

LEAP WIRELESS INTERNATIONAL INC

Form 8-K

February 24, 2006

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**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM 8-K
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): February 17, 2006

LEAP WIRELESS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

000-29752

33-0811062

(State or other jurisdiction of
incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

10307 Pacific Center Court

San Diego, California 92121

(Address of Principal Executive Offices)

(858) 882-6000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

SIGNATURES

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Effective February 17, 2006, the Compensation Committee (the Committee) of the Board of Directors (the Board) of Leap Wireless International, Inc. (the Company), approved the following salaries and target bonuses for executive officers of the Company:

Name	Title	Salary*	Target Bonus
S. Douglas Hutcheson	President & CEO	\$ 550,000	100%
Albin Moschner	EVP & Chief Marketing Officer	\$ 330,000	80%
Glenn Umetsu	EVP & Chief Technical Officer	\$ 336,000	80%
Dean Luvisa	CFO (Acting)	\$ 292,600	65%
Leonard Stephens	SVP Human Resources	\$ 282,500**	65%
David Davis	SVP Sales Operations	\$ 275,600	65%
Robert Irving	SVP Legal & General Counsel	\$ 287,500	65%
Linda Wokoun	SVP Marketing	\$ 262,500	65%

* Retroactive to January 28, 2006.

** Exclusive of a lump sum merit adjustment of \$10,000, paid February 17, 2006.

In addition, the Committee approved a revision to Mr. Hutcheson's severance benefits so that if Mr. Hutcheson were terminated without Cause or resigned for Good Reason (in each case, with such terms as defined in the Executive Employment Agreement, dated as of January 10, 2005, by and among the Company, Cricket Communications, Inc. and Mr. Hutcheson, as amended to date (the Hutcheson Employment Agreement)), then Mr. Hutcheson would be entitled to a severance benefit equal to 1 1/2 times the sum of his base salary and annual target bonus.

In approving Mr. Hutcheson's salary, target bonus and severance benefit, the Committee authorized a second amendment to the Hutcheson Employment Agreement. The Amended and Restated Executive Employment Agreement among Leap Wireless International, Inc., Cricket Communications, Inc., and S. Douglas Hutcheson, dated as of January 10, 2005 was filed as an exhibit to the Company's 2004 Annual Report on Form 10-K filed with the SEC on May 16, 2005. The First Amendment to Amended and Restated Executive Employment Agreement, effective as of June 17, 2005, between the Company, Cricket Communications, Inc. and S. Douglas Hutcheson was filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on June 23, 2005.

Non-employee Director Compensation.

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

Each non-employee director will receive annual cash compensation of \$40,000. The chairman of the Board will receive additional cash compensation of \$20,000; the chairman of the Audit Committee will receive additional cash compensation of \$15,000, and each of the chairman of the Compensation Committee and the chairman of the Nominating/Corporate Governance Committee will receive additional cash compensation of \$5,000.

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Non-employee directors will also receive \$100,000 in Company restricted common stock pursuant to the Company's 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan (the "2004 Plan"). The purchase price for each share of Company restricted common stock will be \$.0001 and each such share will be valued at fair market value (as defined in the 2004 Plan) on the date of grant. One third of each award of restricted common stock will vest on each of the first, second and third anniversaries of the effective date of the grant. All unvested shares under each outstanding award will vest upon a change of control (as defined in the 2004 Plan).

The Company filed a Current Report on Form 8-K on January 6, 2005, describing the material terms of the 2004 Plan. The 2004 Plan is attached as an exhibit to the Current Report on Form 8-K filed by the Company with the SEC on January 11, 2005.

Stock Option Award to Acting Chief Financial Officer

Effective February 22, 2006, the Board also granted Dean Luvisa, the Company's acting chief financial officer, an option to purchase 10,000 shares of the Company's common stock pursuant to the 2004 Plan. The options may be exercised at fair market value (as defined in the 2004 Plan) and vest on the fifth anniversary of the date of grant, if Mr. Luvisa is an employee, consultant or director of the Company or its subsidiaries on such date. Up to thirty percent per year of the grant can vest based on the Company's achieving performance targets specified by the Board with respect to each of 2007, 2008 and 2009. In the event of a change of control (as defined in the 2004 Plan), one-third of the unvested shares would vest immediately, one-third would vest on the first anniversary of the change of control, and the remaining one-third would vest on the second anniversary of the change of control. All remaining unvested shares would vest upon a termination of Mr. Luvisa's employment by the Company without cause or by Mr. Luvisa with good reason within 90 days prior to or twelve months after a change in control.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LEAP WIRELESS INTERNATIONAL, INC.

Date: February 24, 2006

By /s/ Robert J. Irving, Jr.

Name: Robert J. Irving, Jr.

Title: Senior Vice President, General
Counsel and
Secretary