

LEAP WIRELESS INTERNATIONAL INC

Form DEF 14A

August 10, 2005

Table of Contents

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 Rule 14a-11(c) or Rule 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)

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(4) Date Filed:

Table of Contents

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

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on September 15, 2005**

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 Ballantyne Resort, 10000 Ballantyne Commons Parkway, Charlotte, North Carolina, 28277, on Thursday, September 15, 2005, 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 Leap Wireless International, Inc. Employee Stock Purchase Plan.

3. 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 August 1, 2005 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

August 11, 2005

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.

TABLE OF CONTENTS

| | |
|--|---|
| <u>INFORMATION CONCERNING SOLICITATION AND VOTING</u> | 1 |
| <u>PROPOSAL 1 ELECTION OF DIRECTORS</u> | 2 |
| <u>BOARD OF DIRECTORS AND BOARD COMMITTEES</u> | 4 |
| Table of Contents | 4 |

| | |
|---|-----|
| <u>COMPENSATION OF DIRECTORS</u> | 7 |
| <u>PROPOSAL 2 APPROVAL OF THE LEAP WIRELESS INTERNATIONAL, INC</u> | |
| <u>EMPLOYEE STOCK PURCHASE PLAN</u> | 8 |
| <u>REPORT OF THE AUDIT COMMITTEE</u> | 12 |
| <u>REPORT OF THE COMPENSATION COMMITTEE</u> | 14 |
| <u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u> | 17 |
| <u>EXECUTIVE OFFICERS</u> | 18 |
| <u>EXECUTIVE COMPENSATION</u> | 20 |
| <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u> | 31 |
| <u>PERFORMANCE GRAPHS</u> | 34 |
| <u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u> | 36 |
| <u>STOCKHOLDER PROPOSALS</u> | 37 |
| <u>OTHER MATTERS</u> | 38 |
| | |
| <u>APPENDIX A AUDIT COMMITTEE CHARTER</u> | A-1 |
| <u>APPENDIX B LEAP WIRELESS INTERNATIONAL, INC. EMPLOYEE STOCK</u> | |
| <u>PURCHASE PLAN</u> | B-1 |

Table of Contents

**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, September 15, 2005, 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 Ballantyne Resort, 10000 Ballantyne Commons Parkway, Charlotte, North Carolina, 28277. The approximate date on which this proxy statement and the accompanying proxy card are first to be sent to stockholders is August 11, 2005.

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 to soliciting proxies by mail, Leap and its directors, officers and regular employees may also solicit proxies personally, by telephone or by other appropriate means. No additional compensation will be paid to directors, officers or other regular employees for such services. Leap has retained D.F. King & Co., Inc., a professional proxy solicitation firm, to assist in the solicitation of proxies at an estimated cost of \$4,500, plus certain out-of-pocket expenses.

Voting Rights and Outstanding Shares

Stockholders of record at the close of business on August 1, 2005 (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 60,876,871 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.

Table of Contents

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. It may be revoked by filing with the 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 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 of Directors shall be fixed exclusively by one or more resolutions adopted from time to time by the Board of Directors. The authorized number of directors currently is six.

Each of the nominees for election is currently a Board member of Leap. Mr. Dondero, Dr. Rachesky and Mr. Targoff (a continuing director, having been appointed by the Board in September 1998), were designated as directors in August 2004 by the informal committee of Cricket's senior secured vendor debtholders in connection with our emergence from bankruptcy. Mr. Hutcheson was appointed by the Board as a director when he became Leap's chief executive officer in February 2005. Messrs. Harkey and LaPenta were appointed by the Board as directors in March 2005. 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 of Directors may propose. Each person nominated for election has agreed to serve if elected, and the Board of Directors 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., 46, has served as a member and chairman of our Board of Directors 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 also serves as a member of the Board of Directors of Neose Technologies, Inc. and Novadel Pharma Inc. 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, 43, has served as a member of our Board of Directors 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 NeighborCare, Inc., Audio Visual Services Corp., Motient Corporation, and 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.

Table of Contents

John D. Harkey, Jr., 44, has served as a member of our Board of Directors 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 also serves on the Board of Directors of Total Entertainment Restaurant Corporation and on the Executive Board of Circle Ten Council of the Boy Scouts of America. Mr. Harkey obtained his 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, 49, was appointed as our chief executive officer, president and director in February 2005, 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 holds a B.S. in mechanical engineering from California Polytechnic University and an M.B.A. from University of California, Irvine.

Robert V. LaPenta, 59, has served as a member of our Board of Directors since March 2005. Mr. LaPenta is 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. 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, he was Loral's senior vice president and controller, a position he held since 1981. He 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, the Board of Trustees of The American College of Greece and the Board of Directors of Core Software Technologies. Mr. LaPenta received a B.B.A. in accounting from Iona College in New York.

Michael B. Targoff, 61, has served as a member of our Board of Directors since September 1998. He is founder of Michael B. Targoff and Co., a company that seeks controlling investments in telecommunications and related industry companies, and serves as its chief executive officer. From its formation in January 1996 through January 1998, Mr. Targoff was president and chief operating officer of Loral Space & Communications Limited. Mr. Targoff was senior vice president of Loral Corporation until January 1996. Previously, Mr. Targoff was also the president of Globalstar Telecommunications Limited, the public owner of Globalstar, Loral's global mobile satellite system. Mr. Targoff serves as a member of the Board of Directors of Kayne Anderson MLP Investment Company, Infocrossing, Inc., Viasat, Inc. and Communications and Power Industries, Inc., in addition to serving as chairman of the boards of directors of two 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.

Table of Contents

BOARD OF DIRECTORS AND BOARD COMMITTEES

Board Meetings

Leap's Board held seven meetings, including telephonic meetings, during fiscal 2004. During the past fiscal year, each incumbent Director attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of 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 the Board of Directors to attend Leap's annual meetings of stockholders. Leap filed for bankruptcy in April 2003 and emerged from bankruptcy in August 2004. As a result, Leap did not hold an annual meeting of stockholders during fiscal year 2004.

Communications with Our Board of Directors

Any stockholder may communicate with the Board of Directors and its committees by addressing his or her communication to the Board of Directors, 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.

Committees of the Board of Directors

Our Board of Directors has an Audit Committee, a Compensation Committee and a Nominating 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, and our Board of Directors has determined that Mr. Targoff qualifies as an audit committee financial expert as that term is defined in the rules and regulations established by the SEC. Leap also believes that each of Messrs. Harkey and LaPenta also qualifies as an audit committee financial expert. The functions of this Committee include:

appointment, compensation, retention and oversight of our independent auditors and senior internal audit executive;

pre-approval of audit and non-audit services to be rendered by our independent auditors;

review of the independence and quality control procedures of our independent auditors and the experience and qualifications of the independent auditors' senior personnel providing audit services to us;

meeting with our management, our independent auditors 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

Table of Contents

prepared by management or the independent auditors of significant financial reporting issues and judgments made in connection with the preparation of the financial statements; and (iii) the effect of recent regulatory and professional accounting pronouncements and off-balance sheet structures on the financial statements;

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

meeting separately with the independent auditors: (i) regarding any problems or difficulties encountered during the course of the audit work; (ii) to discuss the report the independent auditors are 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.

Both our independent auditors and internal financial personnel regularly meet privately with the Audit Committee and have unrestricted access to this committee. The Audit Committee held nine meetings during the 2004 fiscal year. A copy of the Audit Committee Charter adopted by Leap's Board of Directors is attached as Appendix A to this proxy statement and also is posted in the Investor Relations section of Leap's website at www.LeapWireless.com.

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 all employees at the senior vice president level and above, and reviewing and approving, or modifying, the recommendations of the chief executive officer regarding compensation of such employees; and

reviewing and approving any employment contracts and special employment arrangements to be entered into by Leap with any employee at the senior vice president level or above.

The Compensation Committee held two meetings during the 2004 fiscal year. A copy of the Compensation Committee Charter is posted in the Investor Relations section of Leap's website at www.LeapWireless.com.

Nominating Committee. Our Nominating Committee is currently comprised of Dr. Rachesky. Dr. Rachesky is an independent director, as defined in the Nasdaq Stock Market listing standards. The functions of this Committee include:

identifying qualified candidates to become members of our Board of Directors;

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 of Directors; and

overseeing the annual evaluation of the performance of the Board of Directors.

As the Nominating Committee comprised one director, no formal meetings of this committee were held during the 2004 fiscal year. A copy of the Nominating Committee Charter is posted in the Investor Relations section of Leap's website at www.LeapWireless.com.

Table of Contents

Director Nomination Process

Director Qualifications

The Nominating Committee's goal is to assemble a board of directors 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 Committee considers the following criteria, among others that the Nominating 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 Committee has no stated minimum criteria for director nominees. In evaluating director nominees, in addition to the criteria described above, the Nominating Committee may consider other factors that it deems to be appropriate and in the best interests of Leap and its stockholders. The Nominating Committee believes it is appropriate for at least one, and, preferably, several, members of our Board of Directors 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 of Directors be independent directors, as defined under the Nasdaq Stock Market listing standards. At this time, the Nominating Committee also believes it is appropriate for our president and chief executive officer to serve as a member of our Board of Directors.

Process for Identification and Evaluation of Nominees for Director

Nominating Committee Process. The Nominating Committee identifies nominees for director by first evaluating the current members of the Board of Directors willing to continue in service. Current members with qualifications and skills that are consistent with the Nominating 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 of Directors with that of obtaining new perspectives. If any member of the Board of Directors does not wish to continue in service or if the Board of Directors decides not to re-nominate a member for re-election, the Nominating Committee identifies the desired skills and experience of a new nominee in light of the criteria above. The Nominating Committee generally polls the Board of Directors and members of management for their recommendations. The Nominating Committee may also seek input from industry experts or analysts. Once candidates are identified, the Nominating Committee reviews the qualifications, experience and background of the candidates. Final candidates are then interviewed by the Nominating Committee and certain other of our independent directors and executive management. In making its determinations, the Nominating Committee evaluates each individual in the context of our Board of Directors 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 Committee makes its recommendation to the Board of Directors. Historically, the Nominating Committee has not relied on third-party search firms to identify Board candidates. The Nominating Committee may in the future choose to do so in those situations where particular qualifications are required or where existing contacts are not sufficient to identify appropriate candidates.

With regard to the non-management nominees for election as directors at the 2005 annual meeting of stockholders, Mr. Dondero, Dr. Rachesky and Mr. Targoff were designated as directors in August 2004 by the informal committee

of Cricket's senior secured vendor debtholders in connection with our emergence from

6

Table of Contents

bankruptcy. Messrs. Harkey and LaPenta were initially recommended for appointment to Leap's Board in March 2005 by other non-management directors.

Recommendations from Stockholders. The Nominating 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 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 the Leap 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 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 of Directors may be made at the annual meeting of stockholders 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 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.

COMPENSATION OF DIRECTORS

On March 11, 2005, the Board of Directors granted to Mr. Michael Targoff non-qualified stock options to purchase 30,000 shares of Leap common stock, and granted to each of Dr. Mark Rachesky and Mr. James Dondero non-qualified stock options to purchase 21,900 shares of Leap common stock, in each case in recognition of their service on our Board of Directors without compensation since our emergence from bankruptcy on August 16, 2004, a period of significant development for Leap and its business. Each of these option awards vests one-third on the award date, one-third on January 1, 2006 and one-third on January 1, 2007. The exercise price for each of these stock options is \$26.51 per share.

In addition, in recognition of their current service on the Board of Directors, on March 11, 2005, the Board of Directors granted to Dr. Rachesky, as Chairman of the Board, non-qualified stock options to purchase 18,300 shares of Leap common stock and granted to each of Messrs. Dondero and Targoff non-qualified stock options to purchase 7,500 shares of Leap common stock. Mr. Targoff, as chairman of the Audit Committee, was granted non-qualified stock options to purchase an additional 2,000 shares of Leap common stock, and Mr. Dondero, as chairman of the Compensation Committee, was granted non-qualified stock options to purchase an additional 1,200 shares of Leap common stock. Each of these option awards vests one-third on January 1, 2006, one-third on January 1, 2007 and one-third on January 1, 2008. The exercise price for each of these stock options is \$26.51 per share.

In connection with their appointment as non-employee directors of Leap on March 11, 2005 and March 14, 2005, respectively, the Board granted each of Messrs. John Harkey and Robert LaPenta non-qualified stock options to purchase 5,000 shares of Leap common stock, which option awards vested fully on the award date, and additional non-qualified stock options to purchase 7,500 shares of Leap common stock,

Table of Contents

which option awards vest one-third on January 1, 2006, one-third on January 1, 2007 and one-third on January 1, 2008. The exercise price for these option awards is \$26.51 per share for Mr. Harkey and \$26.45 for Mr. LaPenta.

Each of the option awards to non-employee directors described above has a term of ten years, provided that the options terminate 90 days after the option-holder ceases to be a non-employee director of Leap. Special exercise and termination rules apply if the option-holder's relationship with Leap is terminated as a result of death or disability. The option awards will automatically vest in full upon a change of control of Leap, as defined in the 2004 Plan.

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

PROPOSAL 2
APPROVAL OF THE LEAP WIRELESS INTERNATIONAL, INC.
EMPLOYEE STOCK PURCHASE PLAN

Our stockholders are being asked to approve The Leap Wireless International, Inc. Employee Stock Purchase Plan (the Purchase Plan). Our Board of Directors approved the Purchase Plan on May 25, 2005, subject to stockholder approval.

The principal features of the Purchase Plan are summarized below, but the summary is qualified in its entirety by reference to the Purchase Plan itself which is attached to this proxy statement as Appendix B.

Purposes

The purposes of the Purchase Plan are to assist Leap's eligible employees and the eligible employees of Leap's designated subsidiary corporations 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 Internal Revenue Code of 1986, as amended (the Code). In addition, the Purchase Plan is intended to help such employees provide for their future security and to encourage them to remain in our employment.

Securities Subject to the Purchase Plan

The number of shares of Leap's common stock that may be sold pursuant to options granted under the Purchase Plan shall not exceed, in the aggregate, 800,000 shares. The aggregate number of shares that may be sold pursuant to options granted under the Purchase Plan is subject to adjustment for changes in Leap's capitalization and certain corporate transactions.

On August 3, 2005, the last reported sale price of Leap's common stock on the Nasdaq National Market was \$33.70 per share.

Administration

The Purchase Plan will be administered by the Compensation Committee of Leap's Board of Directors. Subject to the terms and conditions of the Purchase Plan, Leap's Compensation Committee has the authority to make all determinations and to take all other actions necessary or advisable for the administration of the Purchase Plan. Leap's Compensation Committee is also authorized to adopt, amend and rescind rules relating to the administration of the Purchase Plan. As appropriate, administration of the Purchase Plan may be revested in the Board of Directors.

Eligibility

Leap's employees and the employees of Leap's designated subsidiary corporations that customarily work more than twenty hours per week and more than five months per calendar year, and who have been employed by Leap or one of Leap's designated subsidiary corporations for at least three months, are eligible to

Table of Contents

participate in the Purchase Plan as of the first day of the first offering period after they become eligible to participate in the Purchase Plan. However, no employee is eligible to participate in the Purchase 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 Purchase 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 Leap's subsidiary corporations.

As of August 3, 2005, Leap had no employees and Leap's designated subsidiary corporation, Cricket Communications, Inc., had approximately 1,400 full time employees.

Terms of the Purchase Plan

Offering Periods. Shares of Leap common stock will be offered during six month offering periods commencing on each January 1 and July 1; however, the first offering period will commence on the day the Purchase Plan is approved by Leap's stockholders and will end on the next occurring June 30 or December 31 and may be shorter than six months. On the first day of an offering period, an eligible employee will be granted a nontransferable option to purchase shares of Leap common stock on the last day of the offering period.

Payroll Deductions. An eligible employee will participate in the Purchase 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) will 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.

Purchase Price. The per share purchase price of shares of Leap common stock purchased on the last day of an offering period will be the lesser of 85% of the fair market value of a share on the first day of the offering period, and 85% of the fair market value of a share on the last day of the offering period. The fair market value of a share of Leap common stock on any given date will be determined based on the closing trading price for Leap common stock on such date, if Leap common stock is then quoted on the Nasdaq National Market, or the mean between the closing representative bid and asked prices, if Leap common stock is not then quoted on the Nasdaq National Market.

Number of Shares Purchased. On the last day of an offering period, an employee's option will be exercised and the employee's cumulative payroll deductions will be applied to purchase whole shares of Leap common stock. The number of whole shares purchased by an employee for an offering period will be determined by dividing the employee's cumulative payroll deductions for the period by the per share purchase price. 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. Shares purchased during the calendar year will be valued on the first day of the applicable offering period for purposes of the \$25,000 limitation. Any payroll deductions not applied because of these limitations will be refunded to the employee (without interest). If the total number of shares of Leap common stock for which options are to be exercised on the last day of any offering period exceeds the number of shares remaining available to be sold under the Purchase Plan on such date, Leap's Compensation Committee will make a pro rata allocation of the available remaining shares of Leap common stock among the participants.

Withdrawal or Termination of Participation. An employee may elect to withdraw his or her cumulative payroll deductions (without interest) prior to the end of the offering period. If an employee terminates employment for any reason during an offering period, his or her cumulative payroll deductions (without interest) will be refunded. If an employee dies during an offering period, the employee's cumulative payroll deductions will be applied to purchase shares of Leap common stock on the last day of the offering period, unless the executor or administrator of the employee's estate or will requests a refund of the cumulative payroll deductions.

Table of Contents

Nontransferability of Options. An employee's option under the Purchase Plan will not be transferable, other than by will or the laws of descent and distribution, and will be exercisable during an employee's lifetime only by the employee.

Changes in Capitalization and Corporate Transactions

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

Term of the Purchase Plan; Amendment and Termination

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

Federal Income Tax Consequences Associated with the Purchase Plan

The following is a general summary under current law of the material federal income tax consequences to participants in the Purchase 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 to a participant in light of his or her personal investment circumstances. This summarized tax information is not tax advice.

Section 423 of the Code will provide certain tax benefits to employees purchasing shares of Leap common stock under the Purchase Plan. An employee will not recognize income for federal income tax purposes upon the grant of an option for an offering period. Also, the employee will not recognize income upon the exercise of the option and the purchase of shares of Leap common stock on the last day of the offering period. The employee will recognize income only when he or she sells the shares of Leap common stock. The employee's income upon the sale of shares of Leap common stock will be based on the excess (if any) of the sale price over the purchase price. The taxation of the income will depend on whether the employee satisfies the holding period under Section 423 of the Code.

If the employee holds the shares for at least 18 months following the transfer of the shares pursuant to exercise, the employee's ordinary income will be limited to the amount of the discount on the shares on the date of the grant of the option. This discount will equal 15% of the fair market value of the shares on the first day of the offering period. Any remaining income recognized upon the sale will be capital gain. If the sale price is less than the fair market value on the first day of the offering period, the employee will recognize only ordinary income equal to the gain on the sale.

If the employee holds the shares for less than 18 months, the employee's ordinary income will equal the excess of the fair market value of the shares on the exercise date (i.e., the last day of the offering period) over the purchase price. As described above, the purchase price will be the lesser of 85% of the fair market value on the first day of the offering period, and 85% of the fair market value on the last day of the period. Any remaining income recognized upon the sale will be capital gain. If the sale price is less than the fair market value on the last day of the offering period, the employee will also recognize a capital loss.

Table of Contents

Leap (or Leap's subsidiary corporation employing an employee) will not be entitled to a deduction based on the discount on the shares of Leap common stock purchased by an employee if he or she satisfies the 18-month holding period under Section 423 of the Code. However, if an employee sells the shares of Leap common stock prior to the end of the holding period, Leap (or Leap's subsidiary corporation employing an employee) will be entitled to a deduction in an amount equal to the ordinary income recognized by the employee (i.e., the excess of the fair market value of the shares on the last day of the offering period over the purchase price).

New Plan Benefits

The amounts of future stock purchases under the Purchase Plan are not determinable because, under the terms of the Purchase Plan, purchases are based upon elections made by participants. Future purchase prices are not determinable because they are based upon the then fair market values of Leap common stock.

Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of Leap common stock present or represented by proxy and entitled to vote at the Annual Meeting is required to approve the Purchase Plan.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL 2.

Table of Contents

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 National Association of Securities Dealers, Inc., 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 auditors.

In this context, the Audit Committee has reviewed and discussed the audited financial statements of Leap as of December 31, 2004 and for the periods from January 1, 2004 to July 31, 2004 and from August 1, 2004 to December 31, 2004 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 (Communication with Audit Committees), as currently in effect.

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, 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, 2004 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Michael B. Targoff, Chairman
John D. Harkey, Jr.
Robert V. LaPenta

Table of Contents**Independent Registered Public Accounting Firm**

Our Audit Committee currently has selected PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2005. The Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of Leap and its stockholders.

PricewaterhouseCoopers LLP audited our financial statements for the fiscal year ended December 31, 2004. Representatives of PricewaterhouseCoopers LLP are expected to be present at Leap's 2005 Annual Meeting, and if in attendance, the representatives will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Audit Fees and Other Fees

The following table summarizes the aggregate fees billed to Leap by its independent registered public accounting firm, PricewaterhouseCoopers, LLP (PwC), for the years ended December 31, 2004 and 2003 (in thousands):

| | 2004 | 2003 |
|-----------------------|--------------|--------------|
| Audit fees(1) | \$ 1,589 | \$ 803 |
| Audit-related fees(2) | 47 | 118 |
| Tax fees(3) | 245 | 393 |
| All other fees(4) | 44 | 149 |
| Total | \$ 1,925 | \$ 1,463 |

- (1) Audit fees consist of fees billed for professional services rendered for the audit of Leap's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by PwC 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 year ending December 31, 2004, this category included consultations on accounting for bankruptcy and other accounting matters and the employee benefit plan audits. For the year ending December 31, 2003, this category included fees related to the preparation of an employment and fee application related to providing ongoing services while Leap operated in bankruptcy, consultations on accounting for bankruptcy and other accounting matters, and the employee benefit plan audits.
- (3) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning (domestic and international). These services included assistance regarding federal, state and international tax compliance, acquisitions and international tax planning.
- (4) All other fees consist of fees for products and services other than the services reported above. In 2004, this category included fees related to summarizing billable hours and audit fees for bankruptcy fee applications. In 2003, this category included fees related to Leap's participation in a benchmarking study on its work-force related cost structure and organization.

In considering the nature of the services provided by PwC, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed these services with PwC 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 PwC are pre-approved prior to the services being performed. During 2004 all services were pre-approved in accordance with these procedures.

Table of Contents

REPORT OF THE COMPENSATION COMMITTEE

Overview

The Compensation Committee (the Committee) of the Board of Directors of Leap assists the Board in fulfilling its responsibilities relating to the compensation of Leap's executives. In addition, the Committee advises Leap with respect to the design of compensation policies and programs for Leap's executives, evaluating such policies and programs and recommending such policies and programs to the Board for its approval. Leap's human resource organization supports the Committee and its work. The Committee's current charter was adopted by the Board of Directors in November 2004.

Compensation Philosophy

Leap's compensation and benefits programs are designed to attract and retain key employees necessary to support Leap's business plans and to create and sustain a competitive advantage for Leap in the labor markets where Leap and its subsidiaries operate. The Committee's fundamental philosophy is to:

Use total compensation to recognize each individual officer's scope of responsibility within the organization, experience, performance and overall contributions to Leap. The Committee utilizes external benchmark data from similarly-sized wireless telecommunications operators and other high-tech companies as part of its due diligence in determining salary and target bonus amounts for each position within Leap.

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

As part of a competitive total compensation package, provide benefits that offer participants flexibility and that are cost efficient to Leap.

Elements of the Executive Compensation Program

Leap's executive officer compensation program is comprised of three primary components: base salary; annual 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.

Leap believes that the total compensation and benefits extended to its executives are competitive with the compensation and benefits packages offered to executives of similarly-sized wireless telecommunications operators and other high-tech companies that it utilizes for comparative compensation purposes.

Base Salary and Annual Bonuses

As a general matter, the base salary for each executive is initially established through negotiation at the time the executive is hired, taking into account the executive's qualifications, experience, prior salary and competitive salary information. Year-to-year adjustments to each executive's base salary are determined by an assessment of his or her individual performance against job responsibilities, overall company performance, Leap's budget for merit increases and competitive salary information.

All of Leap's employees participate in an annual cash bonus plan. Under the plan, each employee is assigned an annual performance bonus target based upon his or her position. For executives, the performance bonus target consists of two components; 75% of the bonus target is based on overall company performance and 25% is based on the individual executive's performance. Leap selects identifiable and measurable performance metrics each year based on Leap's goals for that year, and specific performance metrics used to calculate employees' bonus payments vary according to the employee's position with Leap. In 2004, the metrics that were used to determine the portion of executives' bonuses based on overall company performance were net customer additions, adjusted earnings before interest, taxes and depreciation (referred to as adjusted EBITDA), average revenue per user/customer (referred to as ARPU) and churn. Basing annual cash

Table of Contents

bonuses on company performance metrics establishes a direct link between our employees' pay and our financial success.

Long-Term Equity Compensation

After Leap's emergence from bankruptcy in August 2004, the Committee selected an independent third party compensation consultant to assist the Committee in reviewing, establishing and implementing a compensation philosophy for executive officers. In the first several months after Leap's emergence from bankruptcy, the Committee worked with the consultant to develop Leap's 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan (the 2004 Plan). Pursuant to authority delegated to it by the Board of Directors, the Committee approved and adopted the 2004 Plan in December 2004.

Under the 2004 Plan, Leap grants selected employees restricted stock at a purchase price equal to par value and non-qualified stock options at an exercise price equal to the fair market value of Leap common stock on the date of grant. The majority of the restricted stock and stock options that have been issued to employees under the 2004 Plan 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 adjusted EBITDA and net customer addition performance targets in 2005 and 2006. On a going forward basis, the Committee expects that additional restricted stock and stock option grants to employees will vest in a similar manner after five years, and will also be subject to accelerated vesting if Leap meets certain performance targets during the term of the award. The Committee believes that these vesting periods encourage our employees who receive restricted stock and/or stock options to work with a long-term view toward achievement and reinforce their long-term affiliation with Leap.

Leap has also granted selected employees deferred stock units at a purchase price equal to par value. The deferred stock units represent the right to receive shares of Leap common stock on a deferred basis. The deferred stock units that have been granted under the 2004 Plan were fully vested on the date of grant and are exercisable for a 30-day period beginning August 15, 2005, subject to certain exceptions.

The Committee believes that the design of the 2004 Plan helps reduce officer and employee turnover and helps us to retain the knowledge and skills of our employees. The timing and size of equity awards is based on a variety of factors, including Leap's overall performance and the recipient's individual performance.

Benefits

The Committee, working with management, oversees Leap's benefits programs for executives. Leap maintains a 401(k) program for all employees, and provides a 50% match on employees' contributions, with Leap's matching funds limited to 3% of an employee's base salary. In addition, Leap provides supplemental health coverage with a maximum benefit of \$10,000 per year for certain executives of the company. The benefits programs are viewed as a very positive aspect of employment with the company. During Leap's most recent employee satisfaction survey, the benefits programs were identified as one of the key reasons that employees joined Leap and stay with the company over time.

Policy on Deductibility of Executive Officer Compensation

Section 162(m) of the Internal Revenue 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 do not qualify as performance-based compensation exempt from the Section 162(m) limits. The Committee intends to evaluate whether Leap should take action during the coming year with respect to the tax deductibility of Leap's executive compensation under Section 162(m).

Table of Contents**Chief Executive Officer Compensation**

Each year the Committee reviews the Chief Executive Officer's compensation and his individual performance, as well as Leap's overall performance, for the calendar year under review.

Chief Executive Officer Compensation for 2004

Harvey P. White, Leap's former chairman of the board and chief executive officer, resigned from his position with us in June 2004. During 2004, Mr. White's base salary was \$502,125. Mr. White's 2004 base salary was approximately \$300,000 lower than his base salary in 2002. Mr. White voluntarily agreed to reduce his base salary by \$300,000 per year in September 2002 shortly after Leap announced that it would begin discussions with its major creditor groups to address the financial challenges then facing the company. Mr. White's annual target bonus in 2004 was 80% of his base salary. Mr. White's base salary and target bonus were approved by the Bankruptcy Court overseeing Leap's Chapter 11 reorganization proceedings in July 2003. As a result of his service with Leap through June 2004, Mr. White received \$251,063 of base salary and \$233,589 of bonuses in 2004. In addition, pursuant to a severance agreement approved by the Bankruptcy Court in May 2003, Mr. White received a severance payment of \$376,594 in connection with his resignation in June 2004.

William M. Freeman, who succeeded Mr. White as chief executive officer of Leap, commenced his employment with us in May 2004. Mr. Freeman negotiated an annual base salary of \$400,000 per year in connection with his employment by the company and, as a result of this negotiated salary, received \$230,769 of base salary for his service in 2004. In connection with his employment, Mr. Freeman also negotiated a performance bonus target of 85% of his base salary, prorated for 2004 service (with a minimum bonus of at least 50% of his base salary, prorated for 2004 service). Additionally, Mr. Freeman received \$60,255 as reimbursement for relocation expenses in connection with his commencement of employment. Mr. Freeman's 2004 compensation and relocation benefits were established through arm's-length negotiations prior to his commencement of employment with the company. The Bankruptcy Court approved Leap's compensation arrangements with Mr. Freeman in July 2004.

In February 2005, Leap entered into a resignation agreement with Mr. Freeman, under which Mr. Freeman resigned as the chief executive officer and as a director of Leap and its domestic subsidiaries, effective as of February 25, 2005. Mr. Freeman and Leap agreed that the resignation agreement entirely superseded Mr. Freeman's employment agreement with the company. Under the resignation agreement, Mr. Freeman received a severance payment of \$1,000,000, released Leap and its subsidiaries from all then existing claims against them, including any claim under his employment agreement, and relinquished any and all rights to any stock options, restricted stock and deferred stock unit awards from Leap.

Chief Executive Officer Compensation for 2005

S. Douglas Hutcheson was appointed Leap's president and chief executive officer in February 2005. The Committee and Board of Directors followed the policies described above in setting the compensation for Mr. Hutcheson in his role as president and chief executive officer. Mr. Hutcheson's annual base salary of \$350,000 was established in February 2005, when he was appointed as president and chief executive officer, an increase of \$15,000 per year compared to his annual base salary of \$335,000 payable while Mr. Hutcheson was serving as Leap's president and chief financial officer. In setting Mr. Hutcheson's new base salary, the Committee considered Mr. Hutcheson's qualifications and experience, his previous compensation package with the Company, competitive compensation data, and the success bonuses (described below) granted to Mr. Hutcheson in connection with his contributions to the Company's successful emergence from bankruptcy, Mr. Hutcheson's target bonus for 2005 is 80% of his base salary, compared to his target bonus of 65% of his base salary payable while he was serving as president and chief financial officer. The amount of any annual performance bonus actually paid to Mr. Hutcheson will be determined in accordance with the policies described above. Pursuant to his employment agreement, Mr. Hutcheson also received a success bonus of \$150,000 in January 2005 and is to receive a success bonus payment of \$150,000 on the earlier to occur of September 30, 2005 (provided Mr. Hutcheson is still employed by the company on such date) and the date on

Table of Contents

which Mr. Hutcheson ceases to be employed by the company (other than as a result of a termination for cause). Mr. Hutcheson's employment agreement provides that, not later than March 31, 2006, Leap will perform an annual performance review of Mr. Hutcheson and will review Mr. Hutcheson's compensation and benefits relative to chief executive officers of comparable corporations engaged in a business similar to Leap's business. The agreement also provides that following such review, Leap and Mr. Hutcheson will confer and negotiate in good faith any appropriate adjustments to Mr. Hutcheson's compensation and benefits.

During 2005, the Committee granted Mr. Hutcheson non-qualified stock options to purchase 161,007 shares of Leap common stock at \$26.35 to \$26.55 per share, restricted stock awards to purchase 99,487 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. These equity awards were granted to Mr. Hutcheson based on the policies described above.

Mr. Hutcheson's employment agreement and equity awards also provide for certain severance and change of control benefits following a change of control and/or a termination of employment.

Conclusion

This report of the Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Leap specifically incorporates this information by reference, and shall not otherwise be deemed filed under such acts.

The foregoing report has been furnished by the Committee.

COMPENSATION COMMITTEE

James D. Dondero, Chairman

Mark H. Rachesky, M.D.

Michael B. Targoff

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The current members of Leap's Compensation Committee are Dr. Rachesky and Messrs. Dondero and Targoff. Former directors Robert Dynes and Thomas Page also served on the Compensation Committee during 2004. None of these directors or former directors has at any time been an officer or employee of Leap or any of its subsidiaries.

Table of Contents**EXECUTIVE OFFICERS**

Biographical information for the executive officers of Leap who are not directors 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 of Directors and until their successors have been duly elected and qualified, unless sooner removed by the Board of Directors.

| Name | Age | Position with the Company |
|-----------------------|------------|--|
| Albin F. Moschner | 52 | Executive Vice President and Chief Marketing Officer |
| Glenn T. Umetsu | 55 | Executive Vice President and Chief Technical Officer |
| David B. Davis | 39 | Senior Vice President, Operations |
| Robert J. Irving, Jr. | 49 | Senior Vice President, General Counsel and Secretary |
| Leonard C. Stephens | 48 | Senior Vice President, Human Resources |
| Linda K. Wokoun | 50 | Senior Vice President, Marketing and Customer Care |
| Dean M. Luvisa | 44 | Acting Chief Financial Officer, VP, Finance, and Treasurer |
| Grant A. Burton | 41 | Vice President, Chief Accounting Officer and Controller |

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 (now Cingular 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.

David B. Davis has served as our senior vice president, operations since July 2001, having previously served as our regional vice president, Midwest Region from March 2000 to July 2001. Before joining Leap, Mr. Davis spent six years with Cellular One, CMT Kansas/ Missouri in various management positions culminating in his role as vice president and general manager. Before Cellular One, Mr. Davis was market manager for the PacTel-McCaw joint venture. Mr. Davis holds a B.S. from the University of Central Arkansas.

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

Table of Contents

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.

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.

Linda K. Wokoun has served as our senior vice president, marketing and customer care since June 2005. Prior to joining Cricket, Ms. Wokoun was president and chief executive officer of RiverStar Software from April 2003 to June 2005. From March 2000 to January 2002, Ms. Wokoun was chief operating officer of iPCS, a Sprint PCS affiliate. Prior to joining iPCS, Ms. Wokoun was a vice president of Ameritech Cellular. She holds a B.A. in economics and an M.B.A. from Indiana University.

Dean M. Luvisa has served as our acting chief financial officer, vice president, finance, and treasurer since February 2005, having previously served as our vice president, finance, and treasurer from May 2002 to February 2005 and as our vice president, finance from September 1998 to May 2002. Prior to joining Cricket, Mr. Luvisa was director of project finance at Qualcomm Incorporated, where he was responsible for Qualcomm's vendor financing activities worldwide. Before Qualcomm, he was the chief financial officer of a finance company associated with Galaxy Latin America, an affiliate of DirecTV and Hughes Electronics. In other capacities at Hughes Electronics, Mr. Luvisa was responsible for project finance, vendor finance, mergers & acquisitions and corporate funding. Mr. Luvisa graduated summa cum laude from Arizona State University with a B.S. in economics, and earned an M.B.A. in finance from The Wharton School at the University of Pennsylvania.

Grant A. Burton has served as our vice president, chief accounting officer and controller since June 2005. Prior to his employment with the Company, he served as assistant controller of PETCO Animal Supplies, Inc. 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.

Table of Contents**EXECUTIVE COMPENSATION**

The following table sets forth compensation information with respect to Leap's chief executive officer and other four most highly paid executive officers, collectively referred to in this proxy statement as the named executive officers, for the fiscal year ended December 31, 2004. The information set forth in the following tables reflects compensation earned by the named executive officers for services they rendered to us during the 12 months ended December 31, 2004, 2003 and 2002. Harvey P. White, Leap's former chairman of the board and chief executive officer, resigned from his position with Leap in June 2004. William M. Freeman, who succeeded Mr. White as chief executive officer, commenced his employment with Leap in May 2004 and resigned from his position with Leap in February 2005.

Summary Compensation Table

| Name and Principal Positions At Leap | Year | Annual Compensation(1) | | | Long-Term Compensation | |
|--|------|------------------------|---------------|------------------------------|------------------------|----------------------------|
| | | Salary | Bonus | Other Annual Compensation(2) | Securities | All Other Compensation(11) |
| | | | | | Underlying Options(#) | |
| S. Douglas Hutcheson Chief Executive Officer, President and Director | 2004 | \$ 334,816 | \$ 602,785(3) | \$ 10,640 | | \$ 22,962 |
| | 2003 | \$ 290,923 | \$ 159,841(4) | \$ 22,686 | | \$ 23,361 |
| | 2002 | \$ 262,692 | \$ | \$ 4,527 | | \$ 21,130 |
| Glenn T. Umetsu Executive Vice President and Chief Technical Officer | 2004 | \$ 311,846 | \$ 532,678(3) | \$ 5,192 | | \$ 26,028 |
| | 2003 | \$ 265,385 | \$ 100,284(4) | \$ 4,808 | | \$ 28,954 |
| | 2002 | \$ 248,269 | \$ 129,133 | \$ 583,259(5) | | \$ 27,604 |
| Leonard C. Stephens Senior Vice President, Human Resources | 2004 | \$ 284,090 | \$ 405,279(3) | \$ 3,186 | | \$ 23,160 |
| | 2003 | \$ 271,115 | \$ 136,234(4) | \$ 24,890 | | \$ 17,568 |
| | 2002 | \$ 273,692 | \$ | \$ 7,135 | | \$ 95,377 |
| David B. Davis Senior Vice President, Operations | 2004 | \$ 250,404 | \$ 378,381(3) | \$ 13,136 | | \$ 16,644 |
| | 2003 | \$ 240,423 | \$ 105,936(4) | \$ 14,833 | | \$ 11,420 |
| | 2002 | \$ 233,269 | \$ | \$ 6,065 | | \$ 17,631 |
| Robert J. Irving, Jr. Senior Vice President, General Counsel and Secretary | 2004 | \$ 249,731 | \$ 386,197(3) | \$ 7,440 | | \$ 35,775 |
| | 2003 | \$ 224,793 | \$ 98,087(4) | \$ 16,601 | | \$ 13,757 |
| | 2002 | \$ 196,900 | \$ | \$ 965 | 26,000(6) | \$ 33,112 |
| Harvey P. White Former Chairman of the Board and Chief Executive Officer | 2004 | \$ 251,063(7) | \$ 233,589(7) | \$ 33,269(7) | | \$ 421,882 |
| | 2003 | \$ 498,750 | \$ 348,536(4) | \$ 53,456 | | \$ 52,517 |
| | 2002 | \$ 732,692(8) | \$ | \$ 16,820 | | \$ 517,756 |
| William M. Freeman | 2004 | \$ 230,769(9) | \$ 120,985 | \$ 60,255(10) | | \$ 9,053 |

| | | | | | |
|----------------------|------|----|----|----|----|
| Former Chief | | | | | |
| Executive | 2003 | \$ | \$ | \$ | \$ |
| Officer and Director | 2002 | \$ | \$ | \$ | \$ |

- (1) As permitted by rules established by the SEC, no amounts are shown with respect to certain perquisites where the aggregate amounts of such perquisites for a named executive officer do not exceed the lesser of either \$50,000 or 10% of the total of annual salary and bonus for the relevant year.
- (2) Beginning in January 2002, under Leap's paid time-off program, an employee with sufficient accrued time off may elect to receive two days of pay for each paid day off the employee takes, reducing his or her accrued time off by two days. For example, if an employee takes one day off, he or she can elect to be paid for two days, which would reduce his or her accrued time off by two days.
- (3) Includes enhanced goal payments awarded to executive officers in August 2004, as follows: Mr. Hutcheson, \$92,400; Mr. Umetsu, \$86,800; Mr. Stephens, \$79,100; Mr. Davis, \$69,804; and Mr. Irving, \$70,000. Also includes emergence bonuses for 2004 as follows: Mr. Hutcheson, \$300,000; Mr. Umetsu, \$250,000; Mr. Stephens, \$175,000; Mr. Davis, \$175,000; and Mr. Irving, \$175,000. A portion of these bonuses will be paid after the date of this proxy statement. See Emergence Bonus Agreements and Employment Agreements Amended and Restated Executive Employment Agreement with S. Douglas Hutcheson.

Table of Contents

- (4) Includes retention bonuses awarded to executive officers in February 2003, as follows: Mr. White, \$80,000; Mr. Hutcheson, \$60,000; Mr. Umetsu, \$10,000; Mr. Stephens, \$45,000; Mr. Davis, \$25,000; and Mr. Irving, \$25,534.
- (5) Represents additional compensation resulting from Mr. Umetsu's payment of a note to Leap in the amount of \$300,000 by surrender of options to purchase Leap common stock, as permitted by the note. Also includes reimbursement to Mr. Umetsu of taxes of \$268,836 payable in connection with the transaction, as previously agreed by Leap. Because the exercise price of the options was greater than the market price of Leap's common stock on the date of surrender, the amount of the note was treated as additional compensation to Mr. Umetsu in 2002.
- (6) In June and July 2002, Mr. Irving was granted a total of 26,000 options for the purchase of Leap common stock. These options were cancelled unexercised on August 16, 2004, the effective date of Leap's Fifth Amended Joint Plan of Reorganization.
- (7) Represents Mr. White's earnings through June 2004.
- (8) In September 2002, Mr. White voluntarily reduced his annual salary from \$787,500 to \$487,500.
- (9) Represents Mr. Freeman's earnings beginning in June 2004.
- (10) Represents amounts paid to Mr. Freeman in connection with his relocation expenses.
- (11) Includes matching 401(k) contributions, executive benefits payments, financial planning services, matching benefits under Leap's Executive Retirement Plan, and Executive Officer Deferred Stock Bonus Plan, as follows:

| Name | Year | Matching 401(k) Contributions | Executive Benefits Payments | Financial Planning Services | Executive Retirement Contributions(1) | Deferred Stock Matching(2) | Total Other Compensation |
|--------------------------|------|-------------------------------------|-----------------------------------|-----------------------------------|---|----------------------------------|--------------------------------|
| S. Douglas Hutcheson | 2004 | \$ 6,500 | \$ 9,386 | \$ 7,022 | \$ | \$ 54 | \$ 22,962 |
| | 2003 | \$ 6,000 | \$ 12,784 | \$ 4,577 | \$ | \$ | \$ 23,361 |
| | 2002 | \$ 2,377 | \$ 14,955 | \$ 3,798 | \$ | \$ | \$ 21,130 |
| Glenn T. Umetsu | 2004 | \$ 6,500 | \$ 5,711 | \$ 13,817 | \$ | \$ | \$ 26,028 |
| | 2003 | \$ 6,000 | \$ 9,095 | \$ 13,859 | \$ | \$ | \$ 28,954 |
| | 2002 | \$ 5,500 | \$ 8,511 | \$ 13,593 | \$ | \$ | \$ 27,604 |
| Leonard C. Stephens | 2004 | \$ 6,500 | \$ 5,902 | \$ 10,661 | \$ | \$ 97 | \$ 23,160 |
| | 2003 | \$ 6,000 | \$ 6,831 | \$ 4,737 | \$ | \$ | \$ 17,568 |
| | 2002 | \$ 5,500 | \$ 15,159 | \$ 2,746 | \$ 71,972 | \$ | \$ 95,377 |
| David B. Davis | 2004 | \$ 6,500 | \$ 10,144 | \$ | \$ | \$ | \$ 16,644 |
| | 2003 | \$ 6,000 | \$ 5,072 | \$ 348 | \$ | \$ | \$ 11,420 |
| | 2002 | \$ 5,500 | \$ 6,979 | \$ 386 | \$ 4,766 | \$ | \$ 17,631 |
| Robert J. Irving, Jr. | 2004 | \$ 6,500 | \$ 18,388 | \$ 10,887 | \$ | \$ | \$ 35,775 |
| | 2003 | \$ 6,000 | \$ 7,757 | \$ | \$ | \$ | \$ 13,757 |
| | 2002 | \$ 5,500 | \$ 22,748 | \$ 4,864 | \$ | \$ | \$ 33,112 |
| Harvey P. White | 2004 | \$ 6,500 | \$ 4,829 | \$ 33,493 | \$ | \$ 466 | \$ 421,882(3) |

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| | | | | | | | |
|-----------------------|------|----------|----------|-----------|----|----|---------------|
| | 2003 | \$ 6,000 | \$ 9,507 | \$ 37,010 | \$ | \$ | \$ 52,517 |
| | 2002 | \$ 5,500 | \$ 7,198 | \$ 38,139 | \$ | \$ | \$ 517,756(4) |
| William M. Freeman | 2004 | \$ 6,500 | \$ 2,553 | \$ | \$ | \$ | \$ 9,053 |
| | 2003 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 2002 | \$ | \$ | \$ | \$ | \$ | \$ |

- (1) All shares of common stock issued under the Executive Retirement Matching Contribution Plan and all benefits thereunder were cancelled on August 16, 2004, the effective date of Leap's Fifth Amended Joint Plan of Reorganization.
- (2) All vested and unvested shares of common stock issued under the Executive Officer Deferred Stock Bonus Plan and all benefits thereunder were cancelled on August 16, 2004, the effective date of Leap's Fifth Amended Joint Plan of Reorganization.
- (3) Includes payment to Mr. White in the amount of \$376,594 in June 2004 pursuant to a severance agreement approved by the Bankruptcy Court on May 13, 2003.

Table of Contents

- (4) Includes \$466,919 for the year ended December 31, 2002, which represents the dollar value of the benefits of premiums paid by Leap for a split-dollar life insurance policy (unrelated to term life insurance coverage). Such payments were suspended in September 2002.

Option Grants in Last Fiscal Year

There were no options granted by Leap to any of the named executive officers during the year ended December 31, 2004.

Option Exercises in 2004 and Option Values at December 31, 2004

There were no exercises of options to purchase common stock of Leap by the named executive officers during the 12 months ended December 31, 2004. All options to purchase common stock granted to the named executive officers prior to December 31, 2004 were cancelled on August 16, 2004, the effective date of Leap's Fifth Amended Joint Plan of Reorganization.

Employment Agreements

Resignation Agreement with William M. Freeman

On February 24, 2005, Leap and its wholly owned subsidiary Cricket Communications, Inc. (Cricket), entered into a Resignation Agreement with William M. Freeman, under which Mr. Freeman resigned as the chief executive officer and as a director of Leap, Cricket and their domestic subsidiaries, effective as of February 25, 2005. This Resignation Agreement superseded the Executive Employment Agreement entered into by Cricket and Mr. Freeman as of May 24, 2004. Under the Resignation Agreement, Mr. Freeman received a severance payment of \$1,000,000. Mr. Freeman also relinquished all rights to any stock options, restricted stock and deferred stock unit awards from Leap. Mr. Freeman executed a general release as a condition to his receipt of the severance payment. This description of the Resignation Agreement with Mr. Freeman is qualified in its entirety by reference to the full text of the Resignation Agreement, a copy of which was filed 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.

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 chief executive officer of Cricket and Leap. 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. Mr. Hutcheson's term of employment under the Amended and Restated Executive Employment Agreement expires on December 31, 2008, unless extended by mutual agreement.

Under the Amended and Restated Executive Employment Agreement, Mr. Hutcheson will receive an annual base salary of \$350,000, subject to adjustment pursuant to periodic reviews by Leap's Board of Directors, and an opportunity to earn an annual performance bonus. Mr. Hutcheson's annual target performance bonus will be 80% 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 Amended and Restated Executive Employment Agreement also specifies that Mr. Hutcheson is entitled to participate in all insurance and benefit plans generally available to Cricket's executive officers. Mr. Hutcheson also received a success bonus of \$150,000 in January 2005, and is to receive a success bonus payment of \$150,000 on the earlier to

Table of Contents

occur of September 30, 2005 (provided Mr. Hutcheson is still employed by Cricket on such date) and the date on which Mr. Hutcheson ceases to be employed by Cricket (other than as a result of a termination for cause).

If, during the term of the Amended and Restated Executive Employment Agreement, all or substantially all of Cricket's assets, or shares of stock of Leap or Cricket having 50% or more of the voting rights of the total outstanding stock of Leap or Cricket, as the case may be, are sold with the approval of or pursuant to the active solicitation of the Board of Directors of Leap or Cricket, as applicable, to a strategic investor, then 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 his then-current monthly base salary for a period of 18 months.

Under the terms of the Amended and Restated Executive Employment Agreement, if Mr. Hutcheson's employment is terminated as a result of his discharge by Cricket without cause or if he resigns with good reason, he will be entitled to receive (1) a lump sum payment equal to his then-current monthly base salary for a period of nine months, (2) continued payment of his then-current base salary for a period of nine months, commencing nine months following his date of termination (which amounts will be reduced by any amounts received by Mr. Hutcheson from employment with a subsequent employer or for services as an independent contractor during such nine-month period), (3) if such termination or resignation occurs on or prior to December 31, 2005, a lump sum payment in an amount equal to the excess (if any) of his 2005 target performance bonus over any portion of his 2005 performance bonus already paid to him, and (4) 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 without cause or his resignation for good reason, in each case within one year of a change in control, and he is subject to excise tax pursuant to Section 4999 of the Internal Revenue 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 \$1,000,000 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, the Compensation Committee granted Mr. Hutcheson non-qualified stock options to purchase 85,106 shares of Leap's common stock at \$26.55 per share under the 2004 Plan. Also effective January 5, 2005, the Compensation Committee agreed to grant Mr. Hutcheson restricted stock awards to purchase 90,000 shares of Leap's common stock at \$.0001 per share and deferred stock unit awards to purchase 30,000 shares of Leap's common stock at \$.0001 per share, if and when Leap filed a Registration Statement on Form S-8 with respect to the 2004 Plan. The Registration Statement on Form S-8 was filed on June 17, 2005, and the restricted stock and deferred stock unit awards were issued on that date. Under the Amended and Restated Executive Employment Agreement, on February 24, 2005, Mr. Hutcheson was granted additional non-qualified stock options to purchase 75,901 shares of Leap's 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's 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 were issued to Mr. Hutcheson on that date. The forms of award agreements for these awards are attached as Attachments A-1, A-2, A-3, A-4 and A-5 to his Amended and

Table of Contents

Restated Executive Employment Agreement, a copy of which was filed on May 16, 2005 with the SEC as an exhibit to Leap's Annual Report on Form 10-K. A copy of the First Amendment to Amended and Restated Executive Employment Agreement was filed as an exhibit to Leap's Current Report on Form 8-K filed with the SEC on June 23, 2005. Of the awards granted to Mr. Hutcheson, 85,106 shares subject to stock options described above become exercisable on the third anniversary of the date of grant and 90,000 shares subject to the restricted stock awards described above become vested on February 28, 2008. In addition, up to 30% of the shares subject to such stock options and restricted stock awards may vest earlier upon Leap's achievement of certain adjusted EBITDA and net customer addition targets for each of fiscal years 2005 and 2006 (in each case in approximately March of the following year). The remaining 75,901 shares subject to stock options and 9,487 shares subject to restricted stock awards become vested on December 31, 2008. In addition, up to 30% of the shares subject to such stock options and restricted stock awards may vest earlier upon Leap's achievement of certain adjusted EBITDA and net customer addition targets for each of fiscal years 2005, 2006 and 2007 (in each case in approximately March of the following year). In each case, Mr. Hutcheson must be an employee, director or consultant of Leap or Cricket 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 Awards to Executives under the 2004 Plan. In addition, if Mr. Hutcheson's employment is terminated by reason of discharge by Cricket other than for cause, or if he resigns for good reason, after February 28, 2006 (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 Amended and Restated Executive Employment Agreement with Mr. Hutcheson is qualified in its entirety by reference to the full text of the Amended and Restated Executive Employment Agreement.

Severance Agreements

In 2003, Leap and Cricket entered into severance agreements with each of their executive officers to ensure that they would have the continued attention and dedication of their executive officers during the bankruptcy process. The Bankruptcy Court approved the severance agreements on May 13, 2003, and the prior severance agreements between Leap and its officers were terminated.

If, during the period commencing on May 13, 2003 and ending on August 16, 2005 (the first anniversary of the effective date of the Fifth Amended Joint Plan of Reorganization for Cricket under Chapter 11 of the Bankruptcy Code), the executive officer is terminated by Cricket other than for cause or if the executive officer resigns for good reason, the executive officer is entitled to:

75% of the executive officer's annual base salary; and

the continuation of certain benefits for nine months.

In consideration of any benefits provided under these agreements, the executive officer will release Leap and Cricket from their existing claims and agree not to solicit the employees of Cricket for a period of three years. For purposes of the severance agreements, cause means:

willful and continued failure to substantially perform job duties and follow and comply with lawful directives of the Board;

willful commission of acts of fraud or dishonesty; or

willful engagement in illegal conduct or gross misconduct that is materially damaging to Cricket.

Table of Contents

Good reason includes:

the diminution of the responsibility, position, salary or aggregate benefits of the executive officer;

Cricket's breach of the severance agreement; or

the involuntary relocation of the executive officer.

Emergence Bonus Agreements

Effective as of February 17, 2005, Leap entered into Emergence Bonus Agreements with four senior executive officers in connection with the emergence bonuses such officers were awarded in 2004. The agreements provided that a portion of the emergence bonuses awarded in 2004 would not be paid to the executives until the earlier of September 30, 2005 or the date on which such executives cease to be employed by Cricket, unless such cessation of employment occurs as a result of a termination for cause. The portions of the 2004 emergence bonus covered by the respective Emergence Bonus Agreements are: Glenn T. Umetsu, Executive Vice President and Chief Technical Officer \$125,000, David B. Davis, Senior Vice President, Operations \$87,500, Robert J. Irving, Jr., Senior Vice President, General Counsel and Secretary \$87,500, and Leonard C. Stephens, Senior Vice President, Human Resources \$87,500.

Employee Benefit Plans

Equity Compensation Plans

All of the outstanding shares of Leap common stock, warrants and options were cancelled as of August 16, 2004 pursuant to Leap's Fifth Amended Joint Plan of Reorganization. Following our emergence from bankruptcy, as contemplated by Section 5.07 of the Plan of Reorganization, the Compensation Committee of our Board of Directors, acting pursuant to a delegation of authority from the Board of Directors, approved the Leap Wireless International, Inc. 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan (the 2004 Plan), effective December 30, 2004. The 2004 Plan authorizes discretionary grants to our employees, consultants and independent directors, and to the employees and consultants of our subsidiaries, of stock options, restricted stock and deferred stock units. The aggregate number of shares of common stock subject to awards under the 2004 Plan will be no more than 4,800,000.

Administration. The 2004 Plan will generally be administered by the Compensation Committee of Leap's Board of Directors (the Administrator). The Board of Directors, however, will determine the terms and conditions of, and interpret and administer, the 2004 Plan for awards granted to the Company's independent directors and, with respect to these awards, the term Administrator refers to the Board of Directors. As appropriate, administration of the 2004 Plan may be revested in the Board of Directors. In addition, for administrative convenience, the Board of Directors may determine to grant to one or more members of the Board of Directors or to one or more officers the authority to make grants to individuals who are not directors or executive officers.

Stock Options. The 2004 Plan provides for discretionary grants of non-qualified stock options to employees, independent directors and consultants. The 2004 Plan also provides for the grant of incentive stock options, which may only be granted to employees. Options may be granted with terms determined by the Administrator; provided that incentive stock options 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 will terminate immediately in the event of an option holder's termination for cause. The exercise price for stock options granted under the 2004 Plan will be set by the Administrator and may not be less than par value (except for incentive stock options and stock options granted to independent directors which must have an exercise price not less than fair market value on the date of grant). Options granted under the 2004 Plan will 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

Table of Contents

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 will also be 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 and 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 the Company (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 Leap or certain corporate transactions involving Leap 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. Leap 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).

Term of the 2004 Plan; Amendment and Termination. The 2004 Plan will be in effect until December 2014, unless Leap's Board of Directors terminates the 2004 Plan at an earlier date. The Board of Directors may terminate the 2004 Plan at any time with respect to any shares not then subject to an award under the 2004 Plan. The Board of Directors may also modify the 2004 Plan from time to time, except that the Board of Directors 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.

See Compensation of Directors above and Awards to Executives under the 2004 Plan below regarding recent awards under the 2004 Plan.

Awards to Executives under the 2004 Plan

Awards. Leap's Board of Directors and Compensation Committee (with the approval of the Board) have granted non-qualified stock options to the named executive officers of Leap under the 2004 Plan. In addition, Leap's Board of Directors and Compensation Committee (again with the approval of the Board)

Table of Contents

have granted restricted stock awards and deferred stock unit awards to the named executive officers of Leap pursuant to the 2004 Plan.

Awards to Mr. Hutcheson are described above under Employment Agreements Amended and Restated Executive Employment Agreement with S. Douglas Hutcheson. Options for the following number of shares of Leap common stock were granted to Leap's other named executive officers: Mr. Umetsu, 85,106 shares; Mr. Davis, 27,660 shares; Mr. Irving, 23,404 shares; and Mr. Stephens, 23,404 shares. The exercise price for the options granted to such named executive officers was \$26.55 per share. Shares of restricted stock, with a purchase price of \$0.0001 per share, were granted in the following amounts: Mr. Umetsu, 76,560 shares; Mr. Davis, 30,250 shares; Mr. Irving, 29,250 shares; Mr. Stephens, 38,850 shares; and Mr. White, 35,500 shares. Deferred stock unit awards, with a purchase price of \$0.0001 per share, were made with respect to the following shares: Mr. Umetsu, 25,520 shares; Mr. Davis, 9,750 shares; Mr. Irving, 8,250 shares; and Mr. Stephens, 8,250 shares.

Vesting. For the named executive officers listed above, the stock options described above become exercisable on the third anniversary of the date of grant, and the restricted stock awards described above generally vest on February 28, 2008, in each case subject to accelerated vesting in increments ranging from a minimum of 10% to a maximum of 30% of the applicable award per year if Leap meets certain performance targets in 2005 and 2006 based on adjusted EBITDA and net customer additions. However, certain of the restricted stock awards described above that were granted by Leap in July 2005 will instead vest in two equal installments on November 15, 2005 and November 15, 2006, subject to certain accelerated vesting, as follows: Mr. Davis, 1,000 shares; Mr. Irving, 4,500 shares, Mr. Stephens, 14,100 shares; and Mr. White, 35,500 shares. The shares of restricted stock awarded to each of Messrs. Davis, Irving and Stephens in July 2005 will become fully vested as to each such officer if he is terminated without cause or if he resigns with good reason. The shares of restricted stock awarded to Mr. White in July 2005 will become fully vested if Mr. White's consulting arrangement with Leap is terminated for any reason other than by Leap with cause. For a description of Mr. White's consulting arrangements, see Certain Relationships and Related Transactions Other Transactions. The terms cause and good reason are defined in the applicable award agreements.

The deferred stock units are fully vested, but the shares of common stock distributable pursuant to the deferred stock unit awards will not be distributed until the earliest of: (1) August 15, 2005; (2) the executive officer's termination of employment or service with Leap, Cricket and their subsidiaries; or (3) the date immediately prior to a change in control.

Change in Control Vesting of Stock Options and Restricted Stock. The stock options and restricted stock awards listed above (other than the restricted stock awards granted to Messrs. Davis, Irving, Stephens and White in July 2005) will also become exercisable and/or vested on an accelerated basis in connection with certain changes in control. Except as otherwise described below, an 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.

Suspension of Performance-Based 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.

Change in Control prior to January 1, 2006. In the event of a change in control prior to January 1, 2006, each stock option and restricted stock award granted to Leap's executives listed above (other than the restricted stock awards granted to Messrs. Davis, Irving, Stephens and White in July 2005) will automatically accelerate and become exercisable and/or vested (1) immediately prior to the change in control, as to an additional number of shares equal to 50% of the then unvested shares subject to such stock option or restricted stock award, (2) on the first anniversary of the occurrence date of the change in control, as to an additional number of shares equal to 50% of the then unvested shares subject to such stock option or restricted stock award, and (3) on the second anniversary of the occurrence date of the change in control, as to any remaining unvested shares subject to such stock option or restricted stock award.

Table of Contents

Change in Control during 2006. In the event of a change in control during 2006, each stock option and restricted stock award granted to Leap's executives listed above (other than the restricted stock awards granted to Messrs. Davis, Irving, Stephens and White in July 2005) will automatically accelerate and become exercisable and/or vested (1) immediately prior to the change in control, as to an additional number of shares equal to 75% of the then unvested shares subject to such stock option or restricted stock award, and (2) on the first anniversary of the occurrence date of the change in control, as to any remaining unvested shares subject to such stock option or restricted stock award.

Change in Control on or after January 1, 2007. In the event of a change in control on or after January 1, 2007, each stock option and restricted stock award granted to Leap's executives listed above (other than the restricted stock awards granted to Messrs. Davis, Irving, Stephens and White in July 2005) will automatically accelerate and become exercisable and/or vested (1) immediately prior to the change in control, as to an additional number of shares equal to 85% of the then unvested shares subject to such stock option or restricted stock award, and (2) on the first anniversary of the occurrence date of the change in control, as to any remaining unvested shares subject to such stock option or restricted stock award.

Discharge Without Cause or Resignation for Good Reason in the Event of a Change in Control. For each stock option and restricted stock award granted to Leap's executives listed above (other than the restricted stock awards granted to Messrs. Davis, Irving, Stephens and White in July 2005), in the event an employee has a termination of employment by reason of discharge by the Company other than for cause, or as a result of the executive officer's resignation for 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 (1) if the change in control occurs prior to January 1, 2006, as to 25% of the then unvested shares subject to such stock option or restricted stock award, or (2) if the change in control occurs on or after January 1, 2006, as to any remaining unvested shares subject to such stock option or restricted stock award. Such acceleration will occur upon termination of employment or, if later, immediately prior to the change in control. The terms cause and good reason are defined in the applicable award agreements.

This description of the awards under the 2004 Plan is qualified in its entirety by reference to the full text of the 2004 Plan and the various award agreements.

Securities Authorized For Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2004 with respect to compensation plans (including individual compensation arrangements) under which Leap's common stock is authorized for issuance.

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options(1) | Weighted-Average Exercise Price of Outstanding Options | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans(1) |
|----------------------|--|---|--|
| | | | |