

DONDERO JAMES D
 Form 4
 February 07, 2006

FORM 4

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

OMB APPROVAL

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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 1300
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 08/31/2005

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

DALLAS, TX 75240

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

(City) (State) (Zip)

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 Ownership (Instr. 4) | | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|--------------------------|---|-----------------------------|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common | 08/31/2005 | | J ⁽¹⁾ | | 353,418 | D | Ⓐ | 5,303,781 ⁽²⁾ | I | See Footnote ⁽³⁾ |
| Common | 08/31/2005 | | J ⁽¹⁾ | | 214,711 | A | Ⓐ | 5,303,781 ⁽²⁾ | I | See Footnote ⁽³⁾ |
| Common | 09/01/2005 | | J ⁽⁴⁾ | | 199,510 | D | Ⓐ | 5,104,271 ⁽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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(9-02)

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. Number of Derivative Securities Beneficially Owned Following Reporting Transaction (Instr. 6) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| DONDERO JAMES D 13455 NOEL ROAD SUITE 1300 DALLAS, TX 75240 | | X | | |

Signatures

James Dondero 02/07/2006
 **Signature of Date
 Reporting Person

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 August 31, 2005, Highland CDO Opportunity Fund, Ltd. ("CDO Fund") obtained 214,711 shares of Common Stock from ML CBO IV (Cayman), Ltd. ("ML CBO") in connection with a distribution of 353,418 shares of Common Stock, in the aggregate, by ML CBO to certain noteholders of ML CBO, including CDO Fund. On August 31, 2005, the closing price of the Common Stock was \$34.16.

(2) Includes (i) 76,137 shares held by Highland Floating Rate Advantage Fund ("Highland Advantage"), (ii) 76,137 shares held by Highland Floating Rate Limited Liability Company ("Highland 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. ("HLF"), (v) 194,148 shares held by Highland Legacy, Limited ("Legacy"), (vi) 199,510 shares held by ML CBO, (vii) 52,504 shares held by PAM Capital Funding, L.P. ("PAM Capital"), (viii) 1,038,748 shares held in accounts for which Highland Capital Management, L.P. ("HCMLP") has investment discretion, (ix) 951,750 shares held by Highland Equity Focus Fund, L.P. ("Equity Fund"), and (x) 214,711 shares held by CDO Fund.

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HCMLP is the investment manager for Highland Advantage and Highland LLC and the general partner of Crusader. Pursuant to certain management agreements, HCMLP serves as the collateral manager for HLF, Legacy, ML CBO and PAM Capital. Strand Advisers, Inc. (3) ("Strand") is the general partner of HCMLP. Mr. Dondero is a director and the President of Strand. Mr. Dondero also serves as a director of the Issuer. HCMLP, Strand and Mr. Dondero expressly disclaim beneficial ownership of the securities reported herein, except to the extent of their pecuniary interest therein.

- (4) On September 1, 2005, ML CBO distributed 199,510 shares of Common Stock to certain noteholders of ML CBO, not including CDO Fund. On September 1, 2005, the closing price of the Common Stock was \$33.84.

- (5) Includes (i) 76,137 shares held by Highland Advantage, (ii) 76,137 shares held by Highland LLC, (iii) 2,309,794 shares held by Crusader, (iv) 190,342 shares held by HLF, (v) 194,148 shares held by Legacy, (vi) 52,504 shares held by PAM Capital, (vii) 1,038,748 shares held in accounts for which HCMLP has investment discretion, (viii) 951,750 shares held by Equity Fund, and (ix) 214,711 shares held by CDO 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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