

LEAP WIRELESS INTERNATIONAL INC

Form DEFC14A

June 28, 2011

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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

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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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**5887 Copley Drive  
San Diego, California 92111**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held on July 28, 2011**

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 8:30 a.m. Eastern Daylight Time, on July 28, 2011, at the Kenwood Golf and Country Club, 5601 River Road, Bethesda, Maryland 20816, for the following purposes:

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

John D. Harkey, Jr.  
S. Douglas Hutcheson  
Ronald J. Kramer  
Paula Kruger

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

2. To conduct an advisory vote on executive compensation.

3. To conduct an advisory vote on the frequency of conducting future advisory votes on executive compensation.

4. To approve a stock option exchange program.

5. To ratify the selection of PricewaterhouseCoopers LLP as Leap s independent registered public accounting firm for the fiscal year ending December 31, 2011.

6. 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 associated with this Notice.

The Board of Directors has fixed the close of business on June 3, 2011 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  
*President and Chief Executive Officer*

San Diego, California  
June 28, 2011

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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**5887 Copley Drive  
San Diego, California 92111**

**PROXY STATEMENT**

**INFORMATION CONCERNING SOLICITATION AND VOTING**

**General**

The Board of Directors (the **Board**) of Leap Wireless International, Inc., a Delaware corporation ( **Leap** ), is soliciting the enclosed proxy for use at the Annual Meeting of Stockholders to be held on July 28, 2011, at 8:30 a.m. Eastern Daylight Time (the **Annual Meeting** ), or at any continuation, adjournment or postponement thereof, for the purposes set forth herein and in the associated Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at the Kenwood Golf and Country Club, 5601 River Road, Bethesda, Maryland 20816. If you need directions to the location of the Annual Meeting, please contact Leap's Investor Relations department at (858) 882-9876. The approximate date on which this proxy statement is first being furnished or sent to stockholders is June 28, 2011. As used in this proxy statement and accompanying appendix, the terms **we**, **us**, **our**, **ours** and the **Company** refer to Leap and its wholly owned subsidiaries, including Cricket Communications, Inc. ( **Cricket** ).

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on July 28, 2011.**

Pursuant to rules promulgated by the Securities and Exchange Commission ( **SEC** ), we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. The proxy statement and our 2010 Annual Report are available at *proxy.leapwireless.com*.

**Voting Rights and Outstanding Shares**

Stockholders of record at the close of business on June 3, 2011 (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 78,595,422 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. If you are a stockholder of record and plan to attend the Annual Meeting and wish to vote in person, you will be given a ballot at the Annual Meeting.

If you are a beneficial owner of shares held by a broker, bank or other nominee, your shares are held in **street name** and the organization holding your shares is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As the beneficial owner, you have the right to direct your broker, bank or other nominee regarding how to vote your shares. However, since you are not the stockholder of record, you may not vote in person at the Annual Meeting unless you bring to the Annual Meeting a legal proxy from the record holder of the shares (your broker, bank or other nominee) authorizing you to vote at the Annual Meeting.

**Quorum, Abstentions and Broker Non-Votes**

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



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determine the presence of a quorum and tabulate the results of the voting by stockholders. The inspector of election will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Generally, a broker non-vote occurs when your shares are held by a broker, bank or other nominee and are not voted with respect to a particular proposal because the organization that holds your shares does not have discretionary voting power with respect to that proposal and has not received voting instructions from you. Under the rules of various national and regional securities exchanges, the organization that holds your shares does not have discretionary voting power with respect to any proposal that is subject to a counter-solicitation. **Therefore, unless you provide voting instructions to any broker, bank or other nominee holding shares on your behalf, they will not have discretionary authority to vote your shares on any of the proposals described in this proxy statement.** Please vote your proxy or provide voting instructions to the broker, bank or other nominee holding your shares so your vote on these matters will be counted.

Abstentions and broker non-votes are counted towards a quorum but are not considered as votes cast in determining whether a matter has been approved and will therefore have no effect on the outcome of any proposal.

## **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 authorizing a new proxy on a later date over the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted) or by filing with the Corporate Secretary of Leap at Leap's principal executive offices, 5887 Copley Drive, San Diego, California 92111, a written notice of revocation or a duly executed proxy 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.

## **Solicitation**

We will bear the cost of soliciting proxies for the upcoming Annual Meeting, including the cost of preparing, printing and mailing the proxy statement and any other materials used in our solicitation of proxies. We 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 we will reimburse them for their reasonable expenses in doing so. As a result of the actions by Pentwater Capital Management, LP and Pentwater Equity Opportunities Fund, Ltd. to attempt to nominate three directors for election at the Annual Meeting (discussed below), we estimate we may incur approximately \$1.5 million of additional expense in furtherance of, and in connection with, the solicitation in excess of that normally spent for an annual meeting (excluding salaries and wages of our regular employees and officers and the fees and expenses to be paid to Innisfree M&A Incorporated (Innisfree)), of which we estimate that approximately \$150,000 of expense has been incurred to date. The actual amount of additional expense we may incur, however, could be materially different from what we currently estimate, depending on possible actions that might be taken by Pentwater Capital Management, LP and Pentwater Equity Opportunities Fund, Ltd. in connection with the proxy contest. We have retained Innisfree to act as a proxy solicitor in conjunction with the Annual Meeting and proxy contest and have agreed to pay that firm a fee of up to \$470,000, plus reasonable expenses, costs and disbursements, for proxy solicitation services, of which approximately \$260,000 has been earned to date. Innisfree expects to use approximately 35 of its employees to assist in the solicitation of proxies. We and our directors, officers and regular employees may supplement the proxy solicitor's solicitation of proxies by mail, personally, by telephone, by press release, by facsimile transmission or by other electronic means. No additional compensation will be paid to our directors, officers or other regular employees for such services.



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**PROPOSAL 1**

**ELECTION OF DIRECTORS**

Leap's Board has nominated eight nominees for election at the Annual Meeting. Each of the current members of Leap's Board is standing for re-election by the stockholders, except for John H. Chapple and William A. Roper, Jr., who will be leaving the Board following the Annual Meeting at the conclusion of their current term of service. In addition to the other current members of the Leap Board, Leap's Board has also nominated Paula Kruger and Mark A. Leavitt as nominees for election at the Annual Meeting.

If elected at the Annual Meeting, each of the eight nominees will serve until Leap's next annual meeting of stockholders, in each case until his or her successor is elected and has qualified, or until such director's earlier death, resignation or removal. 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.

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 eight.

All of our nominees will bring significant leadership, expertise and diverse backgrounds and perspectives to our Board as a result of their professional experience and service as executives and/or board members of other companies. The process undertaken by the Nominating and Corporate Governance Committee in recommending director candidates is described below under "Board of Directors and Board Committees - Director Nomination Process." Set forth below is biographical information for each person nominated as a director, including a description of certain experience, qualifications and skills that led our Board to conclude that these individuals should serve as our directors.

**Background to the Solicitation**

On December 2, 2010, we implemented new advance notice bylaw requirements in our Amended and Restated Bylaws (the "Bylaws"). These new Bylaws were adopted to ensure that our stockholders are provided with sufficient information regarding relationships, agreements and understandings between a nominating stockholder and the stockholder's proposed nominees. We implemented these Bylaws well in advance of our 2011 Annual Meeting to give our stockholders sufficient time to comply with the requirements prior to making any director nominations.

On March 10, 2011, Pentwater Capital Management, LP and Pentwater Equity Opportunities Fund, Ltd. on behalf of themselves and certain of their affiliates (collectively, "Pentwater") issued a press release announcing their intention to nominate directors at our 2011 Annual Meeting. Also on March 10, 2011, the day before the end of the period prescribed by our Bylaws in which stockholders could properly deliver a notice of nominations for our 2011 Annual Meeting, we received notice from Pentwater purporting to nominate three directors for election at the meeting.

On March 31, 2011, we informed Pentwater that the notice it delivered was not in proper form because it did not comply with the Company's Bylaws, including with respect to the following:

Pentwater's notice failed to provide material information concerning relationships, agreements and understandings between Pentwater and its nominees, as required under Article II, Section 8(a)(2)(D)(iv) of the Bylaws. For example, the notice failed to disclose that Aaron Switz, one of Pentwater's principals, was the son of proposed nominee Robert Switz. In addition, the notice failed to disclose the nature of agreements,

arrangements or understandings between Aaron Switz and Pentwater, as well as between nominee Matthew Halbower and Pentwater, that were required to be disclosed.

Pentwater failed to disclose that its ownership position in Leap common stock was substantially hedged by put options it held with respect to our stock, as required by Article II, Section 8(a)(2)(B)(i) of the Bylaws.

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The notice failed to disclose whether Pentwater has formed a group, or intends to form a group, with H Partners Management LLC, BHR Capital, LLC and Altai Capital Management, L.P. in connection with its solicitation activities, as required under Article II, Section 8(a)(2)(B)(v) of the Bylaws. Pentwater and these other activist investors have all recently acquired voting power over a significant percentage of Leap common stock. Any relationship that Pentwater may have with these entities related to their voting of our common shares is material information that should be disclosed to our stockholders.

Finally, Pentwater's notice was deficient in neglecting to disclose whether Pentwater or any of its affiliates have any interest in MetroPCS Communications, Inc. ( MetroPCS ), as required by Article II, Section 8(a)(2)(D)(iii) of the Bylaws. Pentwater has previously expressed an intention that we enter into a transaction with MetroPCS, stating in a letter to our Board of Directors that we made the incorrect decision to turn away MetroPCS's proposal to merge with [the Company]. Since that time, Pentwater filed a preliminary proxy statement with the SEC on June 20, 2011, in which it continually references our decision not to undergo a strategic transaction with MetroPCS in 2007, making numerous comparisons between our and MetroPCS' relative operating and financial performance.

On April 1, 2011, Pentwater sent a letter to three members of our Board of Directors informing them, among other things, that we had informed Pentwater that its notice of nominations did not comply with our Bylaws. Pentwater also sent us a letter on April 1, 2011, disputing the conclusions we expressed in our March 31, 2011 letter. On April 4, 2011, we responded to Pentwater, reiterating the several ways in which Pentwater's notice failed to comply with our Bylaws. Counsel to Pentwater sent another letter to our counsel on April 7, 2011, again disputing the conclusions in the March 31 and April 4 letters.

In early April, our representatives and representatives of Pentwater engaged in several discussions regarding a potential settlement of the matter. These discussions concluded on April 21, 2011 with the parties unable to reach agreement.

Since April 21, 2011, following conclusion of settlement discussions, neither we nor any of our representatives received any further contact from Pentwater or its representatives regarding this matter and were unaware that Pentwater was pursuing any action relating to its notice of nominations until Pentwater filed its preliminary proxy statement with the SEC on June 20, 2011 and filed suit in the Delaware Chancery Court that same day, challenging the Company's advance notice bylaw requirements.

Between March 10, 2011, the date we received Pentwater's notice of nominations, and June 20, 2011, the date Pentwater filed its preliminary proxy statement with the SEC, Pentwater has sold a significant percentage of its holdings in Leap common stock. According to Pentwater's preliminary proxy statement, Pentwater currently holds 3.08% of our total outstanding shares down from the 4.80% of Leap common stock that Pentwater indicated to us that it held as of March 10, 2011. In addition, according to Pentwater's filings with the SEC, as of March 31, 2011, Pentwater held put options underlying 4.22% of our outstanding shares, substantially hedging its position in Leap common stock.

## **Related Litigation**

On June 20, 2011, Pentwater commenced an action in the Delaware Chancery Court against us and our Board of Directors (the Action ). Pentwater's complaint seeks a declaration that Article II, Section 8(a)(2)(D)(iv) of the Company's revised advance notice bylaw is invalid under Delaware law. The Action also alleges that members of the Board of Directors breached their fiduciary duties by adopting the revised advance notice bylaw.

We believe and our Board of Directors believes that Pentwater's claims are without merit.

**Effect of Voting for Pentwater's Nominees**

As a result of Pentwater's failure to comply with our Bylaws, absent an order from the Delaware Chancery Court, any shares voted with respect to any nominees of Pentwater will not be counted for the purpose of determining the election of our directors at the Annual Meeting. Our Bylaws provide that 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. **Therefore, if the shares voted with respect to any nominees of Pentwater are**

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**not counted for the purpose of determining the election of our directors at the Annual Meeting, then our director nominees will be elected to the Board of Directors.**

**Nominees for Election**

**John D. Harkey, Jr.**, 50, has served as a member of our Board since March 2005. Mr. Harkey brings significant operational and financial expertise to our Board through his role as an executive of and investor in companies in diverse and various industries, including retail, hospitality and telecommunications. Since 1998, Mr. Harkey has served as chief executive officer and chairman of Consolidated Restaurant Companies, Inc. 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. Mr. Harkey also has significant expertise and perspective as a member of the boards of directors of private and public companies in various industries, including telecommunications, energy and pharmaceuticals. He currently serves as chairman of the board of directors of Regency Energy Partners, L.P. (NASDAQ: RGNC) and also serves on the boards of directors and audit committees of Loral Space & Communications Inc. (NASDAQ: LORL), Energy Transfer Equity, L.P. (NYSE: ETE) and Emisphere Technologies, Inc. (NASDAQ: EMIS). Mr. Harkey also previously served as a member of the boards of directors of Energy Transfer Partners, L.P. (NYSE: ETP), Pizza Inn (NASDAQ: PZZI) and Fox & Hound Investment Group (NASDAQ: FOXX) (which was previously named Total Entertainment Restaurant Corp. (NASDAQ: TENT)). Mr. Harkey obtained a B.B.A. in finance and a J.D. from the University of Texas at Austin and an M.B.A. from the Stanford University School of Business.

**S. Douglas Hutcheson**, 55, has served as our president, chief executive officer, or CEO, and a member of our Board since February 2005. Mr. Hutcheson provides our Board with significant operational and financial expertise in the telecommunications industry, as well as extensive experience with our business operations, having joined us as a member of our founding management team in September 1998. Since September 1998, Mr. Hutcheson has held a number of positions with us, having served as our chief financial officer, or CFO, between August 2002 and February 2005 and again between September 2007 and June 2008, and also having served in a number of vice president roles between September 1998 and January 2004 with responsibility for areas including strategic planning and product and business development. From February 1995 to September 1998, Mr. Hutcheson served as vice president, marketing in the Wireless Infrastructure Division at Qualcomm Incorporated. Mr. Hutcheson holds a B.S. in mechanical engineering from California Polytechnic University and an M.B.A. from the University of California at Irvine.

**Ronald J. Kramer**, 52, has served as a member of our Board since November 2009. Mr. Kramer brings significant operational and financial expertise to our Board given his background as an executive of companies in various industries, including finance, manufacturing and gaming. Since April 2008, Mr. Kramer has served as chief executive officer of Griffon Corporation (NYSE: GFF), a diversified holding company, and has served as a member of Griffon's board of directors since 1993. From 2002 to 2008, Mr. Kramer served as president and director of Wynn Resorts, Ltd. (NASDAQ: WYNN), a developer, owner and operator of hotel and casino resorts. From 1999 to 2001, Mr. Kramer was a managing director at Dresdner Kleinwort Wasserstein, an investment banking firm, and at its predecessor Wasserstein Perella & Co. Mr. Kramer also has significant expertise and perspective as a member of the boards of directors of private and public companies in various industries. He formerly served on the boards of directors of Monster Worldwide, Inc. (NYSE: MWW), Sapphire Industrials Corporation (AMEX: FYR.UN), Lakes Entertainment, Inc. (NASDAQ: LACO), Republic Property Trust (formerly NYSE: RPB) and New Valley Corporation (NASDAQ: NVAL). Mr. Kramer holds a B.S. in economics from the Wharton School of the University of Pennsylvania and an M.B.A. from New York University.

**Paula Kruger**, 60, is being nominated to serve as a member of our Board. Ms. Kruger will provide our Board with significant operational expertise due to her experience as an executive of several companies in diverse and various industries, including retail and telecommunications. Since August 2008, Ms. Kruger has served as chief executive

officer of Milano Worldwide Corporation, a designer, manufacturer and marketer of souvenir and giftware products. Prior to joining Milano, Ms. Kruger served as executive vice president of the mass markets group of Qwest Communications International Inc. (formerly NYSE: Q) from September 2003 to August 2008. Prior to that, Ms. Kruger served as president of the customer relationship management service line at Electronic Data Systems Corporation (formerly NYSE: EDS) from January 2002 to September 2003. From September 1999 to



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January 2002, Ms. Kruger was a search consultant for Taylor Winfield and Heidrick & Struggles, both executive search firms. From March 1997 to September 1999, Ms. Kruger served as executive vice president of operations at Excel Communications Inc. (formerly NYSE: ECI). Ms. Kruger also brings significant expertise and perspective through her service as a member of the boards of directors of private companies and non-profit organizations. Ms. Kruger holds a B.A. in economics from Long Island University, C.W. Post Campus and an M.B.A. from the Roth Graduate School of Business of Long Island University, C.W. Post Campus.

**Robert V. LaPenta**, 65, has served as a member of our Board since March 2005. Mr. LaPenta provides our Board with significant operational and financial expertise as an executive of several companies in diverse and various industries, including telecommunications and defense. 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. (NYSE: LLL), 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 Lockheed Martin's acquisition of Loral in April 1996, Mr. LaPenta was Loral's senior vice president and controller. Mr. LaPenta previously served in a number of other executive positions with Loral after joining that company in 1972. Mr. LaPenta received a B.B.A. in accounting and an honorary degree in 2000 from Iona College in New York.

**Mark A. Leavitt**, 52, is being nominated to serve as a member of our Board. Mr. Leavitt will bring significant financial and telecommunications expertise to our Board due to his extensive investment banking experience, primarily with companies in technology, media and communications businesses. Mr. Leavitt joined Piper Jaffray in April 2008 as a managing director and the head of media and telecommunications investment banking and currently heads the firm's global technology, media and telecommunications group. Prior to Piper, he served as a managing director and head of the media and communications group at Jefferies & Company, Inc. from May 2005 to April 2008. Prior to that, Mr. Leavitt held similar positions with several investment banking firms from 1987 to 2005, including Robertson Stephens and Prudential Securities. Mr. Leavitt also brings significant expertise and perspective through his service as a member of the boards of directors of private and public companies in various industries, including telecommunications. Mr. Leavitt holds a B.S. from Trinity College and an M.B.A. from the University of Chicago Graduate School of Business.

**Mark H. Rachesky, M.D.**, 52, has served as a member and Chairman of our Board since August 2004. Dr. Rachesky brings significant corporate finance and business expertise to our Board due to his background as an investor and fund manager. Dr. Rachesky is the co-founder and since 1996 has been 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. Dr. Rachesky also has significant expertise and perspective as a member of the boards of directors of private and public companies in various industries, including telecommunications, pharmaceuticals and media. Dr. Rachesky serves as a member and chairman of the boards of directors of Loral Space & Communications Inc. (NASDAQ: LORL) and Telesat Canada, and as a member of the boards of directors of Emisphere Technologies, Inc. (NASDAQ: EMIS) and Lions Gate Entertainment Corp. (NYSE: LGF). Dr. Rachesky also serves on the board of directors of NationsHealth, Inc. (formerly NASDAQ: NHRX) and previously served as a director of Neose Technologies, Inc. (formerly NASDAQ: NTEC) and Novadel Pharma, Inc. (OTCBB: NVDL). 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.

**Michael B. Targoff**, 66, has served as a member of our Board since September 1998. Mr. Targoff has significant operational and financial expertise as an investor in and executive of telecommunication companies. Since January 2008, Mr. Targoff has served as president of Loral Space & Communications Inc. (NASDAQ: LORL), having been previously appointed as chief executive officer in March 2006 and vice chairman and a member of the board of directors in November 2005. From 1998 to February 2006, Mr. Targoff was founder and principal of Michael B. Targoff & Co., a private investment company focused on telecommunications and related

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industry early stage companies. From 1996 to 1998, Mr. Targoff was the president and chief operating officer of Loral Space & Communications Ltd., having previously served as senior vice president and secretary of Loral Corporation. Before joining Loral Corporation in 1981, Mr. Targoff was a partner with the law firm of Willkie Farr & Gallagher LLP. Mr. Targoff also has significant expertise and perspective as a member of the boards of directors of private and public companies in various industries, including telecommunications. Mr. Targoff serves as a member of the board of directors of ViaSat, Inc. (NASDAQ: VSAT) and chairman of the board of directors of CPI International, Inc. (NASDAQ: CPII). Mr. Targoff also formerly served on the board of directors of Infocrossing, Inc. (formerly NASDAQ: IFOX). Mr. Targoff holds a B.A. from Brown University and a J.D. from the Columbia University School of Law.

**Vote Required**

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 eight nominees named above. In no event may such shares be voted for the election of more than eight nominees. 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.

**Voting Recommendation of the Board of Directors**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
EACH OF LEAP'S EIGHT NOMINEES NAMED ABOVE**

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**BOARD OF DIRECTORS AND BOARD COMMITTEES**

**Board Meetings**

Leap's Board held ten meetings, including telephonic meetings, during the 2010 fiscal year. During the past fiscal year, each incumbent director attended at least 75% of the total number of meetings of the Board and meetings of committees of the Board on which he served.

**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 2010 annual meeting of stockholders held on May 20, 2010.

**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  
5887 Copley Drive  
San Diego, CA 92111

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 and Nominee Independence**

The Board has determined that, except for Mr. Hutcheson, all of its current members and proposed nominees are independent directors as defined by the NASDAQ Stock Market listing standards. Mr. Hutcheson is not considered independent because he is employed by us as our president and CEO.

**Board Leadership Structure**

Our Corporate Governance Guidelines provide that our Chairman is to be selected by our Board in accordance with our Bylaws. The Board considers its leadership structure and the role and responsibilities of its Chairman based upon the needs of the Company, with the objective of providing effective, independent oversight of management. Since 2004, the Board has separated the positions of Chairman and CEO. The Board believes that this leadership structure is appropriate at this time to maximize the effectiveness of its oversight of management and to provide a perspective that is separate and distinct from that of management.

**Standing 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 currently consists of Mr. Targoff (Chairman), Mr. LaPenta and Mr. Roper. Each member of the Audit Committee is an independent director, as defined by the NASDAQ Stock Market listing standards. Our Board has determined that each member of the Audit Committee qualifies as an audit

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committee financial expert as that term is defined in the rules and regulations established by 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;

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) the scope of the audit, the procedures to be followed and the staffing of the audit; (ii) each annual audit, major issues regarding accounting principles and financial statement presentations, complex or unusual transactions and other special financial issues; (iii) 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 (iv) 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;

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, as amended;

discussing with management the Company's policies with respect to risk assessment and risk management; and

determining whether to recommend to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year subject to the audit.

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 four meetings during the 2010 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](http://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. Chapple, Dr. Rachesky and Mr. Targoff. All members of the Compensation Committee are independent directors, as defined by 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 our CEO, and evaluating the performance of, and determining and approving the compensation of, our CEO;

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

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

granting awards under, and setting and evaluating performance targets under, annual bonus and long-term incentive compensation plans for our executive officers; and

reviewing and approving, as well as reviewing and discussing with our management, the Compensation Discussion and Analysis to be included in our Annual Report on Form 10-K and proxy statement.

The Compensation Committee held four meetings during the 2010 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](http://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), Mr. Kramer and Mr. Targoff. All members of the Nominating and Corporate Governance Committee are independent directors, as defined by 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 the membership of committees of the Board;

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 2010 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](http://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 committee deems 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 the 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

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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 considers each nominee in the context of the Board as a whole, with the objective of assembling a group that can best contribute to the success of our business and represent stockholder interests through the exercise of sound judgment, using its diversity of perspectives, skills and experiences.

The Nominating and Corporate Governance Committee also 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 CEO 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 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. From time to time, the Nominating and Corporate Governance Committee has also engaged the services of a professional search firm to assist in identifying and recruiting potential candidates.

As indicated above, Leap's Board has nominated Paula Kruger and Mark A. Leavitt as nominees for election at the Annual Meeting, in addition to six other current members of Leap's Board. These new nominees were identified, among others, as possible Board candidates based upon recommendations by our professional search firm and our non-employee directors. Consistent with the process outlined above, these candidates were interviewed by members of the Nominating and Corporate Governance Committee and other members of our Board, including our CEO. The Nominating and Corporate Governance Committee then recommended that these candidates be nominated for election at the Annual Meeting, in addition to six other current members of Leap's Board, which the Board approved.

*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

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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 meeting of stockholders, 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 all of the procedures set forth in Article II, Section 8 of the Bylaws. Generally, these procedures require stockholders to give timely notice in writing and in proper form to the Corporate Secretary of Leap. Any such notice must contain the information about both the nominee and the nominating stockholder required by the Bylaws, as well as 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. Nominations that do not comply with the requirements set forth in the Amended and Restated Bylaws of Leap will not be considered for presentation at the Annual Meeting. You may contact the Corporate Secretary of Leap for a copy of the relevant bylaw provisions regarding the requirements for nominating persons for election to the Board.

**Risk Oversight**

The Board has an active role, as a whole and at the committee level, in overseeing management of the Company's risks. The Board is regularly updated regarding risks that we face, including those that may impact our financial and operational performance, our credit and liquidity profile and other elements of our strategic plans. The Audit Committee assists the Board in this function and is charged with oversight of our policies regarding risk assessment and management, including our policies regarding management of financial risk exposure and review of related party transactions. The Board's other standing committees also have responsibilities with respect to risk oversight. The Compensation Committee is responsible for overseeing the management of risks relating to executive compensation plans and arrangements. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board of Directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is informed of risks we face through reports from our committees and management.

**Table of Contents****EXECUTIVE OFFICERS**

Biographical information for the executive officers of Leap as of the date of this proxy statement (other than Mr. Hutcheson) 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.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Walter Z. Berger	55	Executive Vice President and Chief Financial Officer
Raymond J. Roman	44	Executive Vice President and Chief Operating Officer
Robert A. Young	60	Executive Vice President, Field Operations
William D. Ingram	54	Senior Vice President, Strategy
Robert J. Irving, Jr.	55	Senior Vice President, General Counsel and Secretary
Jeffrey E. Nachbor	46	Senior Vice President, Financial Operations and Chief Accounting Officer
Leonard C. Stephens	54	Senior Vice President, Human Resources

*Walter Z. Berger* has served as our executive vice president and CFO since June 2008. From 2006 to 2008, Mr. Berger served in senior management roles at CBS Corporation, including as executive vice president and chief financial officer for CBS Radio, a division of CBS Corporation. Prior to joining CBS Radio, Mr. Berger served as executive vice president and chief financial officer and a director of Emmis Communications from 1999 to 2005. From 1996 to 1997, Mr. Berger served as executive vice president and chief financial officer of LG&E Energy Corporation and in 1997 was promoted to group president of the Energy Marketing Division, where he served until 1999. From 1985 to 1996, Mr. Berger held a number of financial and operating management roles in the manufacturing, service and energy fields. Mr. Berger began his career in audit at Arthur Andersen in 1977. Mr. Berger is a certified public accountant and holds a B.A. in business administration from the University of Massachusetts, Amherst.

*Raymond J. Roman* has served as our executive vice president and chief operating officer since February 2011. Prior to joining us, Mr. Roman served in senior executive positions at Dell Inc. from 2007 to 2011, first as vice president of global service and operations, software and peripherals for the consumer division and then as vice president of sales, operations and service for