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Nominating and Corporate Governance Committee may also seek input from industry experts or analysts. Once candidates are identified, the Nominating and Corporate Governance Committee reviews the qualifications, experience and background of the candidates. Final candidates are then interviewed by the Nominating and Corporate Governance Committee and certain other of our independent directors and executive management. In making its determinations, the Nominating and Corporate Governance Committee evaluates each individual in the context of our Board as a whole, with the objective of assembling a group that can best perpetuate our success and represent stockholder interests through the exercise of sound judgment. After review and deliberation of all feedback and data, the Nominating and Corporate Governance Committee makes its recommendation to the Board. Historically, the Nominating and Corporate Governance Committee has not relied on third-party search firms to identify Board candidates. The Nominating and Corporate Governance Committee may in the future choose to do so in those situations where particular qualifications are required or where the Nominating and Corporate Governance Committee believes a third-party search firm may materially aid in the identification of qualified candidates.

Recommendations from Stockholders. The Nominating and Corporate Governance Committee's policy is to consider and evaluate nominees recommended by stockholders in the same manner as it evaluates other nominees. We have not received any director candidate recommendations from our stockholders to date. However, any recommendations received from stockholders will be evaluated in the same manner that potential nominees suggested by Board members, management or other parties are evaluated.

Stockholders wishing to recommend a candidate for nomination for election as a director must do so in writing addressed to the Corporate Secretary of Leap. The stockholder must submit a detailed resume of the candidate and an explanation of the reasons why the stockholder believes this candidate is qualified for service on our Board. The stockholder must also provide such other information about the candidate as would be required by SEC rules to be included in a proxy statement about the candidate. In addition, the stockholder must include the written consent of the candidate and describe any arrangements or undertakings between the stockholder and the candidate regarding the recommendation or nomination. In order to give the Nominating and Corporate Governance Committee sufficient time to evaluate a recommended candidate, the recommendation must be received by our Corporate Secretary at our principal executive offices by the deadline for submitting proposals to be included in the proxy statement for the next annual stockholders meeting, as described below in the section entitled "Stockholder Proposals." Recommendations received after such date will likely not be timely for consideration in connection with that year's annual meeting of stockholders.

Nominations by Stockholders. Nominations of persons for election to the Board may be made at the Annual Meeting by any stockholder who is entitled to vote at the meeting and who has complied with the notice procedures set forth in Article II, Section 8 of the Amended and Restated Bylaws of Leap. Generally, these procedures require stockholders to give timely notice in writing to the Corporate Secretary of Leap, including all information relating to the nominee that is required to be disclosed in solicitations of proxies for election of directors and the nominee's written consent to being named in the proxy and to serving as a director if elected. Stockholders are encouraged to review the Amended and Restated Bylaws of Leap for a complete description of the procedures.

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PROPOSAL 2

**APPROVAL OF SECOND AMENDMENT TO
THE 2004 STOCK OPTION,
RESTRICTED STOCK AND DEFERRED STOCK UNIT PLAN
OF LEAP WIRELESS INTERNATIONAL, INC.
AND OF SUCH PLAN, AS AMENDED**

We are asking our stockholders to approve the second amendment to the 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan of Leap Wireless International, Inc., as previously amended (the 2004 Plan). Currently, the 2004 Plan authorizes 4,800,000 shares of Leap common stock for issuance. The second amendment would increase the number of shares authorized for issuance under the 2004 Plan by 3,500,000 shares for a total of 8,300,000 shares. Leap's Board approved the first and second amendments to the 2004 Plan on March 8, 2007 but specified that the second amendment was subject to approval by Leap's stockholders. The proposed second amendment to the 2004 Plan, the text of which is attached as part of *Appendix A* to this proxy statement, would become effective immediately upon stockholder approval at the Annual Meeting.

In addition to asking our stockholders to approve the second amendment, we are asking for approval of the 2004 Plan, as amended by the first and second amendments. The 2004 Plan was put into place by the Compensation Committee of our Board, acting pursuant to a delegation of authority, following our emergence from bankruptcy, as contemplated by Section 5.07 of our plan of reorganization. Stockholder approval of the 2004 Plan as amended would allow Leap to grant options under the 2004 Plan that constitute qualified performance-based compensation exempt from the limits on deductibility under Section 162(m) of the Code and would also allow Leap to grant incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the Code).

Section 162(m) of the Code generally disallows a tax deduction to a publicly-held company for compensation in excess of \$1 million paid to its chief executive officer and its four most highly compensated executive officers. However, under Section 162(m), the deduction limit does not apply to qualified performance-based compensation as provided in the Treasury Regulations under Section 162(m) of the Code if the compensation is awarded by an independent compensation committee and the compensation is disclosed to, and approved by, stockholders. In particular, stock options will satisfy the qualified performance-based compensation exception if the awards are made under a plan approved by stockholders, the stock options are granted by a qualifying compensation committee, the underlying plan sets the maximum number of shares that can be granted to any person within a specified period, and the compensation is based solely on an increase in the stock price after the grant date (i.e., the option exercise price is equal to or greater than the fair market value of the stock subject to the award on the grant date).

The following summary of the terms of the 2004 Plan and the proposed amendment is qualified in its entirety by reference to the text of the 2004 Plan and the various award agreements used thereunder, forms of which have been filed as exhibits to Leap's Current Reports on Form 8-K filed with the SEC on January 11, 2005, June 23, 2005, July 8, 2005 and June 6, 2006, and Leap's Annual Reports on Form 10-K filed with the SEC on May 16, 2005, March 27, 2006 and March 1, 2007. The first and second amendments to the Plan are attached as parts of *Appendix A* to this proxy statement.

Description of Proposed Amendment

Under the current terms of the 2004 Plan, a total of 4,800,000 shares of our common stock are reserved for issuance pursuant to awards granted under the 2004 Plan. As of March 20, 2007, awards covering an aggregate of

3,027,732 shares were outstanding under the 2004 Plan, 102,970 shares were reserved for a planned grant that has been approved by the Compensation Committee, and 99,488 shares (plus any shares that might in the future be returned to the 2004 Plan as a result of cancellations, forfeitures, repurchases or expiration of awards) remained available for future grants. The closing share price for our common stock on the Nasdaq Global Select Market on March 20, 2007, was \$65.97. We are now asking our stockholders to approve the 2004 Plan, as amended, as well as the second amendment to the 2004 Plan which would provide that the number of shares of our common stock reserved for issuance under the 2004 Plan would increase by 3,500,000 shares for a total of 8,300,000 shares.

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The proposed increase in shares available for issuance under the 2004 Plan has been reviewed and approved by the Compensation Committee of Leap's Board, which determined that the existing number of shares available for issuance under the 2004 Plan was insufficient to meet our ongoing needs to provide long-term incentive grants on an ongoing and regular basis to motivate, reward, and retain key employees who create shareholder value. The increase in shares has been necessitated by the hiring of new employees and by granting additional stock awards to current employees as long-term incentives. The increase will enable us to continue our policy of equity ownership by employees, directors and consultants as an incentive to contribute to our success. If this Proposal 2 is approved by the stockholders, a maximum of 3,500,000 additional shares would become available for issuance under the 2004 Plan. If this Proposal 2 is not approved, the second amendment will not become effective and no equity awards will be granted pursuant to such second amendment.

The 2004 Plan is not being amended in any respect other than to reflect the changes described above.

Purposes of the 2004 Plan

The purposes of the 2004 Plan are to attract and retain the best available personnel for positions of responsibility and to provide additional incentive to our employees, directors and consultants to promote the success of our business.

Securities Subject to the 2004 Plan

The aggregate number of shares of common stock subject to awards under the 2004 Plan is currently 4,800,000. That number may be adjusted for changes in Leap's capitalization and certain corporate transactions, as described below under the heading Changes in Control and Corporate Transactions. As noted above, the proposed amendment to the 2004 Plan would increase the number of shares authorized for issuance under the 2004 Plan by 3,500,000 shares for a total of 8,300,000 shares. To the extent that an award expires, terminates or is cancelled without having been exercised in full, any unexercised shares subject to the award will be available for future grant or sale under the 2004 Plan. Shares of restricted stock which are forfeited or repurchased by us pursuant to the 2004 Plan may again be optioned, granted or awarded under the 2004 Plan. In addition, shares of common stock which are delivered by the holder or withheld by us upon the exercise of any award under the 2004 Plan in payment of the exercise or purchase price of such award or tax withholding thereon may again be optioned, granted or awarded under the 2004 Plan.

The maximum number of shares that may be subject to awards granted under the 2004 Plan to any individual in any calendar year may not exceed 1,500,000.

Administration

The 2004 Plan is generally administered by the Compensation Committee of Leap's Board (the Administrator). However, Leap's Board determines the terms and conditions of, interprets and administers the 2004 Plan for awards granted to our non-employee directors and, with respect to these awards, the term Administrator refers to Leap's Board. As appropriate, administration of the 2004 Plan may be revested in Leap's Board. In addition, for administrative convenience, Leap's Board may determine to grant to one or more members of Leap's Board or to one or more officers the authority to make grants to individuals who are not directors or executive officers.

Eligibility

The 2004 Plan authorizes discretionary grants to our employees, consultants and non-employee directors, and to the employees and consultants of our subsidiaries, of stock options, restricted stock and deferred stock units. As of April 2, 2007, outstanding equity awards have been issued to approximately 150 of our approximately 2,000

employees and to our five non-employee directors.

Awards Under the 2004 Plan

Stock Options. The 2004 Plan provides for discretionary grants of non-qualified stock options, or NQSOs, to employees, non-employee directors and consultants. The 2004 Plan also provides for the grant of incentive stock

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options, or ISOs, which may only be granted to employees. Options may be granted with terms determined by the Administrator; provided that ISOs must meet the requirements of Section 422 of the Code. The 2004 Plan provides that an option holder may exercise his or her option for three months following termination of employment, directorship or consultancy (12 months in the event such termination results from death or disability). With respect to options granted to employees, an option terminates immediately in the event of an option holder's termination for cause. The exercise price for stock options granted under the 2004 Plan is set by the Administrator and may not be less than par value (except for ISOs and stock options granted to non-employee directors which must have an exercise price not less than fair market value on the date of grant). To date, however, all options granted under the 2004 Plan have had an exercise price greater than or equal to the fair market value of our common stock on the date of grant, as determined under the 2004 Plan. Options granted under the 2004 Plan generally have a term of 10 years.

Restricted Stock. Unless otherwise provided in the applicable award agreement, participants generally have all of the rights of a stockholder with respect to restricted stock. Restricted stock may be issued for a nominal purchase price and may be subject to vesting over time or upon attainment of performance targets. Any dividends or other distributions paid on restricted stock are also subject to restrictions to the same extent as the underlying stock. Award agreements related to restricted stock may provide that restricted stock is subject to repurchase by Leap in the event that the participant ceases to be an employee, director or consultant prior to vesting.

Deferred Stock Units. Deferred stock units represent the right to receive shares of stock on a deferred basis. Stock distributed pursuant to deferred stock units may be issued for a nominal purchase price. Deferred stock units may be subject to vesting over time or upon attainment of performance targets. Stock distributed pursuant to a deferred stock unit award will not be issued before the deferred stock unit award has vested, and a participant granted a deferred stock unit award generally will have no voting or dividend rights prior to the time when the stock is distributed. The deferred stock unit award will specify when the stock is to be distributed. The Administrator may provide that the stock will be distributed pursuant to a deferred stock unit award on a deferred basis pursuant to a timely irrevocable election by the participant. The issuance of the stock distributable pursuant to a deferred stock unit award may not occur prior to the earliest of: (1) a date or dates set forth in the applicable award agreement; (2) the participant's termination of employment or service with us (or in the case of any officer who is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, six months after such termination); (3) an unforeseeable financial emergency affecting the participant; or (4) a change in control, as described below. Under no circumstances may the time or schedule of distribution of stock pursuant to a deferred stock unit award be accelerated.

Awards Generally Not Transferable

Awards under the 2004 Plan are generally not transferable during the award holder's lifetime, except, with the consent of the Administrator, pursuant to qualified domestic relations orders. The Administrator may allow non-qualified stock options to be transferable to certain permitted transferees (i.e., immediate family members for estate planning purposes).

Changes in Control and Corporate Transactions

In the event of certain changes in the capitalization of our company or certain corporate transactions involving our company and certain other events (including a change in control, as defined in the 2004 Plan), the Administrator will make appropriate adjustments to awards under the 2004 Plan and is authorized to provide for the acceleration, cash-out, termination, assumption, substitution or conversion of such awards. We will give award holders 20 days prior written notice of certain changes in control or other corporate transactions or events (or such lesser notice as the Administrator determines is appropriate or administratively practicable under the circumstances) and of any actions the Administrator intends to take with respect to outstanding awards in connection with such change in control, transaction or event. Award holders will also have an opportunity to exercise any vested awards prior to the

consummation of such changes in control or other corporate transactions or events (and such exercise may be conditioned on the closing of such transactions or events).

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Term of the 2004 Plan; Amendment and Termination

The 2004 Plan will be in effect until December 2014, unless Leap's Board terminates the 2004 Plan at an earlier date. Leap's Board may terminate the 2004 Plan at any time with respect to any shares not then subject to an award under the 2004 Plan. Leap's Board may also modify the 2004 Plan from time to time, except that Leap's Board may not, without prior stockholder approval, amend the 2004 Plan so as to increase the number of shares of stock that may be issued under the 2004 Plan, reduce the exercise price per share of the shares subject to any outstanding option, or amend the 2004 Plan in any manner which would require stockholder approval to comply with any applicable law, regulation or rule or which would alter the rights or obligations of any outstanding award.

Federal Income Tax Consequences Associated with the 2004 Plan

The following is a general summary under current law of the material federal income tax consequences to participants in the 2004 Plan. This summary deals with the general tax principles that apply and is provided only for general information. Some kinds of taxes, such as state, local and foreign income taxes and federal employment taxes, are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The summary does not discuss all aspects of income taxation that may be relevant in light of a holder's personal investment circumstances. This summarized tax information is not tax advice.

Non-Qualified Stock Options. For federal income tax purposes, if an optionee is granted NQSOs under the 2004 Plan, the optionee will not have taxable income on the grant of the option, nor will we be entitled to any deduction. Generally, upon exercise of NQSOs the optionee will recognize ordinary income, and we will be entitled to a deduction, in an amount equal to the excess of the fair market value of a common share over the option exercise price on the date each such option is exercised. The optionee's basis for the stock for purposes of determining gain or loss on subsequent disposition of such shares generally will be the fair market value of the common stock on the date the optionee exercises such option. Any subsequent gain or loss will be generally taxable as capital gains or losses.

Incentive Stock Options. There is no taxable income to an optionee when an optionee is granted an ISO or when that option is exercised. However, the amount by which the fair market value of the shares at the time of exercise exceeds the option price will be an item of adjustment for the optionee for purposes of the alternative minimum tax. Gain realized by the optionee on the sale of an ISO is taxable at capital gains rates, and no tax deduction is available to us, unless the optionee disposes of the shares within (a) two years after the date of grant of the option or (b) within one year of the date the shares were transferred to the optionee. If the common shares are sold or otherwise disposed of before the end of the two-year and one-year periods specified above, the excess of the fair market value of a common share over the option exercise price on the date of the option's exercise will be taxed at ordinary income rates (or, if less, the gain on the sale), and we will be entitled to a deduction to the extent the optionee must recognize ordinary income. If such a sale or disposition takes place in the year in which the optionee exercises the option, the income the optionee recognizes upon sale or disposition of the shares will not be considered an item of adjustment for alternative minimum tax purposes.

An ISO exercised more than three months after an optionee terminates employment, for reasons other than death or disability, will be taxed as a NQSO, and the optionee will recognize ordinary income on the exercise. We will be entitled to a tax deduction equal to the ordinary income, if any, realized by the optionee.

Restricted Stock. An individual to whom restricted stock is issued generally will not recognize taxable income upon such issuance, and we generally will not then be entitled to a deduction, unless an election is made by the participant under Section 83(b) of the Code. However, when restrictions on shares of restricted stock lapse, such that the shares are no longer subject to a substantial risk of forfeiture, the individual generally will recognize ordinary income, and

we generally will be entitled to a deduction for an amount equal to the excess of the fair market value of the shares at the date such restrictions lapse over the purchase price. If a timely election is made under Section 83(b) with respect to restricted stock, the participant generally will recognize ordinary income on the date of the issuance equal to the excess, if any, of the fair market value of the shares at that date over the purchase price of such shares, and we will be entitled to a deduction for the same amount.

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Deferred Stock Units. For federal income tax purposes, if an individual is granted deferred stock units, he or she generally will not have taxable income on the grant of the deferred stock units, nor will we then be entitled to any deduction. However, when shares of our common stock are distributed to the individual pursuant to the deferred stock units, he or she generally will recognize ordinary income, and we will be entitled to a corresponding deduction, for an amount equal to the difference between the fair market value of the shares at the date of distribution over the purchase price per share for the stock issuable pursuant to the deferred stock units.

Section 162(m) of the Code. As described above, in general, under Section 162(m), income tax deductions of publicly-held corporations may be limited to the extent total compensation (including base salary, annual bonus, stock option exercises and non-qualified benefits paid) for specified executive officers exceeds \$1 million (less the amount of any excess parachute payments as defined in Section 280G of the Code) in any one year. However, under Section 162(m), the deduction limit does not apply to certain qualified performance-based compensation as provided in the Treasury Regulations under Section 162(m) of the Code if the compensation is awarded by an independent compensation committee and adequately disclosed to, and approved by, stockholders. In particular, stock options will satisfy the qualified performance-based compensation exception if the awards are made by a qualifying compensation committee, the underlying plan sets the maximum number of shares that can be granted to any person within a specified period and the compensation is based solely on an increase in the stock price after the grant date (i.e., the option exercise price is equal to or greater than the fair market value of the stock subject to the award on the grant date).

The Administrator can determine the terms and conditions of stock options granted under the 2004 Plan such that remuneration attributable to such awards will not be subject to the \$1 million limitation. No assurance is given that any specific award will qualify as qualified performance-based compensation under the 2004 Plan.

Section 409A of the Code. Section 409A of the Code, which was added by the American Jobs Creation Act of 2004, provides certain new requirements on non-qualified deferred compensation arrangements. These include new requirements on an individual's election to defer compensation and the individual's selection of the timing and form of distribution of the deferred compensation. Also, Section 409A generally provides that distributions must be made on or following the occurrence of certain events (i.e., the individual's separation from service, a predetermined date, or the individual's death). Section 409A imposes restrictions on an individual's ability to change his or her distribution timing or form after the compensation has been deferred. For certain individuals who are officers, Section 409A requires that such individual's distribution commence no earlier than six months after such officer's separation from service.

Certain awards under the 2004 Plan generally will be subject to the requirements of Section 409A in form and in operation. For example, the following types of awards generally will be subject to Section 409A: non-qualified stock options granted with an exercise price less than fair market value on the date of grant, deferred stock unit awards and other awards that provide for deferred compensation.

If a 2004 Plan award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that award may recognize the compensation deferred under the award as ordinary income when such amounts are vested, which may be prior to when the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply, Section 409A imposes an additional 20% federal income tax on the deferred compensation recognized as ordinary income, as well as interest on such deferred compensation. The Internal Revenue Service has not issued final regulations under Section 409A and, accordingly, the requirements of Section 409A (and the application of those requirements to awards issued under the Plan) are not entirely clear.

2004 Plan Benefits

Under the 2004 Plan, our named executive officers have received the following equity awards under the 2004 Plan: S. Douglas Hutcheson, our chief executive officer and president, has received options to purchase 277,007 shares, 111,987 shares of restricted stock and 30,000 deferred stock units; Amin I. Khalifa, our executive vice president and chief financial officer, has received options to purchase 175,000 shares and 35,000 shares of restricted stock; Glenn T. Umetsu, our executive vice president and chief technology officer, has received options to purchase 115,106 shares, 82,560 shares of restricted stock and 25,520 deferred stock units; Albin F. Moschner, our executive vice president and chief marketing officer, has received options to purchase 197,660 shares and

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41,000 shares of restricted stock; Leonard C. Stephens, our senior vice president, human resources, has received options to purchase 37,404 shares, 41,850 shares of restricted stock and 8,250 deferred stock units; and Dean M. Luvisa, our vice president, finance, the chief financial officer of our network operations group and our former acting chief financial officer, has received options to purchase 34,640 shares, 25,650 shares of restricted stock and 6,050 deferred stock units. As of March 20, 2007:

all of our executive officers as a group have received:

options to purchase an aggregate of 884,042 shares,

356,423 shares of restricted stock, and

72,020 deferred stock units under the 2004 Plan.

in the aggregate we have granted to employees:

options to purchase 3,498,444 shares,

1,260,182 shares of restricted stock, and

246,484 deferred stock units under the 2004 Plan.

we have reserved for a planned grant that has been approved by the Compensation Committee:

options to purchase 88,317 shares, and

14,653 shares of restricted stock.

our non-employee directors as a group have received:

options to purchase an aggregate of 135,300 shares, and

11,320 shares of restricted stock under the 2004 Plan.

All other future grants under the 2004 Plan are within the discretion of the Administrator and the benefits of such grants are, therefore, not determinable.

Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting shall be required to approve the second amendment to the 2004 Plan and the 2004 Plan, as amended.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE APPROVAL OF THE SECOND AMENDMENT TO THE 2004 PLAN, AND OF THE 2004 PLAN, AS AMENDED

Table of Contents**Securities Authorized For Issuance Under Equity Compensation Plans**

The following table provides information as of December 31, 2006 with respect to equity compensation plans (including individual compensation arrangements) under which Leap's common stock is authorized for issuance, and excludes the additional 3,500,000 shares of Leap common stock authorized under the Second Amendment to the 2004 Plan, subject to stockholder approval.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders(1)		\$	767,413
Equity compensation plans not approved by security holders(2)	3,070,197(3)	37.55	309,878
Total	3,070,197	\$ 37.55	1,077,291

(1) Consists of shares reserved for issuance under the Leap Wireless International, Inc. Employee Stock Purchase Plan.

(2) Consists of shares reserved for issuance under the 2004 Plan adopted by the Compensation Committee of our Board on December 30, 2004 as contemplated by our confirmed plan of reorganization. The material features of the 2004 Plan are described elsewhere in this proxy statement.

(3) Excludes 1,118,341 outstanding shares of restricted stock issued under the 2004 Plan which are subject to release upon vesting of the shares.

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PROPOSAL 3

**APPROVAL OF THE LEAP WIRELESS INTERNATIONAL, INC.
EXECUTIVE INCENTIVE BONUS PLAN**

We are asking our stockholders to approve the Leap Wireless International, Inc. Executive Incentive Bonus Plan (the Executive Bonus Plan). On March 8, 2007, Leap's Board unanimously approved the adoption of the Executive Bonus Plan, subject to approval by Leap's stockholders. The Executive Bonus Plan authorizes the Compensation Committee or such other committee as may be appointed by the Board to establish periodic bonus programs based on specified performance objectives. The Board has established the Executive Bonus Plan Committee, consisting of Dr. Rachesky and Mr. Targoff, to conduct the general administration of the Executive Bonus Plan. On March 28, 2007, the Executive Bonus Plan Committee established initial objectives under the Executive Bonus Plan. If the Executive Bonus Plan is not approved by Leap's stockholders, no bonus payments will be made pursuant to the Executive Bonus Plan, including bonus payments that may otherwise have become payable pursuant to the Executive Bonus Plan upon the achievement of the initial performance objectives established by the Executive Bonus Plan Committee. Leap may, from time to time, also pay discretionary bonuses, or other types of compensation, outside the Executive Bonus Plan which may or may not be tax deductible.

The following summary of the terms of the Executive Bonus Plan is qualified in its entirety by reference to the text of the Executive Bonus Plan, which is attached as *Appendix B* to this proxy statement.

History

Leap's Board, following the recommendation of the Compensation Committee, approved the Executive Bonus Plan at a meeting held on March 8, 2007, subject to approval by Leap's stockholders. On March 28, 2007, the Executive Bonus Plan Committee established performance objectives, targets and maximum bonus amounts that may become payable under the Executive Bonus Plan based on the achievement of such performance objectives, subject to approval of the Executive Bonus Plan by Leap's stockholders. These performance objectives, targets and maximum bonus amounts are described below under the heading *New Plan Benefits*.

Purpose of the Executive Bonus Plan

The purpose of the Executive Bonus Plan is to motivate its participants to achieve specified performance objectives and to reward them when those objectives are met with bonuses that are intended to be deductible to the maximum extent possible as *performance-based compensation* within the meaning of Section 162(m) of the Code.

Administration

The Executive Bonus Plan will be administered by the Compensation Committee, or such other committee as may be appointed by the Board consisting solely of two or more directors, each of whom is intended to qualify as an *outside director* within the meaning of Section 162(m) of the Code. On March 28, 2007, the Board established the Executive Bonus Plan Committee, consisting of Dr. Rachesky and Mr. Targoff, to conduct the general administration of the Executive Bonus Plan. In this proxy statement, we refer to the Board Committee that is administering the Executive Bonus Plan from time to time (whether that committee is the Compensation Committee, the Executive Bonus Plan Committee or another committee appointed by the Board) as the *Plan Committee*. All actions taken and all interpretations and determinations relating to the Executive Bonus Plan made in good faith by the Plan Committee or Leap's Board will be final and binding on Leap and all participants.

Eligibility

Participation in the Executive Bonus Plan is limited to those senior vice presidents or more senior officers of Leap or any subsidiary who are selected by the Plan Committee to receive a bonus award under the Executive Bonus Plan. There are currently approximately eight such senior officers.

Performance Objectives

The Plan Committee may, in its discretion, establish the specific performance objectives (including any adjustments) that must be achieved in order for an eligible participant to become eligible to receive a bonus award

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payment. The performance objectives (including any adjustments) will be established in writing by the Plan Committee no later than the earlier of (i) the ninetieth day following the commencement of the period of service to which the performance goals relate or (ii) the date preceding the date on which 25% of the period of service (as scheduled in good faith at the time the performance objectives are established) has lapsed; provided that the achievement of such goals must be substantially uncertain at the time such goals are established in writing. For each performance period with regard to which one or more eligible participants in the Executive Bonus Plan is selected by the Plan Committee to receive a bonus award, the Plan Committee will establish in writing one or more objectively determinable performance objectives for such bonus award, based upon one or more of the following business criteria, any of which may be measured in absolute terms, as compared to any incremental increase or as compared to the results of a peer group:

revenue;

sales;

cash flow;

earnings (including earnings before any one or more of the following: (i) interest, (ii) taxes, (iii) depreciation, and (iv) amortization);

earnings (including earnings before any one or more of the following: (i) interest, (ii) taxes, (iii) depreciation, and (iv) amortization) per share of Leap's common stock;

operating income (including operating income before any one or more of the following: (i) depreciation and (ii) amortization);

operating income (including operating income before any one or more of the following: (i) depreciation and (ii) amortization) per share of Leap's common stock;

return on equity;

total stockholder return;

return on capital;

return on assets or net assets;

income or net income;

operating profit or net operating profit;

operating margin;

cost reductions or savings;

end of period customers or change in customers across a period;

working capital;

market share; and

fair market value per share of Leap's common stock.

The performance objectives may be expressed in terms of overall company performance or the performance of a business function or business unit and/or Leap's subsidiaries. The Plan Committee, in its discretion, may specify different performance objectives for each bonus award granted under the Executive Bonus Plan. Following the end of the performance period in which the performance objectives are to be achieved, the Plan Committee will, within the time prescribed by Section 162(m) of the Code, determine whether, and to what extent, the specified performance objectives have been achieved for the applicable performance period. To the extent U.S. generally accepted accounting principles, or GAAP, are applicable, the achievement of the above performance objectives will be determined in accordance with GAAP.

Performance periods under the Executive Bonus Plan will be specified by the Plan Committee and may be a fiscal year of Leap or one or more fiscal quarters during a fiscal year.

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Adjustments to the Performance Objectives

For each bonus award granted under the Executive Bonus Plan, the Plan Committee, in its discretion, may, at the time of grant, specify in the bonus award that one or more objectively determinable adjustments will be made to one or more of the performance objectives established under the criteria discussed above. Such adjustments may include or exclude one or more of the following:

- items related to a change in accounting principle;
- items related to financing activities;
- expenses for restructuring or productivity initiatives;
- other non-operating items;
- items related to acquisitions;
- items attributable to the business operations of any entity acquired by Leap during the year;
- items related to dispositions;
- items related to the launch of one or more new markets or the disposition of one or more markets;
- items related to discontinued operations that do not qualify as a segment of a business under GAAP;
- items related to gain or loss on sale of wireless licenses and/or operating assets;
- items related to impairment of indefinite-lived intangible assets;
- items related to impairment of long-lived assets and related charges; and
- share-based compensation expense.

Awards

Under the Executive Bonus Plan, an eligible participant will be eligible to receive awards based upon Leap's performance against the targeted performance objectives established by the Plan Committee. If and to the extent the performance objectives are met, an eligible participant will be eligible to receive a bonus award to be determined by the Plan Committee, which bonus amount may be a specific dollar amount or a specified percentage of such participant's base compensation for the performance period.

Maximum Award; Negative Discretion

The maximum aggregate amount of all bonus awards granted to any eligible participant under the Executive Bonus Plan for any fiscal year is \$1,500,000. The Executive Bonus Plan, however, is not the exclusive means for the Compensation Committee to award incentive compensation to those persons who are eligible for bonus awards under the Executive Bonus Plan and does not limit the Compensation Committee from making additional discretionary incentive awards. The Plan Committee, in its discretion, may reduce or eliminate the bonus amount otherwise payable

to an eligible participant under the Executive Bonus Plan.

Form of Payment

All bonus awards will be paid in cash, subject to any applicable tax or other withholding.

Termination of Employment

If an eligible participant's employment with Leap or a subsidiary is terminated, including by reason of such participant's death or disability, prior to payment of any bonus award, all of such participant's rights under the Executive Bonus Plan will terminate and such participant will not have any right to receive any further payments from any bonus award granted under the Executive Bonus Plan. The Plan Committee may, in its discretion, determine what portion, if any, of the eligible participant's bonus award under the Executive Bonus Plan should be paid if the termination results from such participant's death or disability.

Table of Contents**Amendment and Termination**

The Plan Committee or Leap's Board may terminate the Executive Bonus Plan or partially amend or otherwise modify or suspend the Executive Bonus Plan at any time or from time to time, subject to any stockholder approval requirements under Section 162(m) of the Code or other requirements. However, with respect to bonus awards that the Plan Committee determines should qualify as performance-based compensation as described in Section 162(m) of the Code, no action of the Board or the Plan Committee may modify the performance objectives (or adjustments) applicable to any outstanding bonus award, to the extent such modification would cause the bonus award to fail to qualify as performance-based compensation.

Federal Income Tax Consequences

Under present federal income tax law, a participant generally will recognize ordinary income at the time such participant receives cash pursuant to a bonus award under the Executive Bonus Plan. Subject to the limitations of Section 162(m) of the Code, Leap is generally entitled to a tax deduction at the time a participant recognizes ordinary income attributable to an award under the Executive Bonus Plan. Section 162(m) of the Code generally limits the deductibility of non-qualifying compensation in excess of \$1 million paid to covered employees. However, Section 162(m) exempts qualifying performance-based compensation from the deduction limit if certain requirements are met. The Executive Bonus Plan is intended to satisfy these requirements. The Compensation Committee's policy is to maximize the tax deductibility of executive compensation without compromising the essential framework of the existing total compensation program. However, the Compensation Committee may elect to forgo deductibility for federal income tax purposes if such action is, in the opinion of the Compensation Committee, necessary or appropriate to further the goals of Leap's executive compensation program, or otherwise is in Leap's best interests.

New Plan Benefits

The effective date of the Executive Bonus Plan is January 1, 2007, subject to approval of the Executive Bonus Plan by our stockholders. The Plan Committee has designated the plan year commencing January 1, 2007 and ending December 31, 2007 as the first performance period under the Executive Bonus Plan, which we refer to in this proxy statement as the Initial Performance Period. The Plan Committee has determined that the bonuses (if any) payable to the covered executives under the Executive Bonus Plan for 2007 will be based (in the event stockholder approval of the Executive Bonus Plan is obtained) on the following performance objectives: (a) Leap's operating income before depreciation and amortization (adjusted to exclude certain non-cash items) and (b) net customer additions during the performance period. The Plan Committee has established the target and maximum bonuses set forth in the table below for the named executive officers included therein, each of whom the Plan Committee has designated as a participant in the Executive Bonus Plan for the Initial Performance Period (in the event stockholder approval of the Executive Bonus Plan is obtained).

Name and Position	Target Bonus under Executive Bonus Plan(1)	Maximum Bonus under Executive Bonus Plan(2)
S. Douglas Hutcheson <i>Chief Executive Officer, President and Director</i>	75%	150%
Amin I. Khalifa <i>Executive Vice President and Chief Financial Officer</i>	60%	120%
Glenn T. Umetsu	60%	120%

<i>Executive Vice President and Chief Technology Officer</i> Albin F. Moschner	60%	120%
<i>Executive Vice President and Chief Marketing Officer</i> Leonard C. Stephens	49%	98%
<i>Senior Vice President, Human Resources</i>		

(1) Represents the executive's target bonus for the Initial Performance Period, expressed as a percentage of his base salary prorated for any changes during the year (rounded to the nearest whole percentage point). The actual

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bonus award payable will be from 0% to 200% of the target bonus amount based on Leap's relative attainment of the performance objectives, subject to the discretion of the Plan Committee to reduce the amount payable.

- (2) Represents the maximum bonus payable to the executive under the Executive Bonus Plan for the Initial Performance Period, expressed as a percentage of his base salary prorated for any changes during the year.

All other future bonus awards under the Executive Bonus Plan for a given performance period are subject to the performance objectives and targets established by the Plan Committee for such performance period in accordance with the terms of the Executive Bonus Plan, and Leap's relative performance against such targets. Accordingly, other future benefits that may become payable under the Executive Bonus Plan to the eligible participants in the Executive Bonus Plan are not currently determinable.

Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting shall be required to approve the Executive Bonus Plan.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR APPROVAL OF THE EXECUTIVE BONUS PLAN.

Table of Contents**PROPOSAL 4****RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

Leap's financial statements for the 2006 fiscal year have been examined by PricewaterhouseCoopers LLP, which has audited Leap's financial statements since 1998. The Board has selected PricewaterhouseCoopers LLP as Leap's independent registered public accounting firm for the fiscal year ending December 31, 2007 and has directed that management submit the selection of the independent registered public accounting firm to the stockholders for ratification at the Annual Meeting. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement and to respond to appropriate questions.

Stockholders are not required to ratify the selection of PricewaterhouseCoopers LLP as Leap's independent registered public accounting firm. However, the Board is submitting the selection of PricewaterhouseCoopers LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Board and the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Board and the Audit Committee in their discretion may direct the appointment of a different independent accounting firm at any time during the year if they determine that such a change would be in the best interests of Leap and its stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR PROPOSAL 4.**Audit Fees**

The following table summarizes the aggregate fees billed to Leap by its independent registered public accounting firm, PricewaterhouseCoopers LLP, for the years ended December 31, 2006 and 2005 (in thousands):

	2006	2005
Audit fees(1)	\$ 2,864	\$ 2,953
Audit-related fees(2)	10	21
Tax fees(3)	283	175
All other fees(4)		
Total	\$ 3,157	\$ 3,149

- (1) Audit fees consist of fees billed for professional services rendered for the audit of Leap's consolidated annual financial statements and internal control over financial reporting, review of the interim consolidated financial statements included in quarterly reports, and services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Leap's consolidated financial statements and are not reported under Audit Fees. For the years ended December 31, 2006 and December 31, 2005, this category included agreed upon

procedures for contractual and regulatory obligations.

- (3) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning. In 2006 and 2005, these services included assistance regarding federal and state tax compliance and advice regarding various income tax issues.
- (4) All other fees consist of fees for products and services other than the services reported above.

In considering the nature of the services provided by PricewaterhouseCoopers LLP, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed these services with PricewaterhouseCoopers LLP and Leap management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the Sarbanes-Oxley Act of 2002, as well as the Public Company Accounting Oversight Board. The Audit Committee requires that all services performed by PricewaterhouseCoopers LLP are pre-approved prior to the services being performed. During 2006 all services were pre-approved in accordance with these procedures.

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REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Leap's Board of Directors is comprised solely of independent directors, as defined by the listing standards of the Nasdaq Stock Market, and operates pursuant to a written charter adopted by the Board of Directors. The Audit Committee reviews and reassesses the adequacy of the charter on an annual basis. The Audit Committee is responsible for monitoring and overseeing management's conduct of Leap's financial reporting process, Leap's systems of internal accounting and financial controls, and the independent audit of Leap's financial statements by Leap's independent registered public accounting firm.

In this context, the Audit Committee has reviewed and discussed the audited financial statements of Leap as of and for the year ended December 31, 2006 with both management and PricewaterhouseCoopers LLP. Specifically, the Audit Committee has discussed with PricewaterhouseCoopers LLP those matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board.

The Audit Committee has received from PricewaterhouseCoopers LLP the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as currently in effect as adopted by the Public Company Accounting Oversight Board, and it has discussed with PricewaterhouseCoopers LLP the issue of its independence from Leap.

Based on the Audit Committee's review of the audited financial statements and its discussions with management and PricewaterhouseCoopers LLP noted above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in Leap's Annual Report on Form 10-K for the year ended December 31, 2006 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Michael B. Targoff, Chairman

John D. Harkey, Jr.

Robert V. LaPenta

Table of Contents**EXECUTIVE OFFICERS**

Biographical information for the executive officers of Leap who are not directors, as of the date of this proxy statement, is set forth below. There are no family relationships between any director or executive officer and any other director or executive officer. Executive officers serve at the discretion of the Board and until their successors have been duly elected and qualified, unless sooner removed by the Board.

Name	Age	Position
Amin I. Khalifa	53	Executive Vice President and Chief Financial Officer
Albin F. Moschner	54	Executive Vice President and Chief Marketing Officer
Glenn T. Umetsu	57	Executive Vice President and Chief Technical Officer
Robert J. Irving, Jr	51	Senior Vice President, General Counsel and Secretary
Leonard C. Stephens	50	Senior Vice President, Human Resources
Grant A. Burton	42	Vice President, Chief Accounting Officer and Controller

Amin I. Khalifa has served as our executive vice president and chief financial officer since August 2006. Mr. Khalifa previously served as executive vice president and chief financial officer of Apria Healthcare Group, Inc., a provider of home healthcare services, from October 2003 to August 2006. From June 1999 to September 2003, he served as vice president and chief financial officer of Beckman Coulter, Inc., a manufacturer of diagnostic laboratory equipment and instruments. From October 1996 to June 1999, Mr. Khalifa served as chief financial officer of the Agricultural Sector of Monsanto Company, a life sciences company. From 1994 to October 1996, he served as senior vice president, chief financial officer for Aetna Health Plans and as senior vice president, strategy and investor relations for Aetna, Inc. Mr. Khalifa currently serves as a director for PetSmart, Inc. (NASDAQ: PETM). Mr. Khalifa holds a B.S. in industrial engineering and an M.B.A. in finance from Lehigh University.

Albin F. Moschner has served as our executive vice president and chief marketing officer since January 2005, having previously served as senior vice president, marketing from September 2004 to January 2005. Prior to this, Mr. Moschner was president of Verizon Card Services from December 2000 to November 2003. Prior to joining Verizon, Mr. Moschner was president and chief executive officer of OnePoint Services, Inc., a telecommunications company that he founded and that was acquired by Verizon in December 2000. Mr. Moschner also was a principal and the vice chairman of Diba, Inc., a development stage internet software company, and served as senior vice president of operations, a member of the board of directors and ultimately president and chief executive officer of Zenith Electronics from October 1991 to July 1996. Mr. Moschner holds a master's degree in electrical engineering from Syracuse University and a B.E. in electrical engineering from the City College of New York.

Glenn T. Umetsu has served as our executive vice president and chief technical officer since January 2005, having previously served as our executive vice president and chief operating officer from January 2004 to January 2005, as our senior vice president, engineering operations and launch deployment from June 2002 to January 2004, and as vice president, engineering operations and launch development from April 2000 to June 2002. From September 1996 to April 2000, Mr. Umetsu served as vice president, engineering and technical operations for Cellular One in the San Francisco Bay Area. Before Cellular One, Mr. Umetsu served in various telecommunications operations roles for 24 years with AT&T Wireless, McCaw Communications, RAM Mobile Data, Honolulu Cellular, PacTel Cellular, AT&T Advanced Mobile Phone Service, Northwestern Bell and the United States Air Force. Mr. Umetsu holds a B.A. in mathematics and economics from Brown University.

Robert J. Irving, Jr. has served as our senior vice president, general counsel and secretary since May 2003, having previously served as our vice president, legal from August 2002 to May 2003, and as our senior legal counsel from September 1998 to August 2002. Previously, Mr. Irving served as administrative counsel for Rohr, Inc., a corporation that designed and manufactured aerospace products from 1991 to 1998, and prior to that served as vice president, general counsel and secretary for IRT Corporation, a corporation that designed and manufactured x-ray inspection equipment. Before joining IRT Corporation, Mr. Irving was an attorney at Gibson, Dunn & Crutcher. Mr. Irving was admitted to the California Bar Association in 1982. Mr. Irving holds a B.A. from Stanford University, an M.P.P. from The John F. Kennedy School of Government of Harvard University and a J.D. from Harvard Law School, where he graduated cum laude.

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Leonard C. Stephens has served as our senior vice president, human resources since our formation in June 1998. From December 1995 to September 1998, Mr. Stephens was vice president, human resources operations for Qualcomm Incorporated. Before joining Qualcomm Incorporated, Mr. Stephens was employed by Pfizer Inc., where he served in a number of human resources positions over a 14-year career. Mr. Stephens holds a B.A. from Howard University.

Grant A. Burton has served as our vice president, chief accounting officer and controller since June 2005. Prior to commencing his employment with Cricket, he served as assistant controller of PETCO Animal Supplies, Inc. from March 2004 to April 2005. He previously served as Senior Manager for PricewaterhouseCoopers, Assurance and Business Advisory Services, in San Diego from 1996 to 2004. Before joining PricewaterhouseCoopers, Mr. Burton served as acting vice president internal audit and manager merchandise accounting for DFS Group Limited from 1993 to 1996. Mr. Burton is a certified public accountant licensed in the State of California, and was a Canadian chartered accountant from 1990 to 2004. He holds a Bachelor of Commerce with Distinction from the University of Saskatchewan.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives

Our compensation and benefits programs are designed to attract and retain key employees necessary to support our business plans and to create and sustain a competitive advantage for us in the market segment in which we compete. For all of our named executive officers, a substantial portion of total compensation is performance-based. We believe that compensation paid to executive officers should be closely aligned with our performance on both a short-term and long-term basis, linked to specific, measurable results intended to create value for stockholders.

In particular, our fundamental compensation philosophies and objectives for named executive officers include the following:

Use total compensation to recognize each individual officer's scope of responsibility within the organization, experience, performance and overall contributions to our company.

Provide incentives to achieve key strategic, financial and individual performance measures by linking incentive award opportunities to the achievement of performance goals in these areas.

Use external benchmark data from similarly-sized wireless companies and other high-tech companies as part of our due diligence in determining salary, target bonus amounts and equity awards for individual officers at Leap.

Use long-term equity-based compensation (restricted stock, stock options and other equity awards, as appropriate) to align employee and stockholder interests, as well as to attract, motivate and retain employees and enable them to share in our long-term success.

Our compensation program includes cash compensation, which we view as a short-term incentive, and equity compensation, which we believe provides incentives over a longer term. Our equity compensation awards are designed to reward executives for the financial and operating performance of the company as a whole, as well as the executive's individual contributions to our overall success. We do not have any requirements that executive officers hold a specific amount of our common stock or stock options; however, we periodically review executive officer

equity-based incentives to ensure executives maintain sufficient unvested awards to promote their continued retention. In general, we seek to provide executives who have the greatest influence on our financial and operating success with compensation packages in which their equity awards could provide as much as two-thirds of their total potential compensation. This focus on equity awards is intended to provide genuine compensation opportunities to executives with the greatest potential influence on our financial and operating performance. Thus, we make the

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most substantial equity awards to our senior executive management team, comprised of our chief executive officer, executive vice presidents and senior vice presidents. In addition, we seek to provide vice presidents and other employees who have indirect influence over our operating and financial success with equity incentives that provide high retention value and alignment of these managers' interests with those of our stockholders. Except as described herein, we have not adopted any other formal or informal policies or guidelines for allocating compensation between long-term and short-term incentives, between cash and non-cash compensation, or among different forms of non-cash compensation.

Procedures for Determining Compensation Awards

The Compensation Committee. The Compensation Committee of our Board (the Compensation Committee) has primary authority to determine and recommend the compensation payable to our executive officers. To aid the Compensation Committee in making its determination, in addition to analysis and recommendations provided by applicable consultants, our chief executive officer, assisted by our senior vice president, human resources, provides annual recommendations to the Compensation Committee regarding the compensation of all executive officers other than our chief executive officer. The performance of our senior executive management team is reviewed annually by the Compensation Committee in light of our compensation philosophies and objectives described above.

Compensation Benchmarking. As part of our ongoing review of executive compensation levels, management periodically prepares, or has an outside consultant prepare, an evaluation of executive compensation levels at similarly-sized wireless telecommunications companies and other high-tech companies (Comparable Companies) for review by our Compensation Committee. This evaluation typically analyzes data derived from a number of large studies and surveys, such as the Radford Executive Survey, Mercer Telecom Survey, Thobe Communications Technology Benchmark and Wireless Surveys, and Buck Consultants High Tech Executive Survey, each of which includes executive compensation statistics for a broad sampling of Comparable Companies. We have historically attempted to set base salary, target bonus amounts and long-term equity awards for executives around the 75th percentile compared to Comparable Companies. This approach is designed to ensure that our compensation structures will allow us to remain competitive. However, actual compensation may vary based on Leap's and the individual executive officer's performance. For example, we seek to award less than the 75th percentile of total compensation when performance expectations are not met, total compensation at or around the 75th percentile when performance expectations are met, and total compensation at or above the 75th percentile when performance expectations are exceeded. Actual pay for each executive officer is determined around this framework, driven by the individual performance of the executive over time, as well as our annual performance in relation to our internally developed financial and operating goals.

Performance Goals. Corporate and individual performance goals are generally established at the beginning of the year. Annual corporate goals are generally formulated by our executive management team and are submitted for review and approval by our Board. Management then typically recommends a subset of these goals to the Compensation Committee as the corporate performance goals underlying the annual cash bonus plan for our named executive officers. The corporate performance goals established by our Compensation Committee for our 2006 cash bonus plan for our named executive officers focused primarily on (1) a financial measure we call adjusted OIBDA, which we currently define as consolidated operating income less depreciation and amortization, adjusted to exclude the effects of: gain/loss on sale of wireless licenses and operating assets; impairment of indefinite-lived intangible assets, long-lived assets and related charges; and share-based compensation expense, and (2) net customer additions. The achievement of these performance goals was dependent in many respects upon the efforts and contributions of our named executive officers and the attainment of their individual performance goals. Our Compensation Committee retains the authority to authorize bonus payments to named executive officers that are different from the bonus payments that would otherwise be awarded based on our achievement of the performance goals established for the bonus plan.

In early 2006 each of our executive officers worked with our chief executive officer to establish his or her individual performance goals for the year, based on his or her respective role within the company. These individual performance goals in many instances comprised the basis upon which we sought to achieve our broader 2006 corporate financial and operating goals. For example, individual performance goals established among our named

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executive officers in 2006 included, among others, the acquisition and build-out of certain designated wireless spectrum and/or markets, the improvement of our internal control over financial reporting, the retention and expansion of our customer base, the reduction of operating expenses and the refinancing of certain indebtedness.

Elements of Executive Compensation

Leap's executive officer compensation program is comprised of three primary components: base salary; annual short-term incentive compensation in the form of cash bonuses; and long-term incentive compensation in the form of stock options, restricted stock and similar equity-based awards.

Base Salary. The base salary for each executive is generally established through negotiation at the time the executive is hired, taking into account the executive's qualifications, experience, prior salary and competitive salary information. As discussed above, in setting base salaries for our executive officers, the Compensation Committee reviews analysis of data from independently-conducted compensation surveys regarding compensation paid to comparable officers at Comparable Companies. In addition, each year we determine merit increases to base salary for each executive officer based upon the performance of the executive officer as recommended by our chief executive officer and assessed by the Compensation Committee. However, our chief executive officer does not participate in deliberations regarding his own compensation. No formulaic merit base salary increases are provided to executive officers. From time to time, an executive officer's base salary may be increased to reflect changes in competitive salaries for such executive's position at Comparable Companies. Base salary accounted for approximately 40% to 55% of each executive officer's total cash compensation in 2006, depending on that executive's role with us.

In January 2006, we engaged Mercer Human Resource Consulting (Mercer), an independent consulting firm specializing in executive compensation matters, to assist us in the evaluation of our existing compensation programs, policies, procedures and objectives. As part of this internal review, and consistent with Mercer's recommendations, our Compensation Committee increased our chief executive officer's base salary from \$350,000 to \$550,000 in February 2006 and subsequently increased his base salary from \$550,000 to \$575,000 in May 2006, in each case to recognize his proven ability to successfully manage our rapid growth and to lead the organization to achieve financial and operating success, as well as to provide him with compensation more in line with chief executive officers of Comparable Companies. Our other named executive officers received merit base salary increases between 0% and 6.5% in early 2006, as part of our Compensation Committee's annual salary review process. These annual merit salary increases reflected the Compensation Committee's review of the compensation levels of comparable officers at Comparable Companies and the Committee's assessment of each individual's performance for the prior year.

Annual Performance Bonus. During 2006, our executive officers and other non-sales employees participated in the 2006 Cricket Non-Sales Bonus Plan, an annual short-term incentive compensation plan (the 2006 Bonus Plan). The 2006 Bonus Plan was a cash bonus plan for eligible employees of Leap's wholly owned subsidiary, Cricket Communications, Inc. (Cricket). The objective of the 2006 Bonus Plan was to attract, motivate and retain employees who could, through their collective efforts, help Leap achieve its principal financial and operating performance goals for 2006. The 2006 Bonus Plan provided for the payment of cash bonuses to employees working a specified minimum number of hours per week, other than employees who were eligible to participate in Cricket's separate sales bonus plan. Bonuses paid to our named executive officers under the 2006 Bonus Plan were based 75% on Leap's achievement of corporate performance goals established by our Compensation Committee (as described above) and 25% on an evaluation of the individual officer's performance throughout the year. We believe that basing a substantial portion of annual cash bonuses on company performance metrics establishes a direct and powerful link between our employees' pay and our financial and operational success.

Target bonuses for our named executive officers under the 2006 Bonus Plan are established early in the year by our Compensation Committee, generally as a percentage of each individual executive officer's base salary. In February

2006, the Compensation Committee established individual target bonuses under the 2006 Bonus Plan of 100% of base salary for Doug Hutcheson, 80% of base salary for Al Moschner and Glenn Umetsu, and 65% of base salary for the other individuals serving as named executive officers at the time. The target bonuses were recommended by Mercer, and were supported by our chief executive officer who then recommended these targets

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to the Compensation Committee, based primarily on cash bonus payments made to similarly situated executives of Comparable Companies, as reported in a number of executive compensation surveys. Mr. Luvisa's target bonus became 35% of his base salary in August 2006 when he ceased to be our acting chief financial officer; Mr. Khalifa's target bonus was established at 80% of his base salary when he became our new executive vice president and chief financial officer in August 2006.

The corporate performance goals established in early 2006 for the 2006 Bonus Plan related to: (1) Leap's adjusted OIBDA; and (2) Leap's net customer additions, each of which was weighted evenly under the 2006 Bonus Plan. In July 2006, the Compensation Committee approved the payment of bonuses for the first half of 2006 to our named executive officers based on the company's achievements against the corporate performance goals for the first six months of the year. As contemplated by the 2006 Bonus Plan, remaining amounts paid to our named executive officers under the 2006 Bonus Plan were paid after the fourth quarter of 2006 upon satisfaction of designated corporate and individual performance goals, as determined and adjusted by the Compensation Committee. Year-end analysis by our chief executive officer and the Compensation Committee of our 2006 financial performance revealed that our 2006 adjusted OIBDA was adversely impacted by the incurrence of certain operating expenses in the third and fourth quarters of 2006, which were attributable to the fact that we were able to accelerate the launches of certain new markets that we originally expected to launch in 2007. We viewed these accelerated launches as a considerable long-term success for the company. As a result, the payouts for our 2006 Cash Bonus Plan were adjusted to eliminate the effects of the accelerated launches, so as not to penalize our executive officers for their success. Aggregate cash bonuses paid to our named executive officers under the 2006 Bonus Plan, expressed as a percentage of base salary, were as follows: Mr. Hutcheson, 129%; Mr. Moschner, 103%; Mr. Umetsu, 103%; Mr. Khalifa; 107%; Mr. Stephens, 77%; and Mr. Luvisa, 65%.

On occasion, we also pay discretionary cash bonuses to our executive officers, which are generally awarded to recognize exemplary performance. In 2006, our Board authorized the payment of a discretionary bonus to Mr. Hutcheson of \$100,000 in recognition of his performance. Mr. Luvisa was awarded a discretionary bonus of \$200,000, of which \$50,000 was payable in 2006, in recognition of his performance as our acting chief financial officer and as a retention incentive. In addition, our Board approved a \$50,000 sign-on bonus to Mr. Khalifa in connection with his commencement of service as our new executive vice president and chief financial officer in August 2006.

Performance bonuses under our 2006 Bonus Plan and discretionary bonus payments accounted for approximately 45% to 60% of each named executive officer's total cash compensation in 2006, depending on that executive's role with us.

Long-Term Incentive Compensation. Leap provides long-term incentive compensation to its executive officers and other selected employees through the 2004 Plan. The Compensation Committee approved and adopted the 2004 Plan in December 2004 pursuant to authority delegated to it by the Board. The 2004 Plan is generally administered by the Compensation Committee. The Board, however, determines the terms and conditions of, and interprets and administers, the 2004 Plan for awards granted to Leap's independent directors. As appropriate, administration of the 2004 Plan may be revested in the Board and, based on the recommendations of the Compensation Committee, the Board has approved the grants of equity-based awards to our executive officers who are subject to Section 16 of the Securities Exchange Act of 1934, as amended. In addition, for administrative convenience, the Board may determine to grant to one or more members of the Board or to one or more officers the authority to make grants to individuals who are not directors or executive officers. See Proposal 2 Approval of Second Amendment to 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan and of Such Plan, As Amended elsewhere in this proxy statement for additional information regarding the 2004 Plan.

Under the 2004 Plan, Leap grants to its executives and other selected employees non-qualified stock options at an exercise price equal to the fair market value of Leap common stock (as determined under the 2004 Plan) on the date of

grant and restricted stock at a purchase price equal to the par value per share. The initial grants of stock options and restricted stock under the 2004 Plan awarded to our executive officers in January 2005 (following our emergence from Chapter 11 bankruptcy reorganization) vest in full approximately three years after the date of grant with no partial time-based vesting for the awards. The awards are, however, subject to accelerated performance-based vesting in increments ranging from 10% to 30% of the applicable award per year if Leap meets certain

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adjusted earnings before taxes, interest, depreciation and amortization (EBITDA) and net customer additions performance targets in 2005 or 2006. In 2005, there was no acceleration of vesting, but vesting of a portion of these awards was accelerated in February 2007 in connection with Leap s 2006 performance, based on the levels of adjusted EBITDA and net customer additions achieved by Leap. The acceleration of vesting relating to 2006 applied to 19.3% of the shares underlying each such award, other than the vesting for Mr. Hutcheson, whose agreements provided for 20% performance-based vesting.

Initial grants of stock options and restricted stock to executive officers who joined us after May 2005 vest in full five years after the date of grant with no partial time-based vesting for the awards, but subject to accelerated performance-based vesting in increments ranging from 10% to 30% of the applicable award per year if Leap meets certain adjusted EBITDA and net customer addition performance targets, measured for fiscal years from 2006 to 2008 for grants occurring prior to February 2006, and measured for fiscal years from 2007 to 2009 for awards granted after that date.

In connection with a recent review of our executive compensation policies in October 2006, we noted that a significant portion of the equity grants previously awarded to several of our named executive officers will vest in early 2008. Therefore, in order to achieve our executive compensation objectives noted above, including long-term retention of members of our senior management team, in December 2006 the Compensation Committee recommended, and the Board granted, an aggregate of 197,500 non-qualified stock options and 30,000 restricted stock awards to Messrs. Hutcheson, Umetsu, Moschner, Stephens and Luvisa. These additional grants of stock options and restricted stock awards generally provided for vesting in four years with no partial time-based vesting for restricted stock and time-based vesting in equal 25% annual increments for stock options, with none of these awards subject to performance-based acceleration of vesting. The amount, nature and timing of these grants were recommended to our Compensation Committee by Mercer, the Compensation Committee s independent compensation consultant, in part based on the equity holdings (and the related vesting of such holdings) of similarly situated executives of Comparable Companies.

In February 2006, our Board granted Mr. Luvisa, our then acting chief financial officer, an option to purchase 10,000 shares of Leap common stock pursuant to the 2004 Plan, in recognition of his performance as acting chief financial officer. In August 2006, our Board granted new-hire equity awards to Mr. Khalifa, our new executive vice president and chief financial officer, in connection with his commencement of employment, which consisted of 35,000 shares of restricted stock and stock options to purchase 175,000 shares of Leap common stock.

We believe that the awards under the 2004 Plan help us to reduce officer and employee turnover and to retain the knowledge and skills of our key employees. The size and timing of equity awards is based on a variety of factors, including Leap s overall performance, the recipient s individual performance and competitive compensation information, including the value of such awards granted to comparable executive officers of Comparable Companies.

401(k) Plan

Leap maintains a 401(k) program for all employees, and provides a 50% match on employees contributions, with Leap s matching funds limited to 6% of an employee s base salary. Leap s 401(k) plan allows eligible employees to contribute up to 30% of their salary, subject to annual limits. We match a portion of the employee contributions and may, at our discretion, make additional contributions based upon earnings. Our contributions for the year ended December 31, 2006 were approximately \$1,698,000, and were \$1,485,000 for the year ended December 31, 2005, \$428,000 for the five months ended December 31, 2004 and \$613,000 for the seven months ended July 31, 2004, respectively.

Other Benefits

Executive officers are eligible to participate in all of our employee benefit plans, such as medical, dental, vision, group life and disability insurance, in each case on the same basis as other employees, subject to applicable law. We also provide vacation and other paid holidays to all employees, including our executive officers. In addition, Leap provides certain executives with supplemental health coverage with a maximum benefit of \$50,000 per year per family unit, the ability to apply for supplemental, company-paid executive disability insurance that provides an

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additional benefit of \$2,500 per month up to age 65, the ability to apply for a supplemental, company-paid portable executive life insurance policy of \$250,000, and an additional \$250,000 of executive accidental death and disability insurance to certain executives of the company. Leap also provides a tax planning reimbursement benefit to certain executives, with the amount of the annual reimbursement capped at \$10,000 to \$25,000 depending upon the position of the executive. We do not maintain any pension plans or plans that provide for the deferral of compensation on a basis that is not tax-qualified.

Policy on Deductibility of Executive Officer Compensation

Section 162(m) of the Code generally disallows a tax deduction to a publicly-held company for compensation in excess of \$1 million paid to its chief executive officer and its four most highly compensated executive officers. Performance-based compensation tied to the attainment of specific goals is excluded from the limitation. Currently, awards under the 2004 Plan and the 2006 Bonus Plan do not qualify as performance-based compensation exempt from the Section 162(m) limits. In late 2006, the Compensation Committee evaluated whether Leap should take action with respect to the tax deductibility of Leap's executive compensation under Section 162(m), and generally concluded that it would be advisable for the company to undertake the necessary steps to cause the company's performance-based cash bonus payments and future grants of stock options to executive officers to qualify as potential performance-based compensation plans under Section 162(m). As a result, the Board has determined to seek stockholder approval at the Annual Meeting of our executive incentive bonus plan and the 2004 Plan as amended by the first and second amendments. If approved, the Board intends to generally administer the bonus plan and the 2004 Plan, as amended, in the manner required to make future payments under the executive incentive bonus plan constitute qualified performance-based compensation under Section 162(m), and to grant options under the 2004 Plan that constitute qualified performance-based compensation under Section 162(m).

2006 Summary Compensation

The following table sets forth certain information with respect to compensation for the year ended December 31, 2006 earned by or paid to our chief executive officer, our chief financial officer, our former acting chief financial officer, and our three most highly compensated executive officers as of the end of the last fiscal year, who are collectively referred to as the named executive officers.

Name and Principal Position	Year	Salary	Bonus	Non-Equity Incentive Plan			All Other Compensation(4)	Total
				Compensation(1)	Stock Awards(2)	Option Awards(3)		
Douglas Hutcheson <i>Chief Executive Officer, President and Director</i>	2006	\$ 541,346	\$ 100,000	\$ 700,000	\$ 926,452	\$ 942,522	\$ 21,701	\$ 3,232,021
Abdullah I. Khalifa(5) <i>Executive Vice President and Chief Financial Officer</i>	2006	\$ 115,385	\$ 50,000	\$ 123,168	\$ 108,081	\$ 287,708	\$ 13,246	\$ 697,588
Shawn T. Umetsu <i>Executive Vice President and Chief Technology Officer</i>	2006	\$ 334,154		\$ 342,725	\$ 801,957	\$ 548,791	\$ 31,889	\$ 2,059,516
John F. Moschner <i>Executive Vice President and Chief Marketing Officer</i>	2006	\$ 327,692		\$ 336,684	\$ 314,574	\$ 994,830	\$ 55,950	\$ 2,029,730

onard C, Stephens, <i>Senior Vice President, Human Resources</i>	2006	\$ 282,500	\$ 10,000	\$ 217,229	\$ 508,257	\$ 152,175	\$ 16,931	\$ 1,187,09
an M. Luvisa(6) <i>Chief Financial Officer of our Network Operations Group and Former Acting Chief Financial Officer</i>	2006	\$ 282,654	\$ 50,000	\$ 183,051	\$ 242,806	\$ 147,678	\$ 13,991	\$ 920,18

(1) Represents amounts earned under the 2006 Cricket Non-Sales Bonus Plan.

(2) Represents annual compensation cost for fiscal 2006 of stock awards granted to our named executive officers in accordance with Statement of Financial Accounting Standards No. 123R, *Share-Based Payment* (FAS 123R). For information regarding assumptions made in connection with this valuation, please see Note 9 to the Consolidated Annual Financial Statements found in our Annual Report on Form 10-K. Restricted stock awards

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to named executive officers issued under the 2004 Plan grant such executives the right to purchase, subject to vesting, shares of common stock at a purchase price of \$0.0001 per share.

- (3) Represents annual compensation cost for fiscal year 2006 in accordance with FAS 123R of options to purchase Leap common stock granted to our named executive officers. For information regarding assumptions made in connection with this valuation, please see Note 9 to the Consolidated Annual Financial Statements found in our Annual Report on Form 10-K.
- (4) Includes the other compensation set forth in the table below:

Name	Year	Matching 401(k) Contributions	Executive Benefits Payments	Financial Planning Services	Housing and Other Living Expenses	Sick Leave Payout	Total Other Compensation
S. Douglas Hutcheson	2006	\$ 7,500	\$ 4,357	\$ 3,113	\$	\$ 6,731	\$ 21,701
Amin I. Khalifa	2006	\$ 1,731	\$ 4,167	\$ 7,348	\$	\$	\$ 13,246
Glenn T. Umetsu	2006	\$ 7,500	\$ 2,671	\$ 15,564	\$	\$ 6,154	\$ 31,889
Albin F. Moschner	2006	\$ 7,500	\$ 2,929	\$	\$ 40,156	\$ 5,365	\$ 55,950
Leonard C. Stephens	2006	\$ 7,500	\$ 3,217	\$ 1,868	\$	\$ 4,346	\$ 16,931
Dean M. Luvisa	2006	\$ 7,500	\$ 1,778	\$ 405	\$	\$ 4,308	\$ 13,991

- (5) Our Board appointed Mr. Khalifa as executive vice president and chief financial officer of Leap, effective as of August 28, 2006.
- (6) Mr. Luvisa, our vice president, finance and the chief financial officer of our network operations group, ceased serving as our acting chief financial officer on August 28, 2006, upon the appointment of Mr. Khalifa as our executive vice president and chief financial officer.

2006 Grants of Plan-Based Awards

The following table sets forth certain information with respect to the grants of plan-based awards made for the year ended December 31, 2006 to the named executive officers under the 2004 Plan and the 2006 Cricket Non-Sales Bonus Plan.

Approval	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (2)	Stock Awards: Number of Shares of Stock or Units	Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$/Sh)	Closing Price Per Share on Option Grant Date	Grant Fair Value of Stock and Op
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	Grant Date	Date (1)	Target	Maximum	(#)(3)	(#)	(4)	(\$/Sh)	Award
Douglas P. Mason <i>Executive</i>			\$ 550,548	\$ 1,101,096					
<i>Director,</i>	12/20/2006				12,500				\$ 757
<i>President and</i>									
<i>Chief Financial Officer</i>	12/20/2006					116,000	\$ 60.62	\$ 59.54	\$ 3,372
I. Khalifa(6) <i>Executive Vice</i>			\$ 103,562	\$ 207,124					
<i>President and</i>	08/28/2006	07/12/2006			35,000				\$ 1,578
<i>Chief Financial Officer</i>	08/28/2006	07/12/2006				175,000	\$ 45.11	\$ 45.33	\$ 4,202
T. Umetsu <i>Executive Vice</i>			\$ 267,853	\$ 535,706					
<i>President and</i>	12/20/2006				6,000				\$ 363
<i>Chief Technology Officer</i>	12/20/2006					30,000	\$ 60.62	\$ 59.54	\$ 872
F. Moschner <i>Executive Vice</i>			\$ 262,816	\$ 525,632					
<i>President and</i>	12/20/2006				6,000				\$ 363
<i>Chief Marketing Officer</i>	12/20/2006					30,000	\$ 60.62	\$ 59.54	\$ 872
David C. Sims <i>Executive Vice</i>			\$ 183,625	\$ 367,250					
<i>President,</i>	12/20/2006				3,000				\$ 181
<i>Human Resources</i>	12/20/2006					14,000	\$ 60.62	\$ 59.54	\$ 407
M. Luvisa(7) <i>President,</i>			\$ 155,947	\$ 311,894					
<i>Chief Financial</i>	02/23/2006					10,000	\$ 40.33	\$ 41.03	\$ 216
<i>Officer,</i>									
<i>Director of</i>	12/20/2006				2,500				\$ 151
<i>Network</i>									
<i>Operations</i>	12/20/2006					7,500	\$ 60.62	\$ 59.54	\$ 218
<i>and former</i>									
<i>Chief</i>									
<i>Financial Officer</i>									

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- (1) Approval Date reflects the date on which the grant was approved by the Board, if other than the Grant Date. The Board authorized grants to Mr. Khalifa in connection with his offer of employment, with the grants to become effective on the date of his commencement of employment.
- (2) Represents estimated potential payouts of non-equity incentive plan awards for 2006 under the 2006 Cricket Non-Sales Bonus Plan. Actual amounts paid to the named executive officers pursuant to such plan are disclosed in the Summary Compensation Table above under the heading Non-Equity Incentive Plan Compensation. The material terms of the plan are described in Compensation Discussion and Analysis Elements of Executive Compensation Annual Performance Bonus above.
- (3) Purchase price for restricted stock is the par value per share, or \$.0001 per share.
- (4) Exercise price for option awards is the fair market value per share of Leap common stock, previously defined under the 2004 Plan as the closing price per share of Leap common stock on the trading day immediately preceding the grant date. On March 8, 2007, the Board amended the 2004 Plan to change the definition of fair market value per share of Leap common stock to the closing price per share on the grant date.
- (5) Represents the full grant date fair value of each individual equity award (on a grant-by-grant basis) as computed under FAS 123R.
- (6) Our Board appointed Mr. Khalifa as executive vice president and chief financial officer of Leap effective as of August 28, 2006.
- (7) Mr. Luvisa, our vice president, finance and the chief financial officer of our network operations group, ceased serving as our acting chief financial officer on August 28, 2006 upon the appointment of Mr. Khalifa as executive vice president and chief financial officer.

Discussion of Summary Compensation and Grants of Plan-Based Awards Tables

Our executive compensation policies and practices, pursuant to which the compensation set forth in the Summary Compensation Table and the Grants of Plan-Based Awards table was paid or awarded, are described above under Compensation Discussion and Analysis. A summary of certain material terms of our compensation plans and arrangements is set forth below.

Amended and Restated Executive Employment Agreement with S. Douglas Hutcheson

Effective as of February 25, 2005, Cricket and Leap entered into an Amended and Restated Executive Employment Agreement with S. Douglas Hutcheson in connection with Mr. Hutcheson's appointment as our chief executive officer. The Amended and Restated Executive Employment Agreement amends, restates and supersedes the Executive Employment Agreement dated January 10, 2005, as amended, among Mr. Hutcheson, Cricket and Leap. The Amended and Restated Executive Employment Agreement was amended as of June 17, 2005 and February 17, 2006. As amended, it is referred to in this proxy statement as the Executive Employment Agreement. Mr. Hutcheson's term of employment under the Executive Employment Agreement expires on December 31, 2008, unless extended by mutual agreement.

Under the Executive Employment Agreement, Mr. Hutcheson received an annual base salary of \$350,000 through January 27, 2006, and an annual base salary of \$550,000 beginning on January 28, 2006, subject to adjustment pursuant to periodic reviews by Leap's Board, and an opportunity to earn an annual performance bonus. On May 18,

2006, Leap's Board authorized an increase in Mr. Hutcheson's annual base salary from \$550,000 per year to \$575,000 per year. Mr. Hutcheson's annual target performance bonus for 2006 also was increased to 100% of his base salary. The amount of any annual performance bonus will be determined in accordance with Cricket's prevailing annual performance bonus practices that are used to determine annual performance bonuses for the senior executives of Cricket generally. In the event Mr. Hutcheson is employed by Cricket on December 31, 2008, then Mr. Hutcheson will receive the final installment of his 2008 annual performance bonus without regard to whether he is employed by Cricket on the date such final installments are paid to senior executives of Cricket. In addition, the Executive Employment Agreement specifies that Mr. Hutcheson is entitled to participate in all insurance and benefit plans generally available to Cricket's executive officers. On May 18, 2006, Leap's Board authorized the payment of a bonus of \$100,000 to Mr. Hutcheson in recognition of his notable performance during

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the first half of the year. This bonus payment was in addition to amounts paid to Mr. Hutcheson under the 2006 Bonus Plan.

If, during the term of the Executive Employment Agreement, all or substantially all of Cricket's assets, or shares of stock of Cricket or Leap having 50% or more of the voting rights of the total outstanding stock of Cricket or Leap, as the case may be, are sold with the approval of or pursuant to the active solicitation of the boards of directors of Cricket or Leap, as applicable, to a strategic investor, and if Mr. Hutcheson continues his employment with Cricket or its successor for two months following the closing of such sale, Cricket will pay to Mr. Hutcheson a stay bonus in a lump sum payment equal to one and one half times his then current annual base salary and target performance bonus.

Under the terms of the Executive Employment Agreement, if Mr. Hutcheson's employment is terminated as a result of his discharge by Cricket other than for cause or if he resigns with good reason, he will be entitled to receive: (1) any unpaid portion of his salary and accrued benefits earned up to the date of termination, (2) a lump sum payment equal to one and one-half times the sum of his then current annual base salary plus his target performance bonus; however, this payment would not be due to Mr. Hutcheson if he receives the stay bonus described above, and (3) if he elects continuation health coverage under COBRA, Cricket will pay the premiums for such continuation health coverage for a period of 18 months (or, if earlier, until he is eligible for comparable coverage with a subsequent employer). Mr. Hutcheson will be required to execute a general release as a condition to his receipt of any of these severance benefits.

The agreement also provides that if Mr. Hutcheson's employment is terminated by reason of his discharge other than for cause or his resignation with good reason, in each case within one year of a change in control of Leap, and he is subject to excise tax pursuant to Section 4999 of the Code as a result of any payments to him, then Cricket will pay him a gross-up payment equal to the sum of the excise tax and all federal, state and local income and employment taxes payable by him with respect to the gross-up payment. This gross-up payment will not exceed \$1 million and, if Mr. Hutcheson's employment was terminated by reason of his resignation for good reason, such payment is conditioned on Mr. Hutcheson's agreement to provide consulting services to Cricket or Leap for up to three days per month for up to a one-year period for a fee of \$1,500 per day.

If Mr. Hutcheson's employment is terminated as a result of his discharge by Cricket for cause or if he resigns without good reason, he will be entitled only to his accrued base salary through the date of termination. If Mr. Hutcheson's employment is terminated as a result of his death or disability, he will be entitled only to his accrued base salary through the date of death or termination, as applicable, and his pro rata share of his target performance bonus for the year in which his death or termination occurs.

Effective January 5, 2005, Leap's Compensation Committee granted Mr. Hutcheson non-qualified stock options to purchase 85,106 shares of Leap common stock at \$26.55 per share under the 2004 Plan. Also on January 5, 2005, the Compensation Committee agreed to grant Mr. Hutcheson restricted stock awards to purchase 90,000 shares of Leap common stock at \$.0001 per share and deferred stock unit awards to purchase 30,000 shares of Leap common stock at \$.0001 per share, if and when Leap filed a Registration Statement on Form S-8 with respect to the 2004 Plan. Under the Executive Employment Agreement, on February 24, 2005, Mr. Hutcheson was granted additional non-qualified stock options to purchase 75,901 shares of Leap common stock at \$26.35 per share. The Compensation Committee also agreed to grant Mr. Hutcheson restricted stock awards to purchase 9,487 shares of Leap common stock at \$.0001 per share, if and when a Registration Statement on Form S-8 was filed. Leap filed a Registration Statement on Form S-8 with respect to the 2004 Plan on June 17, 2005, and the restricted stock awards and deferred stock unit awards that had been made contingent upon that filing were then issued to Mr. Hutcheson. The forms of award agreements for these awards are attached to his Amended and Restated Executive Employment Agreement, a copy of which has been filed with the SEC as an exhibit to Leap's Annual Report on Form 10-K for the year ended December 31, 2004.

In the case of the 85,106 stock options granted to Mr. Hutcheson, 17,021 shares subject to the options became exercisable in February 2007 as a result of Leap's achievement of adjusted EBITDA and net customer addition targets for fiscal year 2006; the remaining shares subject to the options become exercisable on January 5, 2008. In the case of the restricted stock award to acquire 90,000 shares, 18,000 shares became vested in February 2007 as a result of Leap's achievement of adjusted EBITDA and net customer addition targets for fiscal year 2006; the

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remaining shares become vested on June 17, 2008. In the case of the 75,901 shares subject to stock options and 9,487 shares subject to restricted stock awards, 15,180 shares subject to stock options and 1,897 shares of restricted stock vested and became exercisable in February 2007 as a result of Leap's achievement of adjusted EBITDA and net customer addition targets for fiscal year 2006. Up to 30% of the remaining shares subject to such stock options and restricted stock awards could vest early based upon Leap's achievement of adjusted EBITDA and net customer addition targets for the 2007 fiscal year (in approximately March of 2008). Any remaining shares would vest and become exercisable on December 31, 2008. In each case, Mr. Hutcheson must be an employee, director or consultant of Cricket or Leap on such date.

The stock options and restricted stock awards listed above will also become exercisable and/or vested on an accelerated basis in connection with certain changes in control, as more fully described below under the heading Change of Control Arrangements. In addition, if Mr. Hutcheson's employment is terminated by reason of discharge by Cricket other than for cause, or if he resigns with good reason, (1) if Mr. Hutcheson agrees to provide consulting services to Cricket or Leap for up to five days per month for up to a one-year period for a fee of \$1,500 per day, any remaining unvested shares subject to his stock options and restricted stock awards will vest and/or become exercisable on the last day of such one-year period, or (2) such remaining unvested shares subject to his stock options and restricted stock awards will become exercisable and/or vested on the third anniversary of the date of grant (for the January 5, 2005 awards) and on December 31, 2008 (for the February 24, 2005 awards). Mr. Hutcheson will be required to execute a general release as a condition to his receipt of the foregoing accelerated vesting.

The description of the Executive Employment Agreement with Mr. Hutcheson is qualified in its entirety by reference to the full texts of: (i) the Amended and Restated Executive Employment Agreement, a copy of which has been filed with the SEC as an exhibit to Leap's Annual Report on Form 10-K for the year ended December 31, 2004 filed with the SEC on May 16, 2005; (ii) the First Amendment to Amended and Restated Executive Employment Agreement, a copy of which has been filed with the SEC as an exhibit to Leap's Current Report on Form 8-K filed on June 23, 2005, and (iii) the Second Amendment to Amended and Restated Executive Employment Agreement, a copy of which has been filed with the SEC as an exhibit to Leap's Annual Report on Form 10-K for the year ended December 31, 2005 filed on March 27, 2006.

2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan

Under the 2004 Plan, Leap grants executive officers and other selected employees non-qualified stock options at an exercise price equal to the fair market value of Leap common stock (as determined under the 2004 Plan) on the date of grant and restricted stock at a purchase price equal to par value. See Proposal 2 Approval of Second Amendment to the 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan, and of Such Plan, As Amended contained elsewhere in the proxy statement for additional information regarding the 2004 Plan. Grants to Leap's named executive officers in 2006 are described below.

Equity Awards in 2006. Effective February 23, 2006, Leap's Board granted Dean Luvisa, Leap's then acting chief financial officer, an option to purchase 10,000 shares of Leap common stock at an exercise price of \$40.33 per share, the fair market value per share of Leap common stock on the grant date, as determined under the 2004 Plan. On August 28, 2006, Leap's Board granted new-hire equity awards to Amin Khalifa, our new executive vice president and chief financial officer, in connection with his commencement of employment on that date, which consisted of 35,000 shares of restricted stock at a purchase price of \$0.0001 per share and stock options to purchase 175,000 shares of Leap common stock at an exercise price of \$45.11 per share, the fair market value per share of Leap common stock on the date of grant, as determined under the 2004 Plan. The options granted to Mr. Luvisa and the stock options and restricted stock granted to Mr. Khalifa vest on the fifth anniversary of the date of grant, if the individual is an employee, consultant or director of Leap or its subsidiaries on such date. Up to 30% per year of each award can vest based on Leap's achievement of adjusted EBITDA and net customer additions performance targets with respect to each

of 2007, 2008 and 2009. In the event of a change in control (as defined in the 2004 Plan), one-third of the unvested shares would vest immediately, one-third would vest on the first anniversary of the change in control, and the remaining one-third would vest on the second anniversary of the change in control. All remaining unvested shares would vest upon a termination of such officer's employment by Leap other than for cause or by such officer's resignation with good reason within 90 days prior to or 12 months after a change in control.

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As a result of an internal review of Leap's compensation programs, we determined that a significant portion of prior equity grants to our senior management will vest in February 2008. Therefore, in order to achieve our executive compensation objectives noted above, including long-term retention of members of our senior management, effective December 20, 2006, based on the recommendation of the Compensation Committee, Leap's Board granted additional non-qualified stock options and restricted stock awards to Leap's chief executive officer and certain other named executive officers, as follows:

Name and Position	Non-Qualified Stock Options	Restricted Stock Awards
S. Douglas Hutcheson <i>Chief Executive Officer, President and Director</i>	116,000	12,500
Glenn T. Umetsu <i>Executive Vice President and Chief Technology Officer</i>	30,000	6,000
Albin F. Moschner <i>Executive Vice President and Chief Marketing Officer</i>	30,000	6,000
Leonard C. Stephens <i>Senior Vice President, Human Resources</i>	14,000	3,000
Dean M. Luvisa <i>Vice President, Finance, Chief Financial Officer of our Network Operations Group and former Acting Chief Financial Officer</i>	7,500	2,500

The options listed in the table above have a ten-year term and an exercise price per share of \$60.62, which was the fair market value per share of Leap's common stock on the date of grant, as determined under the 2004 Plan. The options will vest and become exercisable in equal 25% installments on each of the first four anniversaries of the grant date, subject to accelerated vesting upon defined change in control events. The restricted stock awards give each executive the right to purchase the number of shares of Leap's common stock specified above at a purchase price per share of \$0.0001, which is the par value of the common stock. The restricted stock awards will vest in full on the fourth anniversary of the date of the award, subject to accelerated vesting upon certain change in control events as described below, and are subject to repurchase by Leap at \$0.0001 per share in the event that the executive ceases to be an employee, director or consultant of Leap or its subsidiaries prior to vesting.

If a change in control (as defined in the 2004 Plan) occurs within 30 months of the grant date, 25% of the total number of shares of common stock subject to each award will vest 90 days after the change in control, and if a change in control occurs more than 30 months after the grant date, 50% of the total number of shares of common stock subject to each award will vest 90 days after the change in control. In addition, if a holder is terminated other than for cause or resigns for good reason (in each case as defined in the applicable award agreement) within 90 days prior to the change in control or within 12 months after the change in control, then the remaining unvested shares subject to each award will vest in full on the date of the holder's termination of employment (or, if later, immediately prior to the occurrence of such change in control).

Employee Stock Purchase Plan

In September 2005, Leap commenced an Employee Stock Purchase Plan (the "ESP Plan"), which allows eligible employees to purchase shares of Leap common stock during a specified offering period. A total of 800,000 shares of common stock have been reserved for issuance under the ESP Plan. The aggregate number of shares that may be sold

pursuant to options granted under the ESP Plan is subject to adjustment for changes in Leap's capitalization and certain corporate transactions. The ESP Plan is a non-compensatory plan under the provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees.

The purpose of the ESP Plan is to assist our eligible employees in acquiring stock ownership in Leap pursuant to a plan which is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Code. In addition, the ESP Plan is intended to help such employees provide for their future security and to encourage them to remain in our employment.

The ESP Plan is administered by the Compensation Committee of Leap's Board. Subject to the terms and conditions of the ESP Plan, Leap's Compensation Committee has the authority to make all determinations and to

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take all other actions necessary or advisable for the administration of the ESP Plan. Leap's Compensation Committee is also authorized to adopt, amend and rescind rules relating to the administration of the ESP Plan. As appropriate, administration of the ESP Plan may be revested in the Board.

Our employees and the employees of our designated subsidiary corporations that customarily work more than 20 hours per week and more than five months per calendar year, and who have been employed by us or one of our designated subsidiary corporations for at least three months, are eligible to participate in the ESP Plan as of the first day of the first offering period after they become eligible to participate in the ESP Plan. However, no employee is eligible to participate in the ESP Plan if, immediately after becoming eligible to participate, such employee would own or be treated as owning stock (including stock such employee may purchase under options granted under the ESP Plan) representing 5% or more of the total combined voting power or value of all classes of Leap's stock or the stock of any of its subsidiary corporations.

Under the ESP Plan, shares of Leap common stock are offered during six month offering periods commencing on each January 1 and July 1. On the first day of an offering period, an eligible employee is granted a nontransferable option to purchase shares of Leap common stock on the last day of the offering period.

An eligible employee can participate in the ESP Plan through payroll deductions. An employee may elect payroll deductions in any whole percentage (up to 15%) of base compensation, and may increase (but not above 15%), decrease or suspend his or her payroll deductions during the offering period. The employee's cumulative payroll deductions (without interest) can be used to purchase shares of Leap common stock on the last day of the offering period, unless the employee elects to withdraw his or her payroll deductions prior to the end of the period. An employee's cumulative payroll deductions for an offering period may not exceed \$5,000.

The per share purchase price of shares of Leap common stock purchased on the last day of an offering period is 85% of the lower of the fair market value of such stock on the first or last day of the offering period. The fair market value of a share of Leap common stock on any given date is determined based on the closing trading price for Leap common stock on the trading day next preceding such date, or, if Leap common stock is not then traded on an exchange, but is then quoted on the Nasdaq National Market, the mean between the closing representative bid and asked prices on the trading day next preceding such date, or, if Leap common stock is not then quoted on the Nasdaq National Market, the mean between the closing bid and ask prices on the trading day next preceding such date, as determined in good faith by the Compensation Committee.

An employee may purchase no more than 250 shares of Leap common stock for each offering period. Also, an employee may not purchase shares of Leap common stock during a calendar year with a total fair market value of more than \$25,000.

In the event of certain changes in Leap's capitalization or certain corporate transactions involving Leap, Leap's Compensation Committee will make appropriate adjustments to the number of shares that may be sold pursuant to options granted under the ESP Plan and options outstanding under the ESP Plan. Leap's Compensation Committee is authorized to provide for the termination, cash-out, assumption, substitution or accelerated exercise of such options.

The ESP Plan will be in effect until May 25, 2015, unless Leap's Board terminates the ESP Plan at an earlier date. Leap's Board may terminate the ESP Plan at any time and for any reason. Leap's Board may also modify the ESP Plan from time to time, except that the Board may not, without prior stockholder approval, amend the ESP Plan so as to increase the number of shares of Leap common stock that may be sold under the ESP Plan, or change the corporations whose employees are eligible under the ESP Plan, or amend the ESP Plan in any manner which would require stockholder approval to comply with any applicable law, regulation or rule.

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The following table sets forth certain information with respect to outstanding equity awards at December 31, 2006 with respect to the named executive officers. None of the unexercised options shown in the table were exercisable at December 31, 2006.

Name	Option Awards			Stock Awards	
	Number of Securities	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not	Market Value
	Underlying Unexercised Options (#)			Vested (#)	of Shares or Units of Stock That Have Not Vested(1)
S. Douglas Hutcheson	85,106(4)	\$ 26.55	01/05/2015	90,000(5)	\$ 5,352,300
<i>Chief Executive Officer,</i>	75,901(4)	\$ 26.35	02/24/2015	9,487(4)	\$ 564,192
<i>President and Director</i>	116,000(6)	\$ 60.62	12/20/2016	12,500(6)	\$ 743,375
Amin I. Khalifa(2)	175,000(7)	\$ 45.11	08/28/2016	35,000(7)	\$ 2,081,450
<i>Executive Vice President and</i>					
<i>Chief Financial Officer</i>					
Glenn T. Umetsu	85,106(8)	\$ 26.55	01/05/2015	76,560(9)	\$ 4,553,023
<i>Executive Vice President and</i>	30,000(6)	\$ 60.62	12/20/2016	6,000(6)	\$ 356,820
<i>Chief Technology Officer</i>					
Albin F. Moschner	127,660(8)	\$ 26.55	01/31/2015	20,000(9)	\$ 1,189,400
<i>Executive Vice President and</i>	40,000(7)	\$ 34.37	10/26/2015	15,000(7)	\$ 892,050
<i>Chief Marketing Officer</i>	30,000(6)	\$ 60.62	12/20/2016	6,000(6)	\$ 356,820
Leonard C. Stephens	23,404(8)	\$ 26.55	01/05/2015	24,750(9)	\$ 1,471,883
<i>Senior Vice President,</i>	14,000(6)	\$ 60.62	12/20/2016	3,000(6)	\$ 178,410
<i>Human Resources</i>					
Dean M. Luvisa(3)	17,140(8)	\$ 26.55	01/05/2015	18,150(9)	\$ 1,079,381
<i>Vice President, Finance,</i>	10,000(7)	\$ 40.33	02/23/2016	5,000(9)	\$ 297,350
<i>Chief Financial Officer of our</i>	7,500(6)	\$ 60.62	12/20/2016	2,500(6)	\$ 148,675
<i>Network Operations Group and</i>					
<i>former Acting Chief Financial</i>					
<i>Officer</i>					

(1) Computed by multiplying the closing market price of Leap common stock (\$59.47) on December 29, 2006 by the number of shares subject to such stock award.

(2) Our Board appointed Mr. Khalifa as executive vice president and chief financial officer of Leap, effective as of August 28, 2006.

- (3) Mr. Luvisa, our vice president, finance and the chief financial officer of our network operations group, ceased serving as our acting chief financial officer on August 28, 2006 upon the appointment of Mr. Khalifa as our executive vice president and chief financial officer.
- (4) The award vests on December 31, 2008, subject to performance-based accelerated vesting. Such performance-based accelerated vesting is described in Compensation Discussion and Analysis Elements of Executive Compensation Long-Term Incentive Compensation above. Under such performance-based accelerated vesting, 20% of the shares subject to such award vested in February 2007. The award is also subject to certain accelerated vesting upon a change in control, or a termination of Mr. Hutcheson's employment by us without cause or by him for good reason, as described above under Discussion of 2006 Summary Compensation and Grants of Plan-Based Awards Tables Amended and Restated Executive Employment Agreement with S. Douglas Hutcheson.
- (5) The award vests on June 17, 2008, subject to performance-based accelerated vesting. Such performance-based accelerated vesting is described in Compensation Discussion and Analysis Elements of Executive Compensation Long-Term Incentive Compensation above. Under such performance-based accelerated vesting, 20% of the shares subject to such award vested in February 2007. The award is also subject to certain accelerated vesting upon a change in control, or a termination of Mr. Hutcheson's employment by us without cause or by him for good reason, as described above under Discussion of 2006 Summary Compensation and Grants of Plan-Based Awards Tables Amended and Restated Executive Employment Agreement with S. Douglas Hutcheson.
- (6) Represents our standard form of stock option or stock award for additional grants to individuals with existing equity awards. Each stock option vests in four equal annual installments on each of the first four anniversaries of

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the date of grant. Each stock award vests on the fourth anniversary of the date of grant. Each award is also subject to certain accelerated vesting upon a change in control, or a termination of the named executive officer's employment by us without cause or by the executive for good reason within 90 days prior to or 12 months following a change in control, as described under Severance and Change of Control Arrangements Change in Control Vesting of Stock Options and Restricted Stock for Other Named Executive Officers below.

- (7) Represents our standard form of stock option or stock award for new equity grants to new hires since October 26, 2005. The award vests on the fifth anniversary of the date of grant, subject to performance-based accelerated vesting. Such performance-based accelerated vesting is described in Compensation Discussion and Analysis Elements of Executive Compensation Long-Term Incentive Compensation above. Under such performance-based accelerated vesting, 19.3% of the shares subject to such award (other than the awards granted to Mr. Khalifa) vested in February 2007. The award is also subject to certain accelerated vesting upon a change in control, or a termination of the named executive officer's employment by us without cause or by the executive for good reason within 90 days prior to or 12 months following a change in control, as described under Severance and Change of Control Arrangements Change in Control Vesting of Stock Options and Restricted Stock for Other Named Executive Officers below.
- (8) The award vests on the third anniversary of the date of grant, subject to performance-based accelerated vesting. Such performance-based accelerated vesting is described in Compensation Discussion and Analysis Elements of Executive Compensation Long-Term Incentive Compensation above. Under such performance-based accelerated vesting, 19.3% of the shares subject to such award vested in February 2007. The award is also subject to certain accelerated vesting upon a change in control, or a termination of the named executive officer's employment by us without cause or by the executive for good reason within 90 days prior to or 12 months following a change in control, as described under Severance and Change of Control Arrangements Change in Control Vesting of Stock Options and Restricted Stock for Other Named Executive Officers below.
- (9) The award vests on February 28, 2008, subject to performance-based accelerated vesting. Such performance-based accelerated vesting is described in Compensation Discussion and Analysis Elements of Executive Compensation Long-Term Incentive Compensation above. Under such performance-based accelerated vesting, 19.3% of the shares subject to such award vested in February 2007. The award is also subject to certain accelerated vesting upon a change in control, or a termination of the named executive officer's employment by us without cause or by the executive for good reason within 90 days prior to or 12 months following a change in control, as described under Severance and Change of Control Arrangements Change in Control Vesting of Stock Options and Restricted Stock for Other Named Executive Officers below.

2006 Option Exercises and Stock Vested

None of our named executive officers acquired shares upon the exercise of stock options in the fiscal year ended December 31, 2006. Mr. Stephens was the only named executive officer with a restricted stock award that vested in 2006. The following table sets forth information with respect to the vesting of his stock award.

Name and Position	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
Leonard C. Stephens <i>Senior Vice President, Human Resources</i>	7,050	\$ 387,539

- (1) Computed by multiplying the closing market price of Leap common stock (\$54.97) on November 15, 2006, the date on which the shares vested, by the number of shares vesting on such date.

Severance and Change of Control Arrangements

Chief Executive Officer. See Discussion of 2006 Summary Compensation and Grants of Plan-Based Awards Tables Amended and Restated Executive Employment Agreement with S. Douglas Hutcheson above for a description of our severance and change of control arrangements with Mr. Hutcheson, including provisions regarding the acceleration of vesting of his stock options and restricted stock awards.

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Executive Vice Presidents and Senior Vice Presidents. We have entered into Severance Benefits Agreements with our executive vice presidents and senior vice presidents (the Severance Agreements), including Mr. Khalifa, Mr. Umetsu, Mr. Moschner and Mr. Stephens. The term of the Severance Agreements extends through December 31, 2006, with an automatic extension for each subsequent year unless notice of termination is provided to the executive no later than June 30th of the preceding year. Pursuant to the Severance Agreements, executives who are terminated other than for cause (as defined in the Severance Agreement) or who resign with good reason (as defined in the Severance Agreement), will receive severance benefits consisting of: (1) any unpaid portion of his or her salary and accrued benefits earned up to the date of termination, (2) an amount equal to one year of base salary and target bonus, in a lump sum payment, and (3) the cost of continuation health coverage (COBRA) for one year or, if shorter, until the time when the executive is eligible for comparable coverage with a subsequent employer. In consideration for these benefits, the executives have agreed to provide a general release of Leap and its operating subsidiary, Cricket, prior to receiving severance benefits, and have agreed not to compete with us for one year, and not to solicit any of our employees and to maintain the confidentiality of our information for three years. This description of the Severance Agreements is qualified in its entirety by reference to the full text of the form of the Executive Vice President and Senior Vice President Severance Benefits Agreement, a copy of which has been filed with the SEC as an exhibit to Leap's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

Vice President, Finance. On January 16, 2006, Leap entered into a Severance Benefits Agreement with Dean Luvisa, our vice president, finance, the chief financial officer of our network operations group, and former acting chief financial officer. Mr. Luvisa's Severance Benefits Agreement is similar to the form of Severance Agreement, except that Mr. Luvisa's agreement renews annually only until December 31, 2008, at which date his Severance Benefits Agreement with us expires. The description of Mr. Luvisa's Severance Benefits Agreement is qualified in its entirety by reference to the full text of the agreement, a copy of which was filed as an exhibit to Leap's Current Report on Form 8-K filed with the SEC on January 19, 2006.

Change in Control Vesting of Stock Options and Restricted Stock for Other Named Executive Officers. Provisions regarding acceleration of Mr. Hutcheson's stock options and restricted stock awards are described elsewhere in this proxy statement. The stock options and restricted stock awards granted to the other named executive officers will become exercisable and/or vested on an accelerated basis in connection with certain changes in control. The period over which the award vests or becomes exercisable after a change in control varies depending upon the date that the award was granted and the date of the change in control.

For example, under our standard form of stock option and restricted stock award agreements for new equity grants to new hires since October 26, 2005, which generally provide for five-year cliff vesting with possible accelerated vesting based on achievement of adjusted EBITDA and net customer addition performance objectives, in the event of a change of control, one-third of the unvested portion of such award will vest and/or become exercisable on the date of the change in control. In the event the named executive officer is providing services to us as an employee, director or consultant on the first anniversary of the change in control, an additional one-third of the unvested portion of such award (measured as of immediately prior to the change of control) will vest and/or become exercisable on such date. In the event the named executive officer is providing services to us as an employee, director or consultant on the second anniversary of the change in control, the entire remaining unvested portion of such award will vest and/or become exercisable on such date.

Under our standard form of stock option and restricted stock award agreements for additional grants to award holders (i.e., grants to individuals with existing equity awards), which generally provide for four-year time based vesting, in the event of a change in control during the period commencing 30 months after such an award is granted, if the individual is an employee, director or consultant 90 days after the change in control, 25% of the total number of shares subject to the award will become exercisable and/or vested. If the change in control occurs more than 30 months after

the option is granted and if the individual is an employee, director or consultant 90 days after the change in control, 50% of the total number of shares subject to the award will become exercisable and/or vested.

In contrast, under certain of our stock option and restricted stock awards granted prior to October 26, 2005, in the event of a change in control, 85% of the unvested portion of such awards would vest and/or become exercisable in the event of a change in control. Some of our other stock option and restricted stock awards provide for a period

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over which the award vests or becomes exercisable after a change of control different from those described above depending upon the date that the award was granted and the date of the change of control.

In the case of all of our outstanding stock option and restricted stock award agreements, in the event a named executive officer's employment is terminated by us other than for cause, or if the named executive officer resigns with good reason, during the period commencing 90 days prior to a change in control and ending 12 months after such change in control, each stock option and restricted stock award will automatically accelerate and become exercisable and/or vested as to any remaining unvested shares subject to such stock option or restricted stock award on the later of (i) the date of termination of employment or (ii) the date of the change in control. The terms "cause" and "good reason" are defined in the applicable award agreements.

Except as otherwise described above, a named executive officer will be entitled to accelerated vesting and/or exercisability in the event of a change in control only if he is an employee, director or consultant on the effective date of such accelerated vesting and/or exercisability.

Under our grants with performance-based acceleration of vesting, following the date of a change in control, there will be no further additional performance-based exercisability and/or vesting applicable to stock options and restricted stock awards based on our adjusted EBITDA and net customer addition performance.

The following table summarizes potential change in control and severance payments to each named executive officer. The four right-hand columns describe the payments that would apply in four different potential scenarios: a termination of employment as a result of the named executive officer's voluntary resignation without good reason or his termination by us for cause; a change in control without a termination of employment; a termination of employment as a result of the named executive officer's resignation for good reason or termination of employment by us other than for cause, in each case within 90 days before or within a year after a change in control; and a termination of employment as a result of the named executive officer's resignation for good reason or termination of employment by us other than for cause, in each case not within 90 days before and not within 12 months after a change in control. The table assumes that the termination or change in control occurred on December 31, 2006. For purposes of estimating the value of amounts of equity compensation to be received in the event of a termination of employment or change in control, we have assumed a price per share of our common stock of \$59.47, which represents the closing market price of our common stock as reported on the Nasdaq Global Select Market on December 29, 2006.

Potential Change in Control and Severance Payments

		Payment in the Case of a Termination Other than for Cause or for Good Reason, if Within 90 Days	Payment in the Case of a Termination Other than for Cause or for Good Reason, Not Within 90 Days
	Payment in the Case of a Voluntary Termination	Payment in the Case of a Change	Prior to or Within 12 Months
			Prior to and Not Within 12 Months

Name and Position	Benefit Type	Without Good Reason or Termination for Cause	in Control Without Termination	Following a Change in Control	Following a Change in Control
S. Douglas Hutcheson	Accrued Salary (1)	\$ 22,115	\$	\$ 22,115	\$ 22,115
<i>Chief Executive Officer, President and Director</i>	Accrued PTO (2)	157,063		157,063	157,063
	Cash Severance or Stay Bonus			1,725,000(3)	1,725,000(3)
	COBRA Payments (4)			34,435	34,435
	Value of Equity Award		8,609,853(5)	11,975,387(6)	(7)
	Acceleration Excise Tax			1,000,000(8)	
	Gross-Up Payment				
	Total Value:	\$ 179,178	\$ 8,609,853	\$ 14,914,000	\$ 1,938,613

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Name and Position	Benefit Type	Payment in the		Payment in the	
		Case of a Voluntary Termination Without Good Reason or Termination for Cause	Case of a Change in Control Without Termination	Case of a Termination Other than for Cause or for Good Reason, if Within 90 Days	Case of a Termination Other than for Cause or for Good Reason, Not Within 90 Days
Amin I. Khalifa	Accrued Salary (1)	\$ 14,423	\$	\$ 14,423	\$ 14,423
<i>Executive Vice President and Chief Financial Officer</i>	Accrued PTO (2)	\$ 11,034		11,034	11,034
	Cash Severance (9)			675,000	675,000
<i>Officer</i>	COBRA Payments (4)			22,957	22,957
	Value of Equity Award Acceleration		1,531,409(5)	4,594,420(6)	
	Total Value:	\$ 25,457	\$ 1,531,409	\$ 5,317,834	\$ 723,414
Glenn T. Umetsu	Accrued Salary (1)	\$ 12,923	\$	\$ 12,923	\$ 12,923
<i>Executive Vice President and Chief Technology Officer</i>	Accrued PTO (2)	13,771		13,771	13,771
	Cash Severance (9)			604,800	604,800
<i>Officer</i>	COBRA Payments (4)			22,957	22,957
	Value of Equity Award Acceleration		5,605,240(5)	7,711,533(6)	
	Total Value:	\$ 26,694	\$ 5,605,240	\$ 8,365,984	\$ 654,451

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Albin F. Moschner	Accrued Salary (1)	\$	12,692	\$		\$	12,692	\$	12,692
<i>Executive Vice President and Chief Marketing Officer</i>	Accrued PTO (2)		24,921				24,921		24,921
	Cash Severance (9)						594,000		594,000
	COBRA Payments (4)						22,957		22,957
	Value of Equity Award Acceleration				4,765,159(5)		7,644,837(6)		
	Total Value:	\$	37,613	\$	4,765,159	\$	8,299,407	\$	654,570
Leonard C. Stephens	Accrued Salary (1)	\$	10,865	\$		\$	10,865	\$	10,865
<i>Senior Vice President, Human Resources</i>	Accrued PTO (2)		50,138				50,138		50,138
	Cash Severance (9)						466,125		466,125
	COBRA Payments (4)						22,957		22,957
	Value of Equity Award Acceleration				1,726,359(5)	\$	2,420,752(6)		
	Total Value:	\$	61,003	\$	1,726,359	\$	2,970,837	\$	550,085
Dean M. Luvisa	Accrued Salary (1)	\$	10,192	\$		\$	10,192	\$	10,192
<i>Vice President, Finance, Chief Financial Officer of our Network Operations Group and former Acting Chief Financial Officer</i>	Accrued PTO (2)		27,633				27,633		27,633
	Cash Severance (9)						482,790		482,790
	COBRA Payments (4)						22,957		22,957
	Value of Equity Award Acceleration				1,556,697(5)		2,281,054(6)		
	Total Value:	\$	37,825	\$	1,556,697	\$	2,824,626	\$	543,572

(1) Represents earned but unpaid salary as of December 31, 2006. Excludes earned but unpaid bonuses, which would have been \$504,486, \$123,168, \$243,464, \$239,385, \$148,936 and \$83,624 for Messrs. Hutcheson, Khalifa, Umetsu, Moschner, Stephens and Luvisa, respectively, as of December 31, 2006.

(2) Represents accrual for paid time off and sick leave that had not been taken as of December 31, 2006.

- (3) Mr. Hutcheson is eligible to receive either a stay bonus or a cash severance payment, but not both. The stay bonus would apply if Mr. Hutcheson continues his employment with Cricket or its successor for two months following the closing of such change in control. The amount of either the stay bonus or the cash severance payment would have been one and one-half times Mr. Hutcheson's \$575,000 base salary plus one and one-half times Mr. Hutcheson's \$575,000 target performance bonus, or \$1,725,000, as of December 31, 2006. Excludes

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potential payments of \$1,500 a day that Mr. Hutcheson could receive for providing consulting services at Leap's request after a resignation for good reason.

- (4) Amounts shown equal an aggregate of 18 months of COBRA payments for Mr. Hutcheson and 12 months of COBRA payments for the other named executive officers. The payments for COBRA would cover both the premium for our employee health insurance and the premium for our Exec-U-Care Plan, which covers up to \$50,000 per family per year of medical costs that our employee health insurance does not cover.
- (5) Represents the value of those awards that would vest as a result of a change in control occurring on December 31, 2006, without any termination of employment. As described above, the value of such awards was calculated assuming a price per share of our common stock of \$59.47, which represents the closing market price of our common stock as reported on the Nasdaq Global Select Market on December 29, 2006.
- (6) Represents the value of those awards that would vest as a result of the executive's termination of employment by us other than for cause or by the named executive officer for good reason within 90 days prior to or within 12 months following a change in control. This value assumes that the change in control and the date of termination occur on December 31, 2006, and, therefore, the vesting of such award was not previously accelerated as a result of a change in control.
- (7) In the event of a termination of Mr. Hutcheson's employment by us other than for cause or by him for good reason, in either case not within 90 days prior to and not within 12 months following a change in control, if Mr. Hutcheson provides consulting services to us for up to five days per month for up to a one year period for a fee of \$1,500 per day, Mr. Hutcheson's unvested shares subject to his equity awards would vest on the last day of the one-year period or, if such consulting services are not provided, Mr. Hutcheson's unvested shares subject to his equity awards would vest on the third anniversary of the date of grant (for the January 5, 2005 awards) and on December 31, 2008 (for the February 24, 2005 awards).
- (8) Represents the maximum excise tax gross-up payment to which Mr. Hutcheson may be entitled pursuant to the Executive Employment Agreement. The actual amount of any such excise tax gross-up payment may be less. The excise tax gross-up payment takes into account the severance payments and benefits that would be payable to Mr. Hutcheson upon his termination of employment by Cricket without cause or his resignation with good reason and assumes that such payments would constitute excess parachute payments under Section 280G of the Code, resulting in excise tax liability. See Severance Arrangements above. It assumes that Mr. Hutcheson continues to provide consulting services to the company for three days per month for a one-year period after his resignation with good reason, for a fee of \$1,500 per day. Such potential consulting fees are not reflected in the amounts shown in the table above.
- (9) Represents one hundred percent of the executive's annual base salary plus his target annual bonus, using his greatest annual base salary and target bonus in effect between December 31, 2005 and December 31, 2006.

2006 Director Compensation

Effective February 22, 2006, our Board approved an annual compensation package for non-employee directors consisting of a cash component and an equity component. The cash component will be paid, and the equity component will be awarded, each year following the annual meeting of stockholders of Leap.

Each non-employee director will receive annual cash compensation of \$40,000. The chairman of the Board will receive additional cash compensation of \$20,000; the chairman of the Audit Committee will receive additional cash compensation of \$15,000, and the chairman of the Compensation Committee and the chairman of the Nominating and

Corporate Governance Committee will each receive additional cash compensation of \$5,000.

Non-employee directors will also receive annual awards of \$100,000 in Leap restricted common stock pursuant to the 2004 Plan. The purchase price for each share of Leap restricted common stock will be \$.0001, and each such share will be valued at fair market value (as defined in the 2004 Plan) on the date of grant. Each award of restricted common stock will vest in equal installments on each of the first, second and third anniversaries of the date of grant. All unvested shares of restricted common stock under each award will vest upon a change in control (as defined in the 2004 Plan).

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Leap also reimburses directors for reasonable and necessary expenses, including their travel expenses incurred in connection with attendance at Board and committee meetings.

The following table sets forth certain compensation information with respect to each of the members of our Board for the fiscal year ended December 31, 2006, other than Mr. Hutcheson whose compensation relates to his service as president and chief executive officer and who does not receive additional compensation in his capacity as a director.

Name	Fees Earned or			Total
	Paid in Cash	Stock Awards(1)	Option Awards(2)	
James D. Dondero	\$ 45,000	\$ 20,712	\$ 264,242	\$ 329,954
John D. Harkey, Jr.	\$ 40,000	\$ 20,712	\$ 49,549	\$ 110,261
Robert V. LaPenta	\$ 40,000	\$ 20,712	\$ 49,587	\$ 110,299
Mark H. Rachesky, M.D.	\$ 70,000	\$ 20,712	\$ 327,665	\$ 418,377
Michael B. Targoff	\$ 55,000	\$ 20,712	\$ 346,002	\$ 421,714

- (1) Represents annual compensation cost for fiscal year 2006 of stock awards over the requisite service period in accordance with FAS 123R. On May 18, 2006, we granted to each of our non-employee directors, Mr. Dondero, Dr. Rachesky, Mr. Targoff, Mr. LaPenta and Mr. Harkey, 2,264 shares of restricted common stock. Each award of restricted common stock will vest in equal installments on each of the first, second and third anniversaries of the date of grant. All unvested shares of restricted common stock under each award will vest upon a change in control (as defined in the 2004 Plan). The aggregate number of stock awards outstanding at the end of fiscal 2006 for each director were as follows: James D. Dondero (2,264); John D. Harkey, Jr. (2,264); Robert V. LaPenta (2,264); Mark H. Rachesky, M.D. (2,264); and Michael B. Targoff (2,264).
- (2) Represents annual compensation cost for fiscal year 2006 of options to purchase Leap common stock granted in accordance with FAS 123R. The aggregate number of stock option awards outstanding at the end of fiscal 2006 for each director were as follows: James D. Dondero (30,600); John D. Harkey, Jr. (12,500); Robert V. LaPenta (12,500); Mark H. Rachesky, M.D. (40,200); and Michael B. Targoff (39,500).

Indemnification of Directors and Executive Officers and Limitation on Liability

As permitted by Section 102 of the Delaware General Corporation Law, we have adopted provisions in our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws that limit or eliminate the personal liability of our directors for a breach of their fiduciary duty of care as a director. The duty of care generally requires that, when acting on behalf of the corporation, directors exercise an informed business judgment based on all material information reasonably available to them. Consequently, a director will not be personally liable to us or our stockholders for monetary damages or breach of fiduciary duty as a director, except for liability for:

any breach of the director's duty of loyalty to us or our stockholders;

any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

any act related to unlawful stock repurchases, redemptions or other distributions or payment of dividends; or

any transaction from which the director derived an improper personal benefit.

These limitations of liability do not affect the availability of equitable remedies such as injunctive relief or rescission. Our Amended and Restated Certificate of Incorporation also authorizes us to indemnify our officers, directors and other agents to the fullest extent permitted under Delaware law.

As permitted by Section 145 of the Delaware General Corporation Law, our Amended and Restated Bylaws provide that:

we may indemnify our directors, officers, and employees to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions;

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we may advance expenses to our directors, officers and employees in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions; and

the rights provided in our bylaws are not exclusive.

Leap's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide for the indemnification provisions described above. In addition, we have entered into separate indemnification agreements with our directors and officers which may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements may require us, among other things, to indemnify our officers and directors against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct. These indemnification agreements also may require us to advance any expenses incurred by the directors or officers as a result of any proceeding against them as to which they could be indemnified. In addition, we have purchased policies of directors' and officers' liability insurance that insure our directors and officers against the cost of defense, settlement or payment of a judgment in some circumstances. These indemnification provisions and the indemnification agreements may be sufficiently broad to permit indemnification of our officers and directors for liabilities, including reimbursement of expenses incurred, arising under the Securities Act.

On December 31, 2002, several members of American Wireless Group, LLC (AWG) filed a lawsuit against various officers and directors of Leap in the Circuit Court of the First Judicial District of Hinds County, Mississippi (the Whittington Lawsuit). Leap purchased certain FCC wireless licenses from AWG and paid for those licenses with shares of Leap stock. The complaint alleges that Leap failed to disclose to AWG material facts regarding a dispute between Leap and a third party relating to that party's claim that it was entitled to an increase in the purchase price for certain wireless licenses it sold to Leap. In their complaint, plaintiffs seek rescission and/or damages according to proof at trial of not less than the aggregate amount paid for the Leap stock (alleged in the complaint to have a value of approximately \$57.8 million in June 2001 at the closing of the license sale transaction), plus interest, punitive or exemplary damages in the amount of not less than three times compensatory damages, and costs and expenses. Plaintiffs contend that the named defendants are the controlling group that was responsible for Leap's alleged failure to disclose the material facts regarding the third party dispute and the risk that the shares held by the plaintiffs might be diluted if the third party was successful with respect to its claim. The defendants in the Whittington Lawsuit filed a motion to compel arbitration, or in the alternative, to dismiss the Whittington Lawsuit. The motion noted that plaintiffs, as members of AWG, agreed to arbitrate disputes pursuant to the license purchase agreement, that they failed to plead facts that show that they are entitled to relief, that Leap made adequate disclosure of the relevant facts regarding the third party dispute and that any failure to disclose such information did not cause any damage to the plaintiffs. The court denied defendants' motion and the defendants have appealed the denial of the motion to the state supreme court.

In a related action to the action described above, on June 6, 2003, AWG filed a lawsuit in the Circuit Court of the First Judicial District of Hinds County, Mississippi, referred to herein as the AWG Lawsuit, against the same individual defendants named in the Whittington Lawsuit. The complaint generally sets forth the same claims made by the plaintiffs in the Whittington Lawsuit. In its complaint, plaintiff seeks rescission and/or damages according to proof at trial of not less than the aggregate amount paid for the Leap stock (alleged in the complaint to have a value of approximately \$57.8 million in June 2001 at the closing of the license sale transaction), plus interest, punitive or exemplary damages in the amount of not less than three times compensatory damages, and costs and expenses. Defendants filed a motion to compel arbitration or, in the alternative, to dismiss the AWG Lawsuit, making arguments similar to those made in their motion to dismiss the Whittington Lawsuit. The motion was denied and the defendants have appealed the ruling to the state supreme court. AWG recently agreed to arbitrate this lawsuit and filed a motion in the Circuit Court seeking to stay the proceeding pending arbitration.

Although Leap is not a defendant in either the Whittington or AWG Lawsuits, several of the defendants have indemnification agreements with Leap. Leap's D&O insurers have not filed a reservation of rights letter and have been paying defense costs. Management believes that the liability, if any, from the AWG and Whittington Lawsuits and the related indemnity claims of the defendants against Leap is not probable and estimable; therefore, no accrual has been made in Leap's annual consolidated financial statements as of December 31, 2006 related to these contingencies.

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In addition, in response to our patent infringement suit against MetroPCS, on August 3, 2006 MetroPCS and three related entities brought counterclaims against us and, among others, current and former employees of Leap and Cricket, including Leap CEO Mr. Hutcheson, who have indemnification agreements with Leap. Furthermore, on August 17, 2006 MetroPCS served Leap, Cricket and certain current and former employees of Leap and Cricket, including Mr. Hutcheson, who have indemnification agreements with Leap, with complaints filed in Superior Court in Stanislaus County, California, alleging, among other things, unfair competition, misappropriation of trade secrets, and intentional and negligent interference with contract. On February 21, 2007, the complaint was amended to remove MetroPCS and MetroPCS, Inc. as plaintiffs.

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COMPENSATION COMMITTEE REPORT*

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management, and based on such review and discussions, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in our 2007 Proxy Statement.

COMPENSATION COMMITTEE

James D. Dondero, Chairman

Mark H. Rachesky, M.D.

Michael B. Targoff

* The material in this report is not soliciting material, is not deemed filed with the SEC, and is not incorporated by reference in any of our filings under the Securities Act of 1933, as amended (the Securities Act), or the Securities Exchange Act of 1934, as amended (the Exchange Act), whether made on, before, or after the date of this Proxy Statement and irrespective of any general incorporation language in such filing.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The current members of Leap's Compensation Committee are Mr. Dondero, Chairman, Dr. Rachesky and Mr. Targoff. None of these directors has at any time been an officer or employee of Leap or any of its subsidiaries.

In August 2004, we entered into a registration rights agreement that is still in effect with certain holders of Leap's common stock, including MHR Institutional Partners II LP, MHR Institutional Partners IIA LP (these entities are affiliated with Mark H. Rachesky, M.D., Leap's Chairman of the Board) and Highland Capital Management, L.P. (this entity is affiliated with James D. Dondero, a director of Leap), whereby we granted them registration rights with respect to the shares of common stock issued to them on the effective date of our plan of reorganization.

During fiscal year 2006 until June 16, 2006, Leap and Cricket had in place a senior secured Credit Agreement for a six-year \$600 million term loan and a \$110 million revolving credit facility with a syndicate of lenders and Bank of America, N.A. (as administrative agent and letter of credit issuer). Affiliates of Highland Capital Management, L.P. (a beneficial stockholder of Leap and an affiliate of Mr. Dondero, a director of Leap) participated in the syndication of our Credit Agreement, as amended, in the following initial amounts: \$100 million of the initial \$500 million term loan; \$30 million of the \$110 million revolving credit facility; and \$9 million of the additional \$100 million term loan. The highest aggregate principal amount of indebtedness owed by Cricket to Highland's affiliates under the term loan during the period from January 1, 2006 to June 16, 2006 was \$59.4 million, and Cricket made repayments of principal to Highland's affiliates under the term loan during that same period of \$150,000 in the aggregate. Under the former Credit Agreement, the term loan bore interest at the London Interbank Offered Rate (LIBOR) plus 2.5 percent, with interest periods of one, two, three or six months, or at the bank base rate plus 1.75 percent, as selected by Cricket. Cricket made interest payments of \$1.9 million in the aggregate to Highland's affiliates under the term loan during the period from January 1, 2006 to June 16, 2006. During the period from January 1, 2006 to June 16, 2006, there were no borrowings or payments of interest by Cricket under the \$110 million revolving credit facility.

On June 16, 2006, Leap and Cricket entered into an amended and restated senior secured Credit Agreement for a seven-year \$900 million term loan and a five-year \$200 million revolving credit facility with a syndicate of lenders and Bank of America, N.A. (as administrative agent and letter of credit issuer). Affiliates of Highland Capital Management, L.P. (a beneficial shareholder of Leap and an affiliate of Mr. Dondero, a director of Leap) participated in the syndication of the Credit Agreement in initial amounts equal to \$225 million of the term loan and \$40 million of

the revolving credit facility, and Highland Capital Management received a syndication fee of \$300,000 in connection with its participation. Under the Credit Agreement, the highest aggregate principal amount of indebtedness owed by Cricket to Highland's affiliates under the term loan during the period from June 16, 2006 to March 15, 2007 was \$230.9 million, and Cricket made repayments of principal to Highland's affiliates under the term loan during that same period of \$1.1 million in the aggregate. Under the Credit Agreement, during the period from June 16, 2006 to March 15, 2007, the term loan bore interest at LIBOR plus 2.75 percent, with

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interest periods of one, two, three or six months, or at the bank base rate plus 1.75 percent, as selected by Cricket, with the rate subject to adjustment based on Leap's corporate family debt rating. Cricket made interest payments of \$9.4 million in the aggregate to Highland's affiliates under the term loan during the period from June 16, 2006 to March 15, 2007. During the period from June 16, 2006 to March 15, 2007, there were no borrowings or payments of interest by Cricket under the \$200 million revolving credit facility.

On March 15, 2007, Leap and Cricket entered into an amendment to the Credit Agreement to refinance and replace the outstanding term loan under the Credit Agreement with a six year \$895.5 million term loan. Affiliates of Highland Capital Management, L.P. (a beneficial shareholder of Leap and an affiliate of Mr. Dondero, a director of Leap) participated in the syndication of the new term loan in an amount equal to \$222.9 million of the \$895.5 million term loan. The new term loan bears interest at LIBOR plus 2.25 percent or the bank base rate plus 1.25 percent, as selected by Cricket, with the rate subject to adjustment based on Leap's corporate family debt rating. The amendment did not modify the terms of the revolving credit facility. Highland Capital Management, L.P. continues to hold \$40 million of the \$200 million revolving credit facility, which was undrawn at March 15, 2007.

On October 23, 2006, we completed the closing of the sale of \$750 million aggregate principal amount of unsecured 9.375% Senior Notes of Cricket due 2014 (the Notes). The Notes were issued by Cricket in a private placement to qualified institutional buyers pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended, pursuant an Indenture, dated as of October 23, 2006, by and among Cricket, the Guarantors named therein and Wells Fargo Bank, N.A., as trustee, which governs the terms of the Notes. Affiliates of Highland Capital Management, L.P. (a beneficial shareholder of Leap and an affiliate of Mr. Dondero, a director of Leap), purchased an aggregate of \$25 million of Notes in the offering, which was the highest aggregate principal amount of indebtedness owed by Cricket to Highland's affiliates under the notes during the period from October 23, 2006 to March 12, 2007, the date when Highland's affiliates sold their notes to a third party. The notes bear interest at the rate of 9.375% per year, payable semi-annually in cash in arrears beginning in May 2007. In March 2007, we filed a registration statement on Form S-4 to allow us to offer to exchange the Notes for substantially identical debt instruments that would be registered under the Securities Act of 1933, as amended.

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The following table contains information about the beneficial ownership of our common stock for:

each stockholder known by us to beneficially own more than 5% of our common stock;

each of our directors;

each of our named executive officers; and

all directors and executive officers as a group.

The percentage of ownership indicated in the following table is based on 68,042,429 shares of common stock outstanding on March 20, 2007.

Information with respect to beneficial ownership has been furnished by each director and officer, and with respect to beneficial owners of more than 5% of our common stock, by Schedules 13D and 13G, filed with the SEC by them. Beneficial ownership is determined in accordance with the rules of the SEC. Except as indicated by footnote and subject to community property laws where applicable, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or warrants held by that person that are currently exercisable or will become exercisable within 60 days after March 30, 2007 are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

5% Stockholders, Officers and Directors(1)	Number of Shares	Percent of Total
Entities affiliated with Highland Capital Management, L.P.(2)	4,685,081	6.9
MHR Institutional Partners II LP(3)	3,340,378	4.9
MHR Institutional Partners IIA LP(3)	8,415,428	12.4
T. Rowe Price Associates, Inc.(4)	3,747,100	5.5
James D. Dondero(5)(7)	4,715,045	6.9
Mark H. Rachesky, M.D.(6)(7)	11,792,170	17.3
John D. Harkey, Jr.(7)	12,264	*
Robert V. LaPenta(7)(8)	27,264	*
Michael B. Targoff(7)	38,597	*
S. Douglas Hutcheson(9)	163,024	*
Amin I. Khalifa(10)	35,000	*
Glenn T. Umetsu(11)	88,385	*
Albin F. Moschner(12)	75,858	*
Leonard C. Stephens(13)	39,380	*
All executive officers and directors as a group (12 persons)	17,045,886	25.1

* Represents beneficial ownership of less than 1.0% of the outstanding shares of common stock.

- (1) Unless otherwise indicated, the address for each person or entity named below is c/o Leap Wireless International, Inc., 10307 Pacific Center Court, San Diego, California 92121.
- (2) Consists of (a) 76,137 shares of common stock held by Highland Floating Rate Advantage Fund (Highland Advantage); (b) 76,137 shares of common stock held by Highland Floating Rate Limited Liability Company (Highland LLC); (c) 2,309,794 shares of common stock held by Highland Crusader Offshore Partners, L.P. (Crusader); (d) 190,342 shares of common stock held by Highland Loan Funding V, Ltd. (HLF); (e) 52,504 shares of common stock held by PAM Capital Funding, L.P. (PAM Capital); (f) 876,708 shares of common stock held by Highland Equity Focus Fund, L.P. (Focus), (g) 64,711 shares of common stock held by Highland CDO Opportunity Fund, Ltd. (CDO Fund) and (h) 1,038,748 shares of common stock held in accounts for which Highland Capital Management, L.P. (HCMLP) has investment discretion. HCMLP is the

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investment manager for CDO Fund, Focus, Highland Advantage and Highland LLC, as well as the general partner of Crusader. Pursuant to certain management agreements, HCMLP serves as collateral manager for HLF, Legacy, and PAM Capital. Strand Advisors, Inc. (Strand) is the general partner of HCMLP. Mr. Dondero is a director and the president of Strand. Mr. Dondero also serves as a director of Leap. HCMLP, Strand and Mr. Dondero expressly disclaim beneficial ownership of the securities described above, except to the extent of their pecuniary interest therein. The address for Strand, Focus, Highland Advantage, Highland LLC, Crusader, HCMLP and Mr. Dondero is Two Galleria Tower, 13455 Noel Road, Suite 1300, Dallas, Texas 75240. The address for HLF, Legacy, CDO Fund, and PAM Capital is P.O. Box 1093 GT, Queensgate House, South Church Street, George Town, Grand Cayman, Cayman Islands.

- (3) Consists of (a) 3,340,378 shares of common stock held for the account of MHR Institutional Partners II LP, a Delaware limited partnership (Institutional Partners II) and (b) 8,415,428 shares of common stock held for the account of MHR Institutional Partners IIA LP, a Delaware limited partnership (Institutional Partners IIA). MHR Institutional Advisors II LLC (Institutional Advisors) is the general partner of Institutional Partners II and Institutional Partners IIA. In such capacity, Institutional Advisors may be deemed to be the beneficial owner of these shares of common stock. The address for this entity is 40 West 57th Street, 24th Floor, New York, New York 10019.
- (4) These securities are owned by various individuals and institutional investors, for which T. Rowe Price Associates, Inc. (Price Associates) serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.
- (5) Consists of the shares in footnote 2 above. Mr. Dondero is the president and a director of Strand Advisors, and as such, he may be deemed to be an indirect beneficial owner of these shares. Mr. Dondero disclaims beneficial ownership of the shares of common stock held by these entities, except to the extent of his pecuniary interest therein. The address for Mr. Dondero is Two Galleria Tower, 13455 Noel Road, Suite 1300, Dallas, Texas 75240.
- (6) Consists of the shares in footnote 3 above. Dr. Rachesky is the managing member of Institutional Advisors and as such, he may be deemed to be a beneficial owner of these shares. Dr. Rachesky disclaims beneficial ownership of the shares of common stock held by these entities. The address for Dr. Rachesky is 40 West 57th Street, 24th Floor, New York, New York 10019.
- (7) Includes vested shares issuable upon exercise of options, as follows: Mr. Dondero, 27,700 shares; Dr. Rachesky, 34,100 shares; Mr. Harkey, 10,000 shares; Mr. Targoff, 36,333 shares; and Mr. LaPenta, 10,000 shares. Also includes restricted stock awards which vest in three equal installments on May 18, 2007, 2008 and 2009, as follows: Mr. Dondero, 2,264 shares; Dr. Rachesky, 2,264 shares; Mr. Harkey, 2,264 shares; Mr. Targoff, 2,264 shares; and Mr. LaPenta, 2,264 shares.
- (8) Includes 5,000 shares held by a corporation which is wholly owned by Mr. LaPenta. Mr. LaPenta has the power to vote and dispose of such shares by virtue of his serving as an officer and director thereof.
- (9) Includes restricted stock awards for 72,000 shares which vest on June 17, 2008, restricted stock awards for 7,590 shares which vest on December 31, 2008, in each case subject to certain conditions and accelerated vesting, and restricted stock awards for 12,500 shares which vest on December 20, 2010, as described under Executive Compensation 2006 Equity Awards Under The 2004 Plan and Executive Compensation Severance Arrangements. Also includes 32,201 shares issuable upon exercise of vested stock options.

- (10) Includes restricted stock awards for 35,000 shares which vest on August 28, 2011, subject to certain conditions and accelerated vesting, as described under Executive Compensation 2006 Equity Awards Under The 2004 Plan and Executive Compensation Severance Arrangements.
- (11) Includes restricted stock awards for 61,784 shares which vest on February 28, 2008, subject to certain conditions and accelerated vesting, and restricted stock awards for 6,000 shares which vest on December 20, 2010, as described under Executive Compensation 2006 Equity Awards Under The 2004 Plan and Executive Compensation Severance Arrangements. Also includes 8,213 shares issuable upon exercise of vested stock options.

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- (12) Includes restricted stock awards for 16,140 shares which vest on February 28, 2008 and restricted stock awards for 13,070 shares which vest on October 26, 2010, subject to certain conditions and accelerated vesting, and restricted stock awards for 6,000 shares which vest on December 20, 2010, as described under Executive Compensation 2006 Equity Awards Under The 2004 Plan and Executive Compensation Severance Arrangements. Also includes 32,358 shares issuable upon exercise of vested stock options.
- (13) Includes restricted stock awards for 19,973 shares which vest on February 28, 2008, subject to certain conditions and accelerated vesting, and restricted stock awards for 3,000 shares which vest on December 20, 2010, as described under Executive Compensation 2006 Equity Awards Under The 2004 Plan and Executive Compensation Severance Arrangements. Also includes 4,517 shares issuable upon exercise of vested stock options.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Historically, we have reviewed potential related party transactions on a case-by-case basis. On March 8, 2007 the Board approved a Related Party Transaction Policy and Procedures. Under the policy and procedures, the audit committee of the Board, or alternatively, those members of the Board who are disinterested, shall review the material facts of specified transactions for approval or disapproval, taking into account, among other factors that they deem appropriate, the extent of the related person's interest in the transaction and whether the transaction is fair to Leap and is in, or is not inconsistent with, the best interests of Leap and its stockholders. Transactions to be reviewed under the policy and procedures include transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year, (2) Leap or any of its subsidiaries is a participant, and (3) any (a) executive officer, director or nominee for election as a director, (b) greater than 5 percent beneficial owner of our common stock, or (c) immediate family member, of the persons referred to in clauses (a) and (b), has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity). Terms of director and officer compensation that are disclosed in proxy statements such as this document or that are approved by the Board or Compensation Committee and are not required to be disclosed in our proxy statement, and transactions where all holders of our common stock receive the same benefit on a pro rata basis, are not subject to review under the policy and procedures.

For a description of various transactions between Leap and certain affiliates of Dr. Mark H. Rachesky, our Chairman of the Board, and Mr. James D. Dondero, a director of Leap and the Chairman of Leap's Compensation Committee, see Compensation Committee Interlocks And Insider Participation set forth above in this proxy statement.

STOCKHOLDER PROPOSALS

To be included in our proxy statement, proposals of stockholders that are intended to be presented at our 2008 annual meeting must be received no later than December 4, 2007 and must satisfy the conditions established by the SEC for such proposals. However, if Leap changes the date of its 2008 annual meeting by more than thirty days from the anniversary date of the 2007 Annual Meeting, the deadline for proposals that stockholders wish to include in the proxy statement for the 2008 annual meeting will be a reasonable time before we begin to print and mail the proxy materials for that meeting.

A stockholder proposal that is not included in our proxy statement for the 2008 annual meeting will be ineligible for presentation at the meeting unless the stockholder gives timely notice of the proposal in writing to and otherwise complies with the provisions of our Bylaws. For a proposal to be timely, Article II, Section 8 of Leap's Amended and Restated Bylaws provides that we must have received the stockholder's notice not less than seventy days nor more than

ninety days prior to the anniversary of our annual meeting, meaning between February 17, 2008 and March 8, 2008. In the event that the 2008 annual meeting is advanced by more than twenty days or delayed by more than seventy days from the anniversary date of the 2007 annual meeting, proposals that stockholders wish to present at the 2008 annual meeting must be received by Leap no earlier than the ninetieth day prior to the date of the 2008 annual meeting, nor later than the later of the seventieth day prior to such annual meeting date, or the date which is ten days after the day on which public announcement of the date of such meeting is first made.

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All proposals should be sent to Leap's Secretary at our principal executive offices, 10307 Pacific Center Court, San Diego, California 92121.

OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires Leap's directors and executive officers, and persons who beneficially own more than ten percent of a registered class of Leap's equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Leap. Officers, directors and greater-than-ten-percent beneficial owners are required by SEC regulations to furnish Leap with copies of all Section 16(a) forms they file.

To Leap's knowledge, based solely on a review of the copies of such reports furnished to Leap and written representations that no other reports were required, during the fiscal year ended December 31, 2006, all Section 16(a) filing requirements applicable to its officers, directors and greater-than-ten-percent beneficial owners were complied with, other than a late filing made by Mr. Dondero in October 2006 relating to a June 2006 transaction.

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies. Brokers with account holders who are Leap stockholders may be "householding" our proxy materials. If you hold your shares in an account with one of those brokers, a single proxy statement may be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement and annual report, please notify your broker. Householding for bank and brokerage accounts is limited to accounts within the same bank or brokerage firm. If two individuals share the same last name and address but have accounts containing our stock at two different banks or brokerage firms, your household will receive two copies of our annual meeting materials—one from each firm. Stockholders who currently receive multiple copies of the proxy statement from one bank or brokerage firm and would like to request "householding" of their communications should contact their bank or brokerage firm.

We will deliver promptly upon written or oral request a separate proxy statement and annual report to a stockholder at a shared address to which a single copy of the documents was delivered. Please direct such requests to Leap Wireless International, Inc., Attn. Investor Relations, 10307 Pacific Center Court, San Diego, California 92121, or to our Investor Relations Dept. by telephone at (858) 882-6000.

Annual Report on Form 10-K

A copy of Leap's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, as filed with the SEC, excluding exhibits, may be obtained by stockholders without charge by written request addressed to Leap Wireless International, Inc., Attn: Investor Relations, 10307 Pacific Center Court, San Diego, California 92121. The exhibits to the Annual Report on Form 10-K are available upon payment of charges that approximate our cost of reproduction.

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Other Business

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

All stockholders are urged to complete, sign, date and return the accompanying proxy card in the enclosed envelope.

By Order of the Board of Directors

S. Douglas Hutcheson
Chief Executive Officer and President

April 6, 2007

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APPENDIX A

**THE 2004 STOCK OPTION, RESTRICTED STOCK
AND DEFERRED STOCK UNIT PLAN
OF LEAP WIRELESS INTERNATIONAL, INC.**

Leap Wireless International, Inc., a Delaware corporation, has adopted the 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan of Leap Wireless International, Inc. (the Plan), effective December 30, 2004 (the Effective Date), for the benefit of eligible Employees (as defined below), Independent Directors (as defined below) and Consultants (as defined below).

On April 13, 2003, the Company and its subsidiaries filed voluntary petitions for relief under chapter 11 of Title 11 of the United States Code in the U.S. Bankruptcy Court, Southern District of California (the Bankruptcy Court) (Chapter 11 Case Nos.: 03-3470-A11 through 03-3535-A11). The Bankruptcy Court confirmed the Fifth Amended Joint Plan of Reorganization dated as of July 30, 2003, as amended (the Plan of Reorganization), for the Company and its subsidiaries on October 22, 2003, and the Plan of Reorganization became effective on August 16, 2004.

Section 5.07 of the Plan of Reorganization provides that, after the effective date of the Plan of Reorganization, the Company may adopt a new incentive plan for the grant to officers, employees and directors of the Company and its subsidiaries of options to acquire shares of Common Stock (as defined below). This Plan was adopted by the Board of Directors of the Company after the effective date of the Plan of Reorganization in furtherance of Section 5.07 thereof.

The purposes of the Plan are as follows:

(1) To provide an additional incentive for key Employees, Consultants and Independent Directors (as such terms are defined below) to further the growth, development and financial success of the Company by personally benefiting through the ownership of Company stock and/or rights which recognize such growth, development and financial success.

(2) To enable the Company to obtain and retain the services of key Employees, Consultants and Independent Directors considered essential to the long-range success of the Company by offering them an opportunity to own stock in the Company which will reflect the growth, development and financial success of the Company.

ARTICLE I.

Definitions

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

1.1. Administrator shall mean the entity that conducts the general administration of the Plan as provided herein. With reference to the administration of the Plan with respect to Options granted to Independent Directors, the term Administrator shall refer to the Board. With reference to the administration of the Plan with respect to any other Award, the term Administrator shall refer to the Committee unless the Board has elected to exercise any of the rights and duties of the Committee under the Plan generally as provided in Section 9.2.

1.2. Award shall mean an Option, a Restricted Stock award or a Deferred Stock Unit award granted or awarded under the Plan.

1.3. **Award Agreement** shall mean a written agreement executed by an authorized officer of the Company and the Holder which shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan.

1.4. **Award Limit** shall mean 1,500,000 shares of Common Stock, as adjusted pursuant to Section 10.3.

1.5. **Board** shall mean the Board of Directors of the Company.

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1.6. Change in Control shall mean the occurrence of any of the following events, if such event occurs on or after the Effective Date:

(a) the occurrence of clauses (I) and (II), where clause (I) is: the acquisition, directly or indirectly, by any person or group (as those terms are defined in Sections 3(a)(9), 13(d), and 14(d) of the Exchange Act and the rules thereunder) of beneficial ownership (as determined pursuant to Rule 13d-3 under the Exchange Act) of securities entitled to vote generally in the election of directors (voting securities) of the Company that represent thirty-five percent (35%) or more of the combined voting power of the Company s then outstanding voting securities, other than

(i) an acquisition by a trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company or by any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company, or

(ii) an acquisition of voting securities, directly or indirectly by the Company, or

(iii) an acquisition of voting securities pursuant to a transaction described in subsection (c) below that would not be a Change in Control under subsection (c), or

(iv) an acquisition of voting securities, directly or indirectly, by a person who or group which beneficially owns, as of the Effective Date, voting securities of the Company that represent five percent (5%) or more of the combined voting power of the Company s outstanding voting securities on such Effective Date;

provided, however, that, notwithstanding the foregoing, an acquisition of the Company s securities by the Company which causes the Company s voting securities beneficially owned by a person or group to represent thirty-five percent (35%) or more of the combined voting power of the Company s then outstanding voting securities shall not constitute an acquisition by any person or group for purposes of this clause (I); provided further, that if a person or group shall become the beneficial owner of thirty-five percent (35%) or more of the combined voting power of the Company s then outstanding voting securities by reason of share acquisitions by the Company as described above and shall, after such share acquisitions by the Company, become the beneficial owner of any additional voting securities of the Company, then such acquisition shall constitute an acquisition for purposes of clause (I); and

clause (II) is the circumstance of individuals who, as of the Effective Date, constitute the Board (the Incumbent Board) ceasing for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a Director subsequent to the Effective Date whose appointment, election, or nomination for election by the Company s shareholders was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office as a Director occurs as a result of an actual or threatened election contest with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

Notwithstanding the foregoing, clause (II) shall not apply, and the occurrence of clause (I) shall be sufficient to constitute a Change in Control if the acquisition described in clause (I) is by a Strategic Investor; provided, however, that clause (II) shall nonetheless apply if the Strategic Investor enters into a standstill agreement with the Company (for the duration of such agreement). For purposes of this subsection (a), Strategic Investor shall mean any buyer of or investor in of voting securities of the Company whose primary business is not financial investing;

(b) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more subsidiaries or intermediaries) of: (i) a merger, consolidation, reorganization, or business

combination or (ii) a sale or other disposition of all or substantially all of the Company's assets, other than a transaction

(I) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the

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business of the Company (the Company or such person, the Company Successor Entity), directly or indirectly, more than fifty percent (50%) of the combined voting power of the Company Successor Entity s outstanding voting securities immediately after the transaction, and

(II) after which more than fifty percent (50%) of the members of the board of directors of the Company Successor Entity were members of the Incumbent Board at the time of the Board s approval of the agreement providing for the transaction or other action of the Board approving the transaction, and