

LEAP WIRELESS INTERNATIONAL INC  
Form DEFA14A  
July 19, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(RULE 14a-101)

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

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:

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(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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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:



Leap Wireless International, Inc. ( Leap ) is filing the attached presentation materials, which update the presentation materials filed with the Securities and Exchange Commission ( SEC ) on July 7, 2011 as Exhibit 99.1 to Leap s current report on Form 8-K, the presentation materials filed with the SEC on July 13, 2011 on Schedule 14A, and the presentation materials filed with the SEC on July 15, 2011 on Schedule 14A, in connection with Leap s solicitation of proxies for proposals to be voted on at its 2011 Annual Meeting of Stockholders. Leap may present the attached materials to stockholders and others on future occasions. The information contained in the attached presentation materials is summary information that is intended to be considered in the context of Leap s filings with the SEC and other public announcements. Leap undertakes no duty or obligation to publicly update or revise this information, although it may do so from time to time.

In connection with the 2011 Annual Meeting, Leap mailed to stockholders its definitive proxy statement filed with the SEC on June 28, 2011 (the Definitive Proxy Statement ). In addition, Leap files annual, quarterly and special reports, proxy and information statements and other information with the SEC. Stockholders are urged to read the Definitive Proxy Statement and other information because they contain important information about Leap and the proposals to be presented at the 2011 Annual Meeting. These documents are available free of charge at the SEC s website at [www.sec.gov](http://www.sec.gov) or from Leap at [www.leapwireless.com](http://www.leapwireless.com). The contents of the websites referenced herein are not deemed to be incorporated by reference into the Definitive Proxy Statement.

Leap and its directors, executive officers and certain employees may be deemed to be participants in the solicitation of proxies from stockholders in connection with the election of directors and other proposals to be voted on at the 2011 Annual Meeting. Information regarding the interests, if any, of these directors, executive officers and specified employees is included in the Definitive Proxy Statement filed by Leap with the SEC.

Building Value  
July 18, 2011

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Presentation of Financial and Other Important Information

Presentation of Financial Information

Historical financial and operating data in this presentation reflect the consolidated results of Leap Wireless International, Inc. (the Company) and its wholly owned subsidiaries and joint ventures for the periods indicated. The term "voice services" refers to the Company's Cricket Wireless, Muve Music and other voice services. The term "data services" refers to the Company's Cricket Broadband service. This presentation includes financial information prepared in accordance with United States Generally Accepted Accounting Principles (GAAP), as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures, which include Customer Addition (CPGA), Cash Cost Per User (CCU) and adjusted operating income before depreciation and amortization (AOI), are presented for informational purposes only and should not be considered as a substitute for GAAP financial information.

substitutes for, the information prepared in accordance with GAAP. For definitions of these non-GAAP financial measures and see the information under the heading Financial Reports Non-GAAP Financial Measures in the Investor Relations section Proxy Solicitation

In connection with the solicitation of proxies, Leap filed with the SEC on June 28, 2011 a definitive proxy statement and has filed proposals to be presented at Leap's 2011 Annual Stockholders Meeting (the 2011 Annual Meeting). Leap also mailed the files annual, quarterly and special reports, proxy and information statements and other information with the SEC. Leap's stock information because they contain important information about Leap and the proposals to be presented at the 2011 Annual Meeting website (www.sec.gov) or from Leap (www.leapwireless.com). The contents of the websites referenced herein are not deemed Leap and its directors, executive officers and certain employees may be deemed to be participants in the solicitation of proxies directors and other matters to be proposed at Leap's 2011 Annual Meeting. Information regarding the interests, if any, of these included in the definitive proxy statement filed by Leap with the SEC.

#### Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are based on expectations based on currently available operating, financial and competitive information, but are subject to risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in or implied by the forward-looking statements. Our forward-looking statements include our expectations regarding our future performance, including as a result of our current and future product and service plan offerings, future plans to transition to LTE and expected results of our operations, and the names of our nominees to the board of directors and are generally identified with words such as believe, think, expect, estimate, anticipate, may, should, could, might, intend, plan, and similar expressions. Risks, uncertainties and assumptions that could affect our forward-looking statements include: our ability to attract and retain customers in an extremely competitive marketplace; the duration and severity of the current economic downturn in the United States; changes in interest rates, consumer credit conditions, consumer debt levels, consumer confidence, unemployment rates, energy costs and other macroeconomic factors; the services we provide; the impact of competitors' initiatives; our ability to successfully implement product and service plan offerings; our ability to obtain and maintain roaming and wholesale services from other carriers at cost-effective rates; our ability to attract, integrate, motivate and retain an experienced workforce, including members of our sales and marketing services, which could exceed our expectations, and our ability to manage or increase network capacity to meet increasing customer demand; our ability to manage our debt and indebtedness; our ability to comply with the covenants in any credit agreement, indenture or other financing instrument; our ability to effectively integrate, manage and operate our new joint venture in South Texas; failure of our network to meet our performance expectations and risks associated with the upgrade or transition of certain of those systems, including our billing system; and other risks included in our periodic reports filed with the SEC, including our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011. All forward-looking statements included in this presentation should be considered in the context of these risks. We undertake no obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking statements included in this presentation may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. You should not place undue reliance on our forward-looking statements.

Executive Overview

Industry Perspective  
Rapid Growth of Prepaid

Business Update  
On Trajectory to Grow Stockholder Value



Board of Directors  
Experienced and Independent

Pentwater Proposal and Proxy Contest  
Opportunistic and Non-Compliant

Conclusion  
Vote FOR  
Leap's nominees on the WHITE Proxy Card  
3  
Agenda

Leap  
implemented  
significant  
changes  
in  
2010  
to

better  
position  
business

- 
- Simple, all-inclusive service plans
- 
- New device portfolio, including smartphones
- 
- Nationwide voice and data coverage
- 
- Additions to senior management to better align with customers and improve execution
- 
- Completion of significant back-office system enhancements

Believe  
initiatives  
delivered  
dramatic  
improvements  
in  
operating  
performance,  
demonstrated  
by:

- 
- Customer churn at lowest levels in nearly a decade, with voice churn of 2.8% in 1Q11
- 
- Smartphones and accompanying \$55 service plan comprised approximately 40% of our sales mix at 1Q11, with customer upgrades and migrations continuing at unprecedented rates
- 
- Significant improvements in average revenue per user (ARPU), driven by adoption of smartphones and higher-revenue service plans

Believe  
changes  
position  
Leap  
for  
improved  
financial  
results  
and  
increased  
stockholder  
value

- 

Leap  
stock  
up  
54%

between  
August  
4,  
2010

after  
new  
initiatives  
presented  
at  
Leap s  
Analyst  
Day

and  
July  
12,  
2011

-  
Board and management continuing to implement additional initiatives to continue momentum and position the Company for the future

Leap  
is  
led  
by  
an  
experienced  
and  
independent  
Board  
of  
Directors  
4  
Executive Overview

Leap  
Keep Leap on track for improved stockholder value  
vote FOR  
Leap s nominees on the WHITE proxy card

Pentwater  
lacks  
any  
strategy  
for  
the  
Company

beyond  
actions  
Leap  
is  
already  
pursuing

Pentwater  
is  
interested  
only  
in  
short-term  
profit

and  
has  
reduced  
its  
net  
holdings  
in  
Leap  
stock  
by ~40%  
since announcing proxy fight

What Pentwater Didn't Do

-  
Discuss  
operational  
proposals/suggestions  
with  
the  
Company  
prior  
to  
initiating  
proxy  
fight

-  
Disclose all material information when nominating directors

-  
Commence  
action  
in  
Delaware  
for  
months  
after

being  
informed  
on  
March  
31  
that  
they  
didn't  
comply  
with  
Bylaws

-  
Ask for a waiver under Leap's NOL preservation plan to purchase 5% or more of Leap stock

What Pentwater Did Do

-  
Submitted  
what  
Leap  
believes  
is  
a  
non-compliant  
nomination  
one  
day  
before  
end  
of  
notice  
period

-  
Reduced  
its  
net  
holdings  
in  
Leap  
stock  
by  
~40%  
in  
the  
three  
months  
after  
announcing  
proxy  
fight,  
including

selling on day they filed initial proxy statement

-

Established

short

position

covering

more

than

1.6M

Leap

shares,

equal

to

~67%

of

its

2.4M

shares

held

as

of

6/20/11

Votes

for

Pentwater

will

not

be

counted

absent

contrary

Delaware

court

judgment

5

Executive Overview

Pentwater Capital Management

Keep Leap on track for improved stockholder value

vote FOR

Leap's nominees on the WHITE proxy card

st



INDUSTRY PERSPECTIVE  
Rapid Growth of Prepaid  
6

7

Innovative, leading prepaid wireless carrier in U.S.  
with ~6 million customers

Nation's 7th largest wireless carrier

Offers unlimited voice, text and data services and

national coverage under Cricket brand; flat rates and no contracts

Targets young, ethnically diverse and value-conscious customer base among the fastest growing market segments

Leverages industry-leading cost structure to provide services at prices below most competitors

Holds spectrum licenses in 35 of top 50 U.S. markets

Offers nationwide service via existing network and strategic roaming partnerships

Leap Snapshot

Prepaid Wireless Industry Leader

2006  
2013E  
CAGR:  
14%  
3%  
Prepaid  
Postpaid  
Prepaid

% of total

19%

33%

Share of Net Adds (%)

Subscribers (M)

Source: Oppenheimer Equity Research Industry Update, dated March 8, 2011

8

27%

Prepaid Segment Drives Wireless Industry Growth

Wireless subscribers increasingly using devices for data services, internet access and mobile applications

Mobile data traffic in North America expected to grow 80% annually through 2015

Explosive Growth of Mobile-Only Internet Users  
Smartphone Opportunity for Prepaid Carriers

To date, smartphones have been sold  
predominantly to higher-end customers

With increased adoption of data services  
and smartphones by the mass market,  
significant opportunity exists for prepaid  
carriers

Number of Users in North America (M)

4Q10 Smartphone Penetration

9

Source: Morgan Stanley Research Report, dated April 18, 2011

Source: Cisco Visual Networking Index: Global Mobile Data Forecast, February 2011

Smartphones are a Significant Opportunity for Prepaid

Leap s Prepaid Penetration  
10  
Prepaid  
Subscribers  
/  
Covered  
POP  
as



of  
1Q11

(1)

6%

3%

5%

7%

9%

Leap

T-Mobile

Sprint

Tracfone

MetroPCS

(1)

Based upon results for the quarter ended March 31, 2011, as reported in filings on Form 10-Q and/or earnings releases for Leap, Sprint, America Movil and MetroPCS; covered POPs data assumes 95M for Leap, 99M for MetroPCS and 280M for T-Mobile America Movil

(2)

Based on America Movil's earnings release for the quarter ended March 31, 2011

Leap's penetration in the prepaid segment is greater than Sprint and T-Mobile

Although Tracfone has the largest number of prepaid subscribers, it has the lowest EBITDA margin (7%) and lowest ARPU (\$14) among prepaid competitors

(2)

Subs.

(MM)

(1)

5.8

7.7

13.1

18.5

8.9

Leap Has Increased ARPU Near Highest In Industry

11

Prepaid ARPU (\$)

Leap

Sprint

T-Mobile

1Q10

1Q11

MetroPCS

1.5%

3.4%

3.2%

5.6%

% Increase

Tracfone

27.3%

Source: Results for the quarter ended March 31, 2011, as reported in filings on Form 10-Q and/or earnings releases for Leap, MetroPCS, Sprint, T-Mobile and America Movil

Leap Has Significantly Lowered Churn to Best in Industry

12

MetroPCS

Leap

1Q10

1Q11

Prepaid Churn (%)

Sprint

Increase /  
Decrease (bps)  
T-Mobile  
Tracfone

Source: Results for the quarter ended March 31, 2011, as reported in filings on Form 10-Q and/or earnings releases for Leap, MetroPCS, Sprint, T-Mobile and America Movil

**BUSINESS UPDATE**  
On Trajectory to Grow Stockholder Value  
13

Significant Business Initiatives in 2010  
to Meet Evolving Customer Needs  
14

Introduced all-inclusive, unlimited  
nationwide voice and broadband  
service plans

Eliminated activation fees and telecommunications taxes to improve customer experience

Experienced significant customer adoption and migration to new service plans  
at YE10, two-thirds of customer base had migrated to new plans

Introduced robust, new line-up of affordable devices, including smartphones, touchscreens, feature phones and broadband devices

Increasing customer demand for new smartphones driving selection of higher-revenue service plans and increased ARPU  
40% of new handset sales in 1Q11 were for smartphones

Entered into nationwide roaming agreements to allow nationwide product and service offerings

Entered into nationwide wholesale agreement to supplement 95M CPOP network with Sprint's nationwide 3G network

Believe agreements improve competitive position and enable Leap to strengthen brand, attract new customers and enhance and expand nationwide retail distribution

New Plans

New Devices

Nationwide Reach



Other Key Initiatives Furthering Leap Performance

Transitioned executive management team to more closely align with customers and improve execution

-

Appointed new EVP/COO to lead customer focused support organizations

-

Appointed new EVP, Field Operations and appointed three area presidents to improve field execution

-

Added other senior management leaders focused on vision and execution

Fundamentally overhauled back-office systems

-

Replaced billing, inventory and point-of-sale systems

-

Believe new systems significantly improved planning, forecasting, supply chain and procurement capabilities

Continued management of balance sheet for liquidity and growth

-

Refinanced

\$1.1B

of

senior

unsecured

debt

to

2020,

reducing

cash

interest

expense

by

\$10M

annually

-

Recently issued \$400M of senior notes to provide additional working capital for growth initiatives

Entered into key strategic transactions

-

Formed new joint venture in South Texas, acquiring ~323,000 former customers of Pocket Communications to create Leap's most deeply-penetrated market

-

Acquired complete ownership and control of Cricket markets in Chicago, Southern Wisconsin and Oregon

-

Believe

transactions

improved

competitive

position

by

increasing

our

strength

and

scale

while

expanding

offerings

to

customers

Better utilization of spectrum resources

-

Entered into agreement to swap 10-MHz of unused spectrum in exchange for 10-MHz of additional spectrum in 7 existing Cric markets

Developed

and

launched

unique

Muve

Music

service

-

Unlimited music-download service designed specifically for mobile devices

-

Expect service will provide Leap with differentiated product in nationwide, mass-merchant retail channels

15

TM

New Initiatives Driving Churn Down  
16

1Q11 churn reached lowest level in  
almost 10 years:

Consolidated churn of 3.1%, improving  
140 basis points Y-O-Y

1Q11 voice churn of 2.8%, improving  
170 basis points Y-O-Y

Churn improvements believed to be  
direct result of changes management  
implemented:

All-inclusive pricing

Smartphones at affordable prices

Nationwide voice and data coverage

Believe lower levels of churn signal  
productive, structural business change

May experience some near-term  
moderation in churn improvement

Voice Churn

2011

2010

2009

2008

Y-O-Y Change in Voice Churn

Worse

Better

2010

2011

Source: Leap earnings releases for each of the fiscal quarters in 2008, 2009 and 2010 and for the quarter ended March 31, 2011 and other internal data

And Improving ARPU  
17  
Average Revenue Per User  
2010  
2011

1Q11 ARPU increased over \$1 Y-O-Y and Q-O-Q due to:

Improved device portfolio

All-inclusive service plans

Improved voice churn

Expect ARPU improvements to continue in coming quarters due to:

Increased smartphone penetration

Higher Broadband ARPU and potential Muve Music uptake

Source: Leap's quarterly reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010, September 30, 2010 and March 31, 2011 and Leap's annual report on Form 10-K for the year ended December 31, 2010

Putting Leap On Trajectory for  
Improved Financial Performance

18

2011

2010

\$5.1

\$49.2



(\$478.1)  
(\$27.0)  
(\$18.1)  
\$614.6  
\$630.8  
\$600.6  
\$636.6  
\$678.4  
Operating Income  
(Loss)  
Adjusted OIBDA  
Broadband Services  
Adjusted OIBDA  
(Investment)  
Voice Services  
Adjusted OIBDA  
(\$ in millions)  
Service Revenues

Q-O-Q improvements in 1Q11  
service revenues due to:

Subscriber growth

Uptake of higher-ARPU service  
plans

Y-O-Y decrease in 1Q11 adjusted  
OIBDA reflects:

All-in-monthly pricing which  
eliminated ~\$130M of annual  
revenue from late/other fees

Investments in equipment subsidy  
and product cost to support  
transition to smartphones and  
national coverage

Believe beginning to benefit from  
cost leverage

Expect adjusted OIBDA margin  
improvement in the coming quarters

Source: Leap's quarterly reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010, September 30, 2010 and March 31, 2011 and Leap's annual report on Form 10-K for the year ended December 31, 2010; note minor calculation differences in reported numbers due to rounding

(1)Includes one-time ~\$3M expense associated with South Texas joint venture

Adjusted OIBDA  
\$127.5  
\$154.6  
\$111.1

\$82.6

\$90.3

(\$4.5)

\$17.4

\$12.1

\$24.5

\$22.2

1Q

2Q

3Q

4Q

1Q

\$123.0

\$123.2

\$172.0

\$107.0

\$112.5

(1)

Positive Trends Continuing

19

Outlook Discussed at 1Q11 Earnings Conference Call

Current 2Q11

Outlook

Expect positive voice net additions in 2Q11 and voice gross additions closer to 2Q10 reported levels

Expect decrease in number of Broadband customers

Expect adjusted OIBDA margin improvement from 1Q11 to 2Q11

Upgrade activity and associated cost expected to decline seasonally in 2Q11  
Expect ARPU improvements to continue at pace similar to recent improvements  
Churn expected to follow 2008 patterns but at reduced levels

-  
2Q11 Update: Y-O-Y churn improvement in 2Q11, with improvement moderated

Expect Cash Cost Per User (CCU) to flatten or decline from 1Q11 to 2Q11

Cost

Per

Gross

Customer

Addition

(CPGA)

Expect

device

subsidy

expense

to

increase

due

to

change

in

dealer

compensation

-

2Q11 Update: Increased subsidy expense in 2Q11 will also reflect successful promotional activity in the quarter  
CPGA

Expect sales & marketing spending levels to remain similar quarter over quarter

Expect to have over 100,000 Muve Music customers soon

Strategic Initiatives To Drive Growth in Voice Customers

20

Expanded

Branded

Distribution

Competitive

Devices, Service

Plans & Coverage

Expansion of  
Unlimited Music

Product

Improved

Customer

Awareness

LG Optimus C

Ground-breaking music service

Unlimited access to millions of full-track songs and ringtones that reside on mobile device, as part of \$55/month service plan

Believe will provide Leap with differentiated product in national retail

Broadened marketing efforts

Expanding marketing programs outside of traditional customer demographic to appeal to all value-conscious consumers

Leap's retail presence is growing

Expanding distribution in Cricket-branded stores and national retail

Expect significant portion of retail expansion in time for holiday selling season

Improved offerings to increase competitive position

Building on introduction of all-in monthly service plans and nationwide coverage with introduction of new and evolving smartphone devices

MVNO Agreement  
Rapid Path to Nationwide Scale

National retail playing increasingly  
important role in prepaid wireless

-

Scale becoming a competitive advantage

MVNO agreement with Sprint entered into in August 2010 expected to provide Leap with nationwide reach and scale

-

Believe rapid, efficient means for Leap to gain major presence in national retail

-

Believe provides more cost-effective path to launching service in additional markets

Launch expected in second half of 2011

Facilitates launch of Muve Music nationwide

21



22  
Optimizing our Network for Multiple  
Product Opportunities  
Utilizing Data Network Capacity  
Source: Internal Leap projections of network capacity and current and expected customer data product  
usage and performance, which are subject to change.  
Continue to see strong demand  
for data services due to continued

strength of smartphone service  
plans

Expanding and managing network  
capacity through:

-

Device mix, market-level focus

-

Network management  
initiatives

-

Additional equipment and cell  
sites

-

Potential for session-based  
data

Consumer trends driving strong  
uptake in smartphones and other  
higher-ARPU services

-

Opportunity to generate  
significant cash flow

~1M

~2.8M

~1.8M

Approximate capacity usage as of 1Q11

4Q10 Capacity Forecast

1Q11 Capacity Forecast

Strategically Implementing LTE to  
Support Next Phase of Growth

23

Leap's LTE implementation being managed through gradual ramp-up and  
phased

to

be

in

place  
when  
costs  
of  
LTE  
devices  
reach  
attractive  
levels  
for  
our  
customers

Leap is launching its own LTE network beginning in 2011 and  
expects to supplement its LTE facilities coverage through roaming arrangements

Industry Milestones

2013

2012

2011

2010

Leap Milestones

First LTE

markets in the

U.S.

First LTE smartphone

launches

Integrated LTE

chipset available

Integrated LTE

devices introduced

Device costs begin hitting

broadly appealing

consumer price points

Leap launches

R&D market

Expected launch of first

Leap LTE trial market

Expected Leap commercial LTE deployment

Expected growth of

4G on prepaid

### Leap's Strategy Widely Supported

24

Leap executed well by driving growth mainly through smartphone adoption while containing opex. Despite upcoming seasonal net add softness in 2Q and 3Q, we **expect the benefits** of rising ARPU to translate into EBITDA margin expansion

from 17% in 1Q11 to 22%  
in 4Q11.

-

Deutsche Bank, 5/6/11

We believe that given the high ASPs for LTE handsets coupled with the painfully slow smartphone experience of 1xRTT speeds, Metro finds itself between a rock and a hard place. **Leap, on the**

other

hand,

might

have

found

itself

in

a

sweet

spot,

where

it could take advantage of falling 3G handset prices and leverage smartphone growth (and the Android platform) to grow EBITDA and margins faster than consensus anticipates in 2012.

-

Citadel, 5/25/11

We **expect continued success in existing markets plus**

ramping execution in new markets will allow Leap to

generate

a

16%+

EBITDA

CAGR

2011-2014

which

at

the current 2012E EBITDA multiple leaves the company, in our view, among the most attractively valued growth-based investments in our coverage universe.

-

Bank of America Merrill Lynch, 5/5/11

We believe the **increased smartphone**

penetration coupled with the All-

Inclusive plan will continue to improve

churn

as

such,

we

are

trimming

2011E

churn

by 20 bps to 3.6%.

-

RBC Capital, 5/6/11

Leap **showed solid execution of its**

turnaround strategy

that began back in

August 10. While we continue to believe Leap

has good potential, in the near term, its go-to-

market strategy is still in transition and is

carrying substantial near term costs. **LEAP** s

focus on smart phones is beginning to

show benefits in ARPU, churn, and

subscriber

growth

-

SunTrust, 5/6/11

,

;

.

BOARD OF DIRECTORS  
Experienced and Independent  
25



Leap's Independent Slate of Nominees  
26

Leap's Commitment to Good Corporate Governance

27

All directors (other than CEO) are independent under NASDAQ rules; all have alignment of interests with stockholders

Wide range of relevant operational and financial expertise represented

Non-executive Chairman of the Board

Directors are elected annually

Each board committee composed entirely of independent directors

All directors attended more than 75% of Board and committee meetings in 2010

Company has adopted and disclosed Corporate Governance Guidelines

Leap's Board Continually Looks To  
Deliver Increased Value To Stockholders

In 2007, Leap **engaged in discussions with MetroPCS** following its unsolicited public offer

Board determined Metro's offer allocated disproportionate synergy value to Metro and offered essentially no premium to Leap stockholders

Leap and Metro's discussions also limited by Leap's 4Q07 restatement and FCC-mandated M&A quiet period for spectrum auction participants

In  
2008  
and  
2009,  
Leap  
approached  
Metro  
regarding  
possible  
joint  
opportunities,  
including  
partnerships  
to  
own/operate  
certain  
markets

but  
significant  
discussions  
did  
not  
develop

Leap  
also  
engaged  
in  
discussions  
with  
AWS  
spectrum  
holders  
and  
others  
regarding  
strategic and operating opportunities

In  
2010,  
Leap  
undertook  
comprehensive  
review  
of  
strategic

alternatives  
to  
build  
stockholder  
value

Board added additional independent directors to help oversee process and ensure broad perspective

Appointed Special Committee of independent directors to oversee review

Special Committee and its financial advisors initiated discussions with numerous parties regarding potential strategic opportunities, including MetroPCS

Leap also began developing important new product and service plan offerings, which it believed would significantly improve operational performance

Special Committee and Board unanimously determined to pursue Leap's current operational strategy rolled out in 2010, which Leap believes has yielded significant results

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Leap's **compensation**  
program  
tied  
to  
corporate  
performance,  
aligning

interests  
of  
management with those of stockholders

Substantial majority of total compensation opportunity consists of annual cash bonus and long-term equity, which are tied to corporate and individual performance

2010 was period of continued, intense competition within wireless industry and ongoing transition in Leap's business, as new initiatives were implemented to improve competitive positioning and operational performance

Because many of Leap's new initiatives were introduced in 2H10, they did not significantly impact full-year 2010 results but are now leading to improved financial and operational performance

Compensation earned by senior management, including CEO, reflects  
business  
and  
responsible  
executive  
compensation  
program

No increases in CEO's \$750K base salary or annual target bonus in 2010 or 2011, which were significantly below 50th percentile provided by peer companies

CEO recommended that he receive **no cash bonus award for 2010** based upon Company's business transition and expected near-term business performance

More than **two-thirds of CEO's total compensation for 2010 consisted of long-term equity** compensation,  
primarily  
consisting  
of  
performance-vested  
restricted  
shares  
with  
vesting  
tied  
to  
stock  
price appreciation

Remaining executive officers received no increase to 2010 or 2011 base salaries, cash bonus awards well-below target bonus levels and equity compensation consisting primarily of performance-vested restricted shares

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Responsible Executive Compensation Program



transition  
of  
Leap s

PENTWATER PROPOSAL  
AND PROXY CONTEST  
Opportunistic and Non-Compliant  
30

Since  
announcing  
proxy  
fight,  
Pentwater  
has  
reduced

its  
net  
holdings  
in  
Leap  
stock  
by  
~40%  
(even  
selling  
on  
day  
it  
filed  
its  
initial  
proxy  
statement)  
(1)(2)

Established  
short  
position  
covering  
more  
than  
1.6M  
Leap  
shares,  
equal  
to  
~67%  
of  
its  
2.4M  
shares  
held  
as  
of  
6/20/11  
(2)

Announced  
public  
proxy  
fight  
without  
first  
discussing  
operational

proposals  
or  
suggestions  
with  
the  
Company  
(and  
promptly  
started  
selling  
as  
stock  
price  
rose)

Waited  
until  
end  
of  
nomination  
period  
to  
attempt  
to  
nominate  
directors

In  
Leap s  
view,  
did  
not  
comply  
with  
bylaw  
r