

LEAP WIRELESS INTERNATIONAL INC
 Form 4
 May 05, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 DONDERO JAMES D

2. Issuer Name and Ticker or Trading Symbol
 LEAP WIRELESS INTERNATIONAL INC [LEAP]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 13455 NOEL ROAD, SUITE 800
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 05/03/2006

Director 10% Owner
 Officer (give title below) Other (specify below)

DALLAS, TX 75240
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) | | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|---------------|---|------------------|
| | | | | Code V | Amount | (A) or (D) | Price | | | |
| Common Stock | 05/03/2006 | | S | | 50,000 (1) | D | \$ 46.01 (1) | 4,729,271 (2) | I | See Footnote (3) |
| Common Stock | 05/04/2006 | | S | | 25,000 (4) | D | \$ 45.64 (4) | 4,704,271 (5) | I | See Footnote (3) |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| DONDERO JAMES D 13455 NOEL ROAD SUITE 800 DALLAS, TX 75240 | | X | | |

Signatures

James Dondero 05/05/2006

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On May 3, 2006, in connection with ordinary portfolio re-balancing, Highland CDO Opportunity Fund, Ltd. ("CDO Fund") and Highland Equity Focus Fund, L.P. ("Equity Fund") sold 33,333 and 16,667 shares of Common Stock, respectively, at a price of \$46.01 per share pursuant to a Rule 10b5-1 Sales Plan entered into and effective as of March 24, 2006 by and between CRT Capital Group, LLC, on the one hand, and each of CDO Fund, Equity Fund, and Highland Legacy Limited ("Legacy"), on the other hand (the "Rule 10b5-1 Sales Plan").

(2) Includes (i) 76,137 shares held by Columbia Floating Rate Advantage Fund ("Columbia Advantage"), (ii) 76,137 shares held by Columbia Floating Rate Limited Liability Company ("Columbia LLC"), (iii) 2,309,794 shares held by Highland Crusader Offshore Partners, L.P. ("Crusader"), (iv) 190,342 shares held by Highland Loan Funding V, Ltd. ("Loan Funding"), (v) 19,148 shares held by Legacy, (vi) 52,504 shares held by PAM Capital Funding, L.P. ("PAM Capital"), (vii) 1,038,748 shares held in accounts for which Highland Capital Management, L.P. ("Highland Capital") has investment discretion, (viii) 81,379 shares held by CDO Fund, and (ix) 885,082 shares held by Equity Fund.

(3) Mr. Dondero may be deemed to be an indirect beneficial owner of the shares of Common Stock beneficially owned by Columbia Advantage, Columbia LLC, Crusader, Loan Funding, Legacy, Pam Capital, Highland Capital, CDO Fund, and Equity Fund. Mr. Dondero expressly disclaims beneficial ownership of the shares of Common Stock held by Columbia Advantage, Columbia LLC, Crusader, Loan Funding, Legacy, Pam Capital, Highland Capital, CDO Fund, and Equity Fund, except to the extent of his pecuniary interest therein. The filing of this statement shall not be deemed an admission that any reporting person is, for purposes of Section 16 of the Securities

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Exchange Act of 1934, as amended, or otherwise, the beneficial owner of any equity securities covered by this statement.

- (4) On May 4, 2006, in connection with ordinary portfolio re-balancing, CDO Fund and Equity Fund sold 16,668 and 8,332 shares of Common Stock, respectively, at a price of \$45.64 per share pursuant to the Rule 10b5-1 Sales Plan.

- (5) Includes (i) 76,137 shares held by Columbia Advantage, (ii) 76,137 shares held by Columbia LLC, (iii) 2,309,794 shares held by Crusader, (iv) 190,342 shares held by Loan Funding, (v) 19,148 shares held by Legacy, (vi) 52,504 shares held by PAM Capital, (vii) 1,038,748 shares held in accounts for which Highland Capital has investment discretion, (viii) 64,711 shares held by CDO Fund, and (ix) 876,750 shares held by Equity Fund.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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