NextWave Wireless Inc.
Form 10-K
March 30, 2007

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

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 30, 2006

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 000-51958
NextWave Wireless Inc.
(Exact name of registrant as specified in its charter)

Delaware	**20-5361630**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)
12670 High Bluff Drive San Diego, California	**92130**
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: **(858) 480-3100**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.001 per share	NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer o Accelerated Filer o Non-Accelerated Filer x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

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The aggregate market value of the voting stock held by non-affiliates of the registrant on June 30, 2006 is not determinable, as shares of the registrant were not publicly traded as of June 30, 2006. The aggregate market value of the voting stock of the registrant on March 21, 2007 held by non-affiliates was approximately $439,244,442, based on the closing stock price as reported by the Nasdaq Global Market.*

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes x No o

As of March 21, 2007, there were outstanding 84,470,085 shares of common stock of the registrant.

* Excludes the common stock held by executive officers, directors and holders of more than 10% of the common stock outstanding as of March 21, 2007. This calculation does not reflect a determination that such persons are affiliates for any other purposes.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the Proxy Statement for the 2007 Annual Meeting of Stockholders of the registrant is incorporated by reference into Part III of this Form 10-K.

FORM 10-K

NEXTWAVE WIRELESS INC.
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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and other reports, documents and materials we will file with the Securities and Exchange Commission (the "SEC") contain, or will contain, disclosures that are forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These statements, which represent our expectations or beliefs concerning various future events, may contain words such as "may," "will," "expects," "anticipates," "intends," "plans," "believes," "estimates," or other words of sim meaning in connection with any discussion of the timing and value of future results or future performance. These forward-looking statements are based on the current plans and expectations of our management and are subject to certain risks, uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from historical results or those anticipated. These risks include, but are not limited to:

- our limited relevant operating history;
- our ability to remediate the material weakness in internal controls over financial reporting identified in connection with our restatement of revenues of our PacketVideo subsidiary;
- our ability to manage growth or integrate recent or future acquisitions;
- competition from alternative wireless technologies and other technology companies;
- our ability to develop and commercialize mobile broadband products and technologies;
- the ability of vendors to manufacture commercial WiMAX equipment and devices;
- consumer acceptance of WiMAX technology;
- PacketVideo's ability to grow its resources to support larger numbers of device manufacturers and wireless carriers;
- changes in government regulations;
- changes in capital requirements;
- any loss of our key executive officers; and
- the other risks described under "Risk Factors."

There may also be other factors that cause our actual results to differ materially from the forward looking statements.

Because of these factors, we caution you that you should not place any undue reliance on any of our forward-looking statements. These forward-looking statements speak only as of the date of this annual report and you should understand that those statements are not guarantees of future performance or results. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we have no duty to, and do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. Business

In this Annual Report on Form 10-K, the words "NextWave", the "Company", "we", "our", "ours", and "us" refer to NextWave Wireless Inc. and, except as otherwise specified herein, to our subsidiaries. Our fiscal year ended on December 30, 2006.

Business Overview

We are an early-stage wireless technology company that develops next-generation mobile broadband and wireless multimedia products and technologies. Our products and technologies are designed to make wireless broadband faster, more reliable and more affordable. At present, our customers include many of the largest mobile handset and wireless service providers in the world.

We believe that wireless broadband represents the next logical step in the evolution of the Internet and that consumer demand for fully-mobile, wireless broadband service will transform the global wireless communications industry from one driven primarily by circuit-switched voice to one driven by IP-based broadband connectivity. Our business activities are focused on developing products, technologies and network solutions that provide consumers and businesses with affordable, high-speed, mobile access to the information and multimedia content they want.

Our wireless broadband products and technologies developed and marketed through our operating subsidiaries, each of which is focused on specific and critical links in the global mobile broadband ecosystem:

NextWave Broadband Inc. - A family of mobile broadband semiconductor products and network components based on WiMAX and Wi-Fi technologies, terminal device reference designs and network implementation services;

PacketVideo Corporation - Multimedia software applications for wireless handsets and other converged mobile devices; and

GO Networks, Inc. - Carrier-class, wide-area, mobile Wi-Fi systems.

NextWave Broadband Inc. Our Advanced Technology Group, a division of NextWave Broadband Inc., is developing a family of mobile broadband semiconductor products based on WiMAX and Wi-Fi technologies, including multi-band RF chips and high performance digital baseband WiMAX chips. In addition, our Advanced Technology Group is developing wireless network components and a family of handset and media player reference designs to highlight the features of the Company's subscriber station semiconductor products. The primary design objectives of the Advanced Technology Group's products and technologies, which are intended to be sold or licensed to network infrastructure vendors, device manufacturers and service providers worldwide, are:

- Improve the performance of and economics of WiMAX and Wi-Fi networks and enhance their ability to cost-effectively handle the large volume of network traffic associated with bandwidth intensive, multimedia applications such as mobile television, video-on-demand, streaming hi-fidelity audio, two-way video telephony and real-time gaming;

- Improve the performance, power consumption and cost characteristics of mobile broadband enabled subscriber terminals; and

- Improve the degree of interoperability and integration between Wi-Fi and WiMAX systems for both Local Area Networks (LANs) and Wide Area Networks (WANs);

- Improve the efficiencies, costs, performance of video and audio broadcast applications over WiMAX networks; and

- Improve service provider economics and roaming capabilities by enabling WiMAX networks and WiMAX enabled devices to seamlessly operate across multiple frequency bands including the use of certain unlicensed bands.

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Through our Network Solutions Group, also a division of NextWave Broadband, we intend to offer service provider customers a full array of network services, including RF and core network design services, network implementation and management services and back-office service solutions. To demonstrate the capabilities of our network service capabilities and our wireless broadband products, the Network Solutions Group is implementing a mobile WiMAX/Wi-Fi test site in Henderson, Nevada. We intend to utilize this test site to demonstrate our technical and product capabilities to wireless service providers, cable operators, Internet service providers and media/content companies, who are interested in deploying mobile WiMAX networks that operate on spectrum owned or leased by the Company in the U.S. and internationally while utilizing network and device equipment that incorporate our products and technologies. Our spectrum footprint in the U.S. covers a population of over 248 million people, or POPs, and includes many of the largest metropolitan areas in the country. In addition, NextWave Wireless has acquired nationwide spectrum in Germany through its majority-owned company, Inquam Broadband.

PacketVideo Corporation. Through our PacketVideo subsidiary, we supply device-embedded multimedia software to many of the largest wireless handset manufacturers and wireless carriers in the world, who use it to transform a mobile phone into a feature-rich multimedia device that provides people the ability to stream, download and play video and music, receive live TV broadcasts and engage in two-way video telephony. PacketVideo's software is compatible with virtually all network technologies, including CDMA and GSM. To date, more than 110 million PacketVideo powered phones have been shipped worldwide by companies such as Motorola, Samsung, LGE, Sony Ericsson, and Nokia. PacketVideo has been contracted by some of the largest carriers in the world, such as Verizon Wireless, Vodafone, NTT DoCoMo, Orange and T-Mobile to design and implement the embedded multimedia software capabilities contained in their handsets.

PacketVideo has made investments in developing and acquiring a wide range of capabilities to provide its customers with solutions to support and accelerate digital media convergence within the home and office via mobile devices and consumer electronics that utilize PacketVideo's device-embedded software and the communications protocols standardized by the Digital Living Network Alliance™ (DLNA™). An example is PacketVideo's network-based PacketVideo Experience™ platform that provides for content search, discovery, organization and content delivery/sharing between devices connected to a private IP-based network on a one-on-one or one-to-many basis PacketVideo's patented Digital Rights Management (DRM) capability, already serving many carriers globally, further provides for a flexible solution that protects the multimedia content used or shared by PacketVideo-enabled devices. We expect that the continued growth in global shipments of high-end handsets with multimedia capabilities, increasing demand for home/office digital media convergence, and the acceleration of global deployments of mobile broadband enabled networks will substantially expand the opportunity for PacketVideo to license its suite of multimedia software solutions to handset and consumer electronic device manufacturers, and service providers. In addition, we intend to leverage PacketVideo's established market presence and unique software expertise to be a leading global provider of the next-generation of device-embedded software modules needed for the efficient capture, transmission and manipulation of multimedia content by fourth generation (4G) wireless broadband mobile devices.

GO Networks, Inc. Through our GO Networks subsidiary, which we acquired in February 2007, we offer carrier-class mobile Wi-Fi network systems to commercial and municipal service providers worldwide. By utilizing advanced xRF™ adaptive beamforming smart antenna technology and a cellular-mesh Wi-Fi architecture, the GO Networks system is designed to deliver superior Wi-Fi coverage, performance, and economics and provide service providers with a cost-effective solution to support bandwidth intensive mobile broadband services such as video streaming, real-time gaming, web browsing, and other types of multimedia applications on a wide-area basis.

We believe the breadth of products, technologies, spectrum assets and services offered by our various subsidiaries represents a unique platform to provide advanced wireless broadband solutions to the market. While our subsidiaries are intended to be operated as stand-alone businesses, we also expect them to provide synergistic value to each other and collectively drive accelerated market penetration and share of the wireless broadband market for the Company.

Mobile Broadband Market

The Internet has evolved into a global system that billions of people depend on every day. For many, the Internet has become an essential enabler of their business and personal lives and is the primary means by which they communicate and access information. We believe that a major driver of Internet usage is the rapidly growing adoption of DSL and cable/satellite broadband services that enable people to access the Internet at very high data speeds. Due to this broadband connectivity, dependency on the Internet is increasing rapidly. Millions of people now use the Internet as a major source for multimedia content such as music, movies and television, as a virtual store to purchase products and services, as a social networking and real-time gaming tool, and to engage in real-time, two-way voice, data, and video communications. However, while dependency on the Internet continues to grow, these types of critical Internet services and applications become inaccessible to most people whenever they leave their home or business. This is because widespread deployment of wireless networks capable of providing affordable mobile or nomadic wireless

broadband service, with data rates and connection quality comparable to DSL and cable, has not yet occurred in the United States and most other countries.

We believe that market demand for mobile broadband services will transform the global wireless communications industry from one driven primarily by circuit-switched voice to one driven by IP based broadband connectivity. In addition, we believe that mobile broadband will do for the Internet what cellular technology has done for wireline telephony — extend high-speed connectivity outside the home or office and enable people to remain connected to the information and content they need, wherever they go. We call this “Wireless 2.0”. We are developing our products and technologies to help make “Wireless 2.0” a reality and to provide people the ability to use a next-generation mobile wireless device to:

- Remain connected to their favorite music, movies and television;
- Participate in interactive, real-time gaming;
- Easily establish high-speed connections to their desired web content;
- Remotely access their personal Digital Video Recorders and watch recorded television;

- Remotely view real-time images from home or office security cameras;
- Conduct two-way video conferences;
- Capture, transmit or receive high resolution digital photos or video to friends, family members, and business associates;
- Engage in a wide-range of multimedia shopping services customized via location based services;
- Conduct a broad range of financial transactions;
- Make “landline quality”, VoIP telephone calls; and
- Participate in social network activities with portable devices away from home or office.

While the mobile broadband transformation of the wireless communications market is still in an early stage of development, we believe it is already having a profound effect on service providers, network infrastructure manufacturers, device manufacturers and content distributors who will need to adapt their businesses to an industry model based on delivering mobile broadband services. Such adaptations will require network operators to make major investments in new wireless broadband network infrastructure equipment and technologies, will require the introduction of new classes of mobile broadband handsets, the development of next-generation device-embedded multimedia software and new wireless communication technologies to maximize the use of available spectrum. We intend to focus our business activities to capitalize on these market trends.

We believe that several factors are already beginning to drive global market demand for fourth generation (4G) mobile broadband services like mobile WiMAX:

- Increasing global demand by mobile phone users for easy and affordable mobile access to the Internet and on-line multimedia content sources on a fully mobile basis;
- A growing awareness of the limitations of existing third generation (3G) wireless networks;
- Broader availability of high-quality, multimedia content available for distribution over wireless networks;
- Mandates by public safety agencies for reliable mobile broadband services;
- The ability of wireless technologies such as WiMAX to serve as a cost-effective way to deliver broadband to millions of homes in the U.S. and abroad with no or limited (e.g., dial-up) Internet connectivity; and
- Increasing market demand for fully integrated wireless local area network (“LAN”) and wide area network (“WAN”) solutions that utilize both Wi-Fi and WiMAX technologies for converged devices, appliances and consumer electronics.

IEEE 802.16 WiMAX Standard

WiMAX is an acronym that stands for Worldwide Interoperability for Microwave Access and is a certification mark established by the WiMAX Forum for products that are compliant with the Institute of Electrical and Electronics Engineers (“IEEE”) 802.16 set of standards. WiMAX, which has now become synonymous with the set of IEEE 802.16

standards, specifies an air interface for wireless Metropolitan Area Networks (MANs). Published in April of 2002, the original 802.16 standard specified equipment operating in the 10-66 GHz frequency band which required tall transmission towers and line-of-sight connectivity making the standard most suitable to provide high-bandwidth wireless backhaul services. Subsequently, the IEEE published a series of amendments to the standard to support lower radio frequencies below 2-11 GHz, to allow non line-of-sight connectivity, and to address interoperability issues. In 2004, the IEEE consolidated these amendments into a new standard called IEEE 802.16-2004 which is often referred to as IEEE 802.16d.

In December of 2005, the IEEE published the 802.16e amendment to the standard, often referred to as mobile WiMAX, which specified a system to support mobile broadband services via portable devices such as laptops, personal digital assistants (PDA), mobile phones, and other converged devices. The 802.16e amendment includes several enhancements to improve mobile system performance including support for inter-cell handoff, sleep modes to support low-power mobile devices and support for broadcast/multicast services. In parallel, in a coordinated effort with the IEEE and the WiMAX Forum, the Telecommunications Technology Association (“TTA”) in Korea developed WiBro, an 802.16-based standard, which includes support for mobility based on the 802.16e amendment. Efforts supported by TTA and IEEE 802.16 to harmonize the WiBro standard with the IEEE 802.16e standard were successful.

Mobile WiMAX is one of several wireless air interface technologies that are currently being deployed or developed to enable the delivery of mobile broadband services to the market. These alternative technologies include CDMA2000, UMTS (Universal Mobile Telecommunications System) and 802.20 (Mobile-Fi). Some of these technologies, such as CDMA 2000 and UMTS, have already been deployed by major wireless carriers and have achieved significant levels of market penetration. We believe that mobile WiMAX will also become a major, global wireless broadband standard and will achieve a significant level of global adoption for the following reasons:

- Mobile WiMAX enjoys broad support from wireless industry leaders. Members of the WiMAX Forum, an industry organization dedicated to promoting and certifying WiMAX products, include Alcatel, AT&T, Bell Canada, British Telecom, Broadcom, Cisco, Deutsche Telekom, Ericsson, Intel, Korea Telecom, LG Electronics, Lucent, Motorola, NEC, Nokia, Nortel, Samsung, Siemens, Sprint Nextel and Texas Instruments.

- Companies such as Intel, who are interested in seeing mobile WiMAX integrated into laptops and other mobile computing platforms, are actively working to drive the market adoption of WiMAX and the deployment of WiMAX networks.

- Domestic and international support by network operators for WiMAX is growing. To date, WiMAX networks have been announced in the U.S. by Sprint-Nextel and Clearwire. In addition, numerous WiMAX networks have been announced by operators in Europe, Asia, South America, and the Middle East. Activity is under way within the ITU to include mobile WiMAX in the family of IMT-2000 approved standards.

- Mobile WiMAX economics, including network construction and operating costs, are expected to be competitive with those of alternative mobile broadband technologies.

- Mobile WiMAX incorporates quality of service capabilities that are required to efficiently handle quality-of-service dependent applications such as VoIP telephony, video conferencing and real-time, interactive gaming.

- Mobile WiMAX network performance, including the ability to handle the high volumes of traffic associated with mobile TV, mobile video-on-demand and video telephony are expected to be competitive with alternative mobile broadband technologies.

Competitive Strengths

A highly accomplished team of wireless technology professionals. Our technology development efforts are led by a team of highly accomplished engineering veterans with broad experience in the development of wireless communications technologies and solutions. Team members have led major development initiatives at leading technology companies, such as Intel, Motorola, Nokia, QUALCOMM and Texas Instruments. Together they have been instrumental in developing some of today's dominant wireless technologies. Several members of our team, including our Chief Executive Officer, Allen Salmasi, played key roles at QUALCOMM in the development and successful commercialization of the CDMA wireless technology standard used worldwide today. Additional support for our technology development efforts if provided by the NextWave Technical Development Steering Committee which is comprised of some of the most accomplished individuals in the wireless industry, including Dr. Andrew Viterbi who co-founded QUALCOMM. In addition, our senior team has extensive experience in building and operating wireless networks for companies such as Airtouch, AT&T Wireless, McCaw Cellular, Nextel and SprintPCS.

Attractive wireless spectrum portfolio, well-suited to support mobile broadband. To date, we have acquired licensed spectrum and entered into long-term leases that provide us with exclusive leasehold access to licensed spectrum throughout the U.S. Our spectrum portfolio covers approximately 248.9 million persons, or POPs, across the U.S., of which licenses covering 136.4 million POPs are covered by 20 MHz or more of spectrum, and licenses covering an additional 98.7 million POPs are covered by at least 10 MHz of spectrum. In addition, a number of markets, including much of the New York metropolitan region, are covered by 30 MHz or more of spectrum. We believe that this spectrum footprint, which includes eight of the top ten Cellular Market Areas ("CMAs") and 15 of the top 20 CMAs in the U.S., will be attractive to service providers who wish to offer 4G wireless broadband services. Our spectrum resides in the 2.3GHz WCS, 2.5GHz BRS/EBS, and 1.7/2.1 GHz AWS bands and offers propagation and other characteristics suitable to support high-capacity, mobile broadband services.

On December 15, 2006, we acquired 3.5 GHz BWA spectrum in Germany. The acquisition includes 42MHz of spectrum in all service areas. The licenses vary widely in terms of population and geographic coverage, as Koln/Dusseldorf, Stuttgart/Karlbsruhe, Berlin/Brandenburg, Munster and Rhein/Main.

In February 2007, Inquam Broadband participated in a spectrum auction in Switzerland to acquire a nationwide license, consisting of a 42MHz wide license in the 3.5 GHz frequency band and covering 7.5 million POPs. On March 5, 2007, Inquam was advised that it has met the license requirements and that it will be awarded the license at the end of April at a price of $4.63 million, or $.015 per MHz POP.

On March 2, 2007, we acquired WCS spectrum in Canada. The acquisition includes 30MHz of spectrum in all service areas. The licenses vary widely in terms of population and geographic coverage, but include as Montreal, Ottawa, Edmonton, Quebec and Winnipeg.

Unique combination of silicon, software, systems engineering and spectrum. We have assembled a unique combination of assets, including a world-class semiconductor design and wireless technology development team, one of the world's leading providers of device-embedded multimedia software, a leading provider of carrier-class, mobile Wi-Fi network systems, an experienced network design and operations team, and an attractive portfolio of licensed spectrum in the U.S. and abroad. We believe that the combination of these assets offers us an advantageous position to develop and deliver our wireless broadband products and technologies to customers.

Integrated business model. We believe that each of our operating subsidiaries represents an attractive standalone business. However, we believe that our business units are highly complementary to each other and together provide us with the ability to adapt our business model and allocate resources to maximize market share in a rapidly evolving industry

Well established industry position. Our PacketVideo subsidiary has established strong commercial relationships with the wireless industry's leading device manufacturers and network operators. Its customers include leading handset manufacturers such as LGE, Motorola, Nokia, Sony-Ericsson, and Samsung as well as some of the world's largest network operators including NTT DoCoMo, Orange, T-Mobile and Verizon Wireless. While some of these customers have developed software solutions that overlap or augment certain PacketVideo software products, we believe that these relationships will be highly valuable as we pursue strategic partnerships and begin to market current and future products, technologies and network solutions.

Extensive experience in building and operating wireless networks. Our senior team has extensive experience in building and operating wireless networks for companies such as Airtouch, AT&T Wireless, McCaw Cellular, Nextel and SprintPCS. Members of our Network Solutions Group have extensive experience in conducting field trials of numerous wireless broadband technologies and have led the development of a next-generation IP core network and back office system ("BOSS") designed specifically to enable the delivery of highly-differentiated mobile broadband network services.

Integrated WiMAX/Wi-Fi solutions. Our GO Networks subsidiary offers carrier-class, mobile Wi-Fi systems specifically designed for wide-area deployments. We believe that Wi-Fi and WiMAX are complementary technologies and that the most cost-effective solution to provide mobile broadband services on a wide-area basis is to often deploy hybrid networks that utilize both technologies since WiFi-enabled devices, including laptops, have been widely adopted by the mass consumer market. In addition, because GO Networks utilizes a cellular-mesh network architecture, we believe that GO Network customers represent opportunities for future Wi-Fi to WiMAX upgrades that utilize NextWave's WiMAX products and technologies.

Business Strategy

Our strategy is to deliver a broad suite of technologically advanced wireless broadband products and solutions to mobile subscriber terminal and wireless network equipment manufacturers, wireless broadband service providers and consumer electronic product companies. Our focus includes:

Develop the key elements of a mobile WiMAX system. We intend to develop the key elements of an end-to-end mobile WiMAX/Wi-Fi network solution that includes a family of WiMAX chipsets and network components. Our development activities are focused on both sides of the radio connection, which we believe will enable us to deliver a superior system solution to our customers. To date, we have made significant progress in our WiMAX development efforts and we expect to begin field testing elements of our chipset product line in 2007. These field testing activities will be part of a comprehensive technical field trial of our technologies in Henderson, Nevada. We expect to utilize this field trial to showcase the capabilities of our WiMAX/Wi-Fi technologies, and believe that the trial will be am important step towards successful commercialization of our family of WiMAX/Wi-Fi products.

Market our products and technologies to third parties. We intend to market our products and technologies worldwide to network equipment and device manufacturers and to wireless broadband service providers. We expect that our marketing efforts will benefit from growing worldwide demand for fully-mobile access to the Internet and the delivery of rich-media content to mobile devices. Similar to other wireless technologies, we believe that the sale or licensing of our chipsets, network components, software and device technologies will generate a long-term, recurring revenue stream for our company.

Form strategic relationships with service providers who want to offer wireless broadband services. We intend to make our spectrum available to service providers looking to deploy next-generation wireless broadband networks that utilize our advanced products and technologies. Potential service providers include wireless service providers, cable operators, multimedia content distributors, applications service providers and Internet service providers. We believe that a model under which service providers can utilize our spectrum to offer advanced wireless broadband services will help accelerate sales of our mobile broadband products and technologies.

Grow and extend PacketVideo's multimedia software business. We believe that the number of multimedia enabled smartphones as a percentage of global handsets shipped annually will rise significantly over the next several years. We will seek to maintain PacketVideo's strong position in this growing market through the growth and extension of its existing multimedia software business. At present, the primary competitors for PacketVideo's multimedia software products are the internal multimedia design teams at the OEM handset manufacturers to whom PacketVideo markets its products and services. Furthermore, we believe that the deployment of mobile broadband networks will spawn the development of entire new categories of software applications that can take full advantage of the distinctive mobility features inherent in mobile broadband systems. While we expect the competition from the OEM internal multimedia design teams and other independent multimedia software providers to increase in the next few years, we expect PacketVideo will be able to leverage its PacketVideo Experience platform and DRM capabilities to fortify its position in the mobile wireless and converged broadband software business.

Grow our GO Networks mobile Wi-Fi business. We believe that the worldwide market for wide-area, mobile Wi-Fi networks will continue to grow and intend to pursue these opportunities by offering customers our advanced GO Networks Wi-Fi system. Because the GO Networks system utilizes a cellular-type architecture, we believe it can be upgraded to a hybrid Wi-Fi/WiMAX solution at a total cost of ownership below that of competing Wi-Fi network solutions and intend to leverage this advantage in the marketplace.

Identify and pursue acquisitions and investments to accelerate and improve the development of our end-to-end wireless broadband solutions. We believe there are a number of companies participating in the WiMAX technology, wireless broadband and wireless multimedia sectors that could be attractive acquisition or investment candidates. We continue to monitor these opportunities and may pursue those which we believe will enhance our capabilities and product offerings.

Acquire additional wireless spectrum to complement our existing portfolio. We believe that expanding our spectrum footprint will make our spectrum more attractive to service providers. As such, we are actively evaluating spectrum acquisition and leasing opportunities and will pursue those which allow us to obtain complementary spectrum at prices that we believe to be attractive. We also believe that there may exist opportunities to obtain additional spectrum internationally which we will continue to monitor.

Our Products and Technologies

***WiMAX* /Wi-Fi Semiconductors**

Based in San Diego, California, our Advanced Technology Group (ATG), a division of our NextWave Broadband subsidiary, is creating a family of semiconductor products, based on WiMAX and WiFi technology, to enhance the capabilities and economics of fixed and mobile WiMAX/Wi-Fi networks. These low-power, high-performance semiconductor products are intended to enable fixed and mobile WiMAX/Wi-Fi networks to more efficiently handle bandwidth-intensive and quality-of-service dependent applications such as mobile television, VoIP telephony, streaming audio and video, video conferencing and real-time gaming. While these semiconductor products will include special features to allow them to fully utilize NextWave's licensed spectrum (BRS/EBS, WCS, AWS), they are also being designed to operate on frequency bands most often allocated for mobile broadband use on a global basis.

The Advanced Technology Group is comprised of approximately 238 employees and full-time equivalent contractors and is led by a highly accomplished team of veteran engineers with broad experience in the development of advanced wireless communications technologies and products, such as digital baseband Application Specific Integrated Circuits ("ASICs"), radio frequency technologies including multi-band Radio-Frequency Integrated Circuits ("RFICs"), advanced antenna systems, software defined radios (SDRs), and mobile terminal designs. Advanced Technology Group team members have led major technology development initiatives at companies such as Intel, Motorola, Nokia, QUALCOMM and Texas Instruments and have been instrumental in developing some of today's dominant wireless technologies including CDMA. In addition, several key members of our technical team were leading contributors to the 802.16 family of standards

We believe that to fully optimize mobile WiMAX for the efficient delivery of bandwidth-intensive multimedia applications requires a system approach that encompasses all of the key elements of the WiMAX air interface. By adopting this approach, we expect to offer network infrastructure and device manufacturers a comprehensive suite of products including low-power WiMAX digital baseband ASICs and multi-band RFICs, software defined radio platforms and terminal device reference designs.

To develop its semiconductor products, ATG has organized its engineering resources into several product development groups including: a) RFIC engineering and design team; b) digital baseband engineering team; c) systems engineering team; and c) BTS radio product group. In addition, ATG has established a large team of system engineers to create an end-to-end system that integrates the products and technologies developed by its various product teams. These development activities are designed to produce an integrated platform of paired RF and baseband chipset families that will allow mobile device and network equipment manufacturers to design a variety of products using NextWave silicon products.

- Digital Baseband ASICs: An ASIC is an integrated circuit or chip customized for a specific purpose. Our family of WiMAX/Wi-Fi based digital baseband ASICs under development represent the core of our system architecture. Our first baseband WiMAX ASIC, the NW1100, is currently in the final stages of development and the final description of the circuit is expected to be sent to manufacture in Q3 2007. This ASIC includes many of the enhancements that have been developed by ATG engineers and is designed to showcase and validate these innovations.. The family of baseband ASIC that ATG is developing include a wide array of interfaces to accommodate a wide range of device types including mobile handsets, PDAs, mobile PC cards, USB devices, and CPE modems. For this reason, ATG is also creating a family of device reference designs, including those for handsets and media players, that will highlight the features of its WiMAX ASIC products.

- Radio Frequency Integrated Circuits (RFICs): An RFIC is part of the front-end of a radio system that receives a radio frequency signal, converts it to a lower frequency and modifies it for further processing. Designed to utilize multiple spectral bands to improve performance and flexibility, our RFICs are part of an advanced radio frequency

subsystem that is matched to our family of baseband ASICs and is expected to enable a mobile device to operate over a wide range of operational frequencies without sacrificing overall performance. We believe that enabling WiMAX to operate over multiple frequency bands will significantly improve the economics of WiMAX network deployments for the following reasons:

- WiMAX network operators will have the ability to assemble a licensed spectrum footprint using multiple frequency bands as opposed to having to acquire scarce spectrum in a single frequency band;

- carriers will have the ability to address network coverage and capacity issues via the acquisition of low-cost spectrum as opposed to costly cell splitting;

- the ability of frequency-agile WiMAX devices to roam between multiple WiMAX networks will be facilitated; and

- A single chipset family capable of addressing markets worldwide will permit economies of scale and result in lower device costs.

Our initial multi-band RFIC, the NW1200, was sent to manufacture in late 2006. Sample chips have undergone successful testing and evaluation. Additional testing will take place in combination with our NW1100 baseband WiMAX ACIS when available. The NW1200 RFIC operates in the 2.3-2.8 GHz and 3.3-3.8 GHz frequency bands and is designed for Time Division Duplexing ("TDD") operation. The NW 2200 RFIC, currently under development, is expected to operate in the same frequency bands as the NW 1100, but will also support the AWS band (1.7-2.1 GHz) and will operate in frequency division duplex ("FDD") mode. Both RFICs are designed to support WiMAX and Wi-Fi and are optimized to operate with the NextWave family of baseband WiMAX ASICS.

· Pico Base Transceiver Station (BTS): A BTS, also known as a wireless base station, includes equipment needed to transmit and receive radio signals (transceiver) to and from subscriber devices, antennas, and the electronics required to communicate with other network elements. Unlike a conventional BTS which can provide radio coverage over a radius of several miles, a pico BTS is much smaller in size and is intended to provide low-cost capacity and coverage relief in very small geographic areas. NextWave is currently in the design phase of silicon products to support a PicoBTS/Access point product family. This design is currently being implemented in field-programmable gate array ("FPGA") form and will be field tested later this year.

PacketVideo Multimedia Software Products

Based in San Diego, our PacketVideo subsidiary has approximately 387 employees and full-time equivalent contractors and is a global provider of embedded multimedia software products for mobile devices. PacketVideo was formed as a Delaware corporation in August 1998 and was privately held prior to its acquisition by NextWave in July 2005.

PacketVideo's software, which it licenses to the world's leading mobile device manufacturers and wireless carriers, transforms a mobile phone or other mobile device into a feature-rich multimedia device that allows people to stream, download, and play video and music, receive live TV, or engage in two way video telephony. PacketVideo's innovations and engineering leadership have led to breakthroughs in content encoding, content delivery systems, and advanced multimedia-enabled handset development around the world.

For mobile device manufacturers, shorter product cycles and increasing demand for advanced technologies are driving collaboration with third party solution providers, such as PacketVideo, to aid their product development. We believe that PacketVideo's technical capabilities and depth of knowledge are key reasons why PacketVideo has been chosen by the world's largest device manufacturers and wireless carriers to help them quickly develop and introduce new multimedia enabled handsets and multimedia services to the market. Over one hundred million handsets containing PacketVideo software have been shipped worldwide by device manufacturers including LGE, Motorola, Nokia and Samsung. In addition, PacketVideo provides multimedia software solutions to some of the world's largest wireless carriers including NTT DoCoMo, Orange, T-Mobile and Verizon Wireless. According to IDC, high-end mobile phones and converged mobile devices represented 20% of all mobile phones shipped in 2005. This percentage is expected to increase to 45% of the more than one billion handsets forecasted to be shipped in 2008. We believe that this trend, combined with forthcoming software from PacketVideo that contains major enhancements, will enable PacketVideo to maintain its strong market share position.

PacketVideo's current suite of device embedded software solutions are based on a modular architecture to enable rapid integration with the industry's leading hardware platforms and operating systems.

PacketVideo Multimedia Framework. PacketVideo's core software product powers the playback of video and music in millions of mobile phone handsets worldwide. The PacketVideo Multimedia Framework is an embedded client with modular options to enable the downloading, streaming, and playback of content files based on all major media formats. PacketVideo Multimedia Framework codec modules include: WMA 9/10/Pro, WMV 9, AAC, HE-AAC, HE-AAC V2, AVC/H.264, MPEG-4, Real Audio, Real Video, MP3, MP3 PRO, AMR and WB-AMR.

PacketVideo Connect. PacketVideo Connect is a family of customizable software products that auto-detect and link popular devices through the home, allowing end-users to share and enjoy all kinds of mobile-multimedia content on the devices of their choice. The PacketVideo Connect server is certified by the Digital Living Network Alliance (DLNA), a consortium of more than 300 consumer electronics and technology companies. The software is interoperable with hundreds of other DLNA-certified home electronic and mobile devices.

PacketVideo Mobile TV Solutions. PacketVideo’s mobile TV solutions enable mobile broadcast TV. Features include live streaming TV, video-on-demand, high-performance multimedia codecs, picture-in-picture, personal video recorder, fast channel changing, and support for PacketVideo or third-party Electronic Service Guide

PacketVideo Multimedia Communications. PacketVideo's two-way video telephony software solution is 324M-compliant real-time video telephony—for two-way voice and video conversations and video conferencing. Features include picture-in-picture, call recording option, Push-to-Talk (VOIP support) and SIP support for push-to-view.

PacketVideo Imaging Solutions. PacketVideo's advanced imaging engine renders photos, organizes albums and edits pictures, all on the handset. PacketVideo’s imaging technology significantly improves the user experience with rapid access to images created by the mobile device’s camera, with the additional benefit of highly optimized memory. In addition, the software enables users to record their own audio, video and digital photos directly on the handset.

PacketVideo Digital Rights Management (“DRM”) Solutions. A mobile implementation of content protection and business rules for commercial media consumption. DRM types supported include: WindowsMedia DRM, OMA 1.0 and 2.0, SDC - Java DRM, and NDSF. In addition, PacketVideo owns, and is further developing SDC - Java DRM.

PacketVideo Experience Application. PacketVideo Experience is a mobile web 2.0 media services application designed to add value to a mobile operator’s existing content delivery services by managing and serving data about media content, rather than the media payload. It is designed to enable a personalized music entertainment experience for users based on their personal preferences:

The introduction of affordable, high-speed Internet service via DSL and cable broadband provided software developers with a unique opportunity to develop entire new categories of software applications. Many of these applications focused on the capture, manipulation, and transmission of multimedia content such as music, images, and video. Several, such as iTunes, Windows Media Player, Google Video, and peer-to-peer applications such as BitTorrent have achieved extremely high levels of popularity and, in some cases, spawned businesses with market valuations that exceed those of the companies that actually provide broadband connections to end-users. We believe that a similar opportunity to develop innovative software applications, optimized for the mobile environment, exists with the wide scale introduction of affordable mobile broadband services.

The emergence of mobile broadband will necessitate the development of new categories of software applications optimized to take full advantage of the distinctive mobility features inherent in mobile broadband systems. To be successful, developers of these new software applications must accommodate the complexities (e.g., variable connection rates) and unique capabilities (e.g., mobile positioning) associated with wireless broadband and will need to overcome mobile device (e.g., smartphones) design restrictions such as limited memory, power limitation and on-board processing capabilities. In addition, mobile application software developers will need to fully understand underlying 4G wireless broadband network technologies such as WiMAX to ensure optimal performance of their multimedia software applications in a challenging wireless environment. We expect that global deployments of mobile broadband networks will create a unique opportunity for software developers such as PacketVideo to create innovative multimedia software applications and server platforms optimized for the mobile and converged media environment.

We believe that PacketVideo is well positioned to help develop these types of next-generation, mobile broadband software applications for the following reasons:

- PacketVideo is already a global provider of device embedded, mobile multimedia software and has broad experience in developing software for memory and processor limited mobile devices.

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As part of NextWave, PacketVideo will have full access to the company's extensive mobile broadband technology development activities and will be able to develop new multimedia software applications that take full advantage of the unique capabilities we are designing into our products and technologies.

- Unlike the aforementioned PC software environment, there are no dominant mobile device operating systems and, in fact, over two dozen such operating systems are currently in use by mobile handset manufacturers worldwide. PacketVideo's software has been engineered to work with virtually all of the most popular mobile device operating systems in use today. By maintaining this flexible approach, we believe that PacketVideo's next generation of mobile broadband software will be well-positioned to enjoy continued wide scale industry adoption.

GO Networks Mobile Broadband Wireless Network Systems

Based in Mountain View, CA, with a major technology development center located in Tel Aviv, Israel, our GO Networks subsidiary has approximately 67 employees and provides commercial and municipal service providers with high-performance mobile Wi-Fi systems. As noted above, GO Networks, inclusive of these employees, was acquired in February 2007.

GO Networks' Mobile Broadband Wireless system combines xRF™ smart-antenna technology with a cellular-mesh Wi-FI architecture to provide commercial and municipal service providers with a cost-effective solution to support bandwidth-intensive mobile broadband services such as video streaming, real-time gaming, video telephony and other types of multimedia applications.

xRF Adaptive Beamforming Smart Antenna Technology: GO Networks' xRF adaptive smart-antenna technology is based on a patent-pending implementation of adaptive beamforming and smart-antenna signal processing algorithms and is one of the industry's only smart-antenna implementations designed for cellular-mesh Wi-Fi solutions.

On the receive side, xRF technology is designed to address the challenges of multipath (where a transmitted signal follows several propagation paths towards the receiver, causing time delay and delay spread that results in higher bit error rates and degraded performance) by constructively combining phase shifted signals received through reflections, resulting in significant improvements to the signal-to-noise ratio (SNR), particularly in multipath-prone non-line-of-sight (NLOS) scenarios.

On the transmit side, xRF technology focuses radio energy towards the Wi-Fi client, effectively reducing the amount of multipath the client's receiver is exposed to and increasing the system's range and throughput. The xRF technology allows GO Networks' Mobile Broadband Wireless base stations to comply with point-to-point rules and operate at a transmit power much higher than conventional Wi-Fi systems, resulting in improvements to range, capacity and throughput in the coverage area.

GO Networks' xRF technology is also one of the industry's only smart antenna technology that operates in a multi-channel access solution and supports both sectored and omni-directional base stations. xRF technology powers GO Networks' single access channel pico base station and the multi-channel micro base station which transmits and receives over two simultaneous, non-synchronous 802.11 channels.

Cellular-Mesh Wi-Fi: GO Networks Mobile Broadband Wireless cellular-mesh Wi-Fi architecture combines cellular-style radio and mesh networking architecture. This architecture uses a meshed combination of "micro" and "pico" Wi-Fi base stations to provide cost-effective Wi-Fi coverage. Mobile Broadband Wireless 2000 series micro base stations are used to provide top-down micro-cellular Wi-Fi coverage while Mobile Broadband Wireless 1000 series pico base stations provide complementary street-level Wi-Fi coverage. Mesh networking can significantly reduce the costs associated with operating wide-area Wi-Fi networks, enable cost-effective street-level coverage, and simplify network configuration and reconfiguration.

The GO Networks' Mobile Broadband Wireless system is comprised of the following network elements:

- WLS 2100 Micro Cellular-Mesh Wi-Fi Sector Base Station: The WLS 2100 is a 120 degree multi-radio sector panel designed for easy installation on building sides, rooftops, towers and utility poles. The WLS 2100 is equipped with two xRF-enabled 802.11 b/g access radios and a separate 802.11a channel for beamformed user access and high-performance mesh backhaul.

- WLP 1100 Pico Cellular-Mesh Wi-Fi- Base Station: The WLP 1100 is an omni-directional multi-radio weather-proof unit intended for street-level pole/utility pole Wi-Fi applications. The WLP 1100 is equipped with one xRF-powered 802.11 b/g access radio and a separate 802.11a channel for beamformed user access and high-performance mesh networking and backhaul.

- MBW EMS/NMS Platform: The MBW EMS/NMS platform offers a sophisticated set of management tools for element management as well as network-wide performance monitoring and management. From the MBW EMS/NMS console, operators can proactively monitor network and RF performance and dynamically reconfigure their Wi-Fi infrastructure, at the access point level or network-wide, to meet varying RF environments, network conditions, traffic and user loads.

Network Services & Solutions

Based in Henderson, Nevada, our Network Solutions Group, a part of our NextWave Broadband subsidiary, intends to offer a full suite of network design and implementation services to wireless service providers, including RF and core network design service, network optimization and operation services, and back-office application services. NSG is currently developing a WiMAX/Wi-Fi field test in Henderson, Nevada, to showcase its network support services and the company's wireless broadband products and technologies to service providers seeking to deploy next-generation networks. We intend to make our spectrum available to service providers looking to individually or jointly deploy next-generation wireless broadband networks that utilize our advanced products and technologies. Potential service providers include wireless service providers, cable operators, multimedia content distributors, applications service providers and Internet service providers. We believe that a model under which service providers can utilize our spectrum to offer advanced wireless broadband services will help accelerate sales of our mobile broadband products and technologiesn.

Our Network Solutions Group intends to offer participating service providers with the following network design and implementation services:

- RF design;
- Network construction;
- Network optimization;
- Network operations center implementation;
- IP core network including security integration;
- Core network integration;
- Billing and operational support systems;
- Customer support systems; and
- Network operations and maintenance, including Network Management Systems (NMS).

Our Network Solutions Group has approximately 65 employees and full-time equivalent contractors with extensive backgrounds in building and operating wireless networks and in designing and implementing back-office systems. Members of the Network Solutions Group have built and operated wireless networks for companies such as AirTouch, AT&T Wireless, McCaw Cellular, Nextel and SprintPCS. Since 2003, our Network Solutions Group's engineers have been operating a test-bed facility in Henderson, Nevada, to evaluate the capabilities of various wireless technologies including various Wi-Fi products, 1xEV-DO, TD-CDMA and Flash-OFDM. These technical evaluations included in-depth assessments of key performance criteria including link budgets, spectral efficiencies, service quality, data rates, connection reliability, mobile capabilities, data link security and cost-per-bit economics.

In parallel to its technology assessment initiatives, our Network Solutions Group has designed an advanced IP core network designed to support end-to-end IP connectivity, reduce IP core network costs, and quickly enable new services. During the same period, our Network Solutions Group also completed the design and has begun implementation of an advanced back-office system architecture consisting of billing, operational support systems (e.g., Mediation, LDAP and RADIUS) and customer care systems and has designed a network operations center that will enable our Network Solutions Group to efficiently monitor the performance of its managed networks.

Las Vegas Test Site

To demonstrate the features and capabilities of our WiMAX and Wi-Fi technologies, our Network Solutions Group is developing a mobile WiMAX/Wi-Fi test site in Henderson, Nevada that will utilize our licensed spectrum and is expected to become operational in 2007. We intend to use this test site to demonstrate the performance of our integrated WiMAX and Wi-Fi mobile broadband technologies and our advanced IP core and back-office systems. We plan to further develop this test site with vendor partners and service providers and believe that the test site will be an important step towards successful commercialization of our WiMAX/Wi-Fi products and technologies. In addition, to accelerate industry development of WiMAX technologies, we intend to make our test site facilities available to others in the WiMAX industry for the purpose of conducting product evaluations and compatibility testing.

We believe that Las Vegas represents an ideal location for testing, developing and evaluating a mobile WiMAX/Wi-Fi test site for a number of reasons, including:

- Las Vegas is one of the fastest growing metropolitan areas in the country, with demographics that are conducive gauging customer acceptability;
- Existing tower inventory and flexible zoning procedures will reduce the time required to deploy a network;
- As the current operational headquarters for our Network Service Group, most of our network engineering and resources needed to design, build, and operate a mobile WiMAX/Wi-Fi network are already located in the market; and
- Las Vegas represents a highly attractive market for potential service provider customers.

Spectrum Portfolio

Domestic Spectrum Summary

To date, we have acquired spectrum and entered into long-term leases that provide us with exclusive leasehold access to licensed spectrum throughout the U.S. We have compiled a spectrum portfolio covering approximately 248.9 million persons, or POPs, across the country, and we will continue to identify and acquire complementary spectrum to add to our portfolio. We have 20 MHz or more of spectrum covering 136.4 million POPs, and 10MHz of spectrum covering an additional 98.7 million POPs. In a number of markets, including much of the New York metropolitan area, we have 30 MHz or more of spectrum. We are focused on acquiring authorizations to use licensed spectrum in the top 100 U.S. markets, which have population densities and demographics most suitable to drive adoption of wireless broadband. We also have acquired licenses to use spectrum in smaller markets and plan to continue to acquire licenses in these markets to improve our overall coverage footprint.

To date, we have focused our efforts on obtaining licenses or other rights to use 2.3 GHz Wireless Communication Service (“WCS”) spectrum, 2.5 GHz Broadband Radio Service (“BRS”) and 2.5 GHz Educational Broadband Service (“EBS”) spectrum. We also acquired 154 licenses in the 1.7GHz/2.1GHz band, known as the Advanced Wireless Service (“AWS”) spectrum. We believe these spectrum bands are suitable for the deployment of mobile WiMAX networks and we are engineering our products and technologies to take advantage of the acquired licenses. We believe that additional spectrum bands also are attractive for the deployment of mobile WiMAX networks and, in the future, we may obtain spectrum in those bands and investigate ways to use unlicensed spectrum alongside our existing spectrum holdings to strengthen our network operations.

Summary information about our current spectrum holdings in the United States is set forth below.

			Type of Spectrum			
MEA	**MEA Name**	**POPs (mm)**	**BRS/EBS**	**WCS**	**AWS**	**Top Covered CMAs within MEA (POP Rank)**
1	Boston	9.5		x	x	*Boston (9), Providence (50)*
2	New York City	31.9	x	x	x	*New York (2), Hartford (40)*
3	Buffalo	1.5		x		*Buffalo (42), Chautauqua (113)*
4	Philadelphia	8.8	x	x	x	

					Philadelphia (5), Wilmington (75)
5	Washington	0.8		x	*Virginia 10 - Frederick (218)*
6	Richmond	1.4		x	*Highland (261), Roanoke (267)*
7	Charlotte-Greensboro-Greenville-Raleigh	7.0		x	*Greenville (68), Columbia SC (89)*
8	Atlanta	4.6		x	*Chattanooga (107), Augusta (115)*
9	Jacksonville	2.8	x	x	*Jacksonville (39), Tallahassee (184)*
10	Tampa-St. Petersburg-Orlando	2.1		x	*Florida 4 - Citrus (85), Sarasota (159)*
11	Miami	1.2		x	*Fort Myers (99), Florida 1 - Collier (168)*

12	Pittsburgh	2.8			x	*Pittsburgh (22), Johnstown (283)*
13	Cincinnati-Dayton	1.2			x	*Huntington (188), Charleston (255)*
14	Columbus	0.7			x	*Ohio 6 - Morrow (106), Ohio 9 -Ross (259)*
15	Cleveland	5.2		x	x	*Cleveland (25), Akron (73)*
16	Detroit	11.0		x		*Detroit (7), Grand Rapids (60)*
17	Milwaukee	5.2		x		*Milwaukee (33), Madison (117)*
18	Chicago	14.2		x	x	*Chicago (3), Gary (80)*
19	Indianapolis	2.7			x	*Indianapolis (31), Indiana 6 - Randolph (302)*
20	Minneapolis-St. Paul	7.0		x		*Minneapolis - St. Paul (14), Hubbard (202)*
21	Des Moines-Quad Cities	2.9		x		*Des Moines (108), Davenport (161)*
22	Knoxville	1.4			x	*Knoxville (86), Jonson City (110)*
23	Louisville-Lexington-Evansville	2.0			x	*Louisville (51), Kentucky 3 - Meade (167)*
24	Birmingham	0.9			x	*Montgomery (166), Butler (288)*
25	Nashville	1.0			x	*Tennessee 3 - Macon (144), Clarksville (311)*
26	Memphis-Jackson	1.6			x	*Tennessee 5 - Fayette (143), Tenn. 1 - Lake (181)*
27	New Orleans-Baton Rouge	2.0			x	*New Orleans (41), Mobile (91)*
28	Little Rock	2.8			x	*Little Rock (84), Fayetteville (158)*
29	Kansas City	3.3		x		*Kansas City (26), Topeka (317)*
30	St. Louis	5.0		x	x	*St. Louis (18), Illinois 8 - Washington (173)*
31	Houston	7.3		x	x	*Houston (6), Louisiana 5 - Beauregard (137)*
32	Dallas-Fort Worth	12.8	x	x	x	*Dallas-Fort Worth (4), Austin (36)*
33	Denver	5.4		x		*Denver - Boulder (17), Colorado Springs (87)*
34	Omaha	1.8		x		*Omaha (72), Lincoln (228)*
35	Wichita	1.2		x	x	*Wichita (94), Kansas 14 - Reno (387)*
36	Tulsa	1.4		x	x	*Tulsa (58), Oklahoma 4 - Nowata (309)*
37	Oklahoma City	1.9		x	x	*Oklahoma City (46), Oklahoma 6 - Seminole (289)*
38	San Antonio	4.1		x		*San Antonio (27), McAllen (77)*
39	El Paso-Albuquerque	2.7	x	x	x	*EL Paso (71), Albuquerque (74)*
40	Phoenix	5.6		x		*Phoenix (13), Tucson (53)*
41	Spokane-Billings	2.1		x	x	*Spokane (120), Idaho 1 - Boundary (212)*
42	Salt Lake City	3.5		x	x	*Salt Lake City (34), Provo (128)*
43	San Francisco-Oakland-San Jose	15.0		x	x	*San Francisco (12), Sacramento (24)*
44	Los Angeles-San Diego	24.9	x	x	x	*Los Angeles (1), San Diego (15)*
45	Portland	4.0		x	x	*Portland (23), Salem (147)*
46	Seattle	5.1		x		*Seattle (20), Tacoma (69)*
47	Alaska	0.6			x	

						Anchorage (215), Alaska 2 - Bethel (377)
48	Hawaii	1.3		x		*Honolulu (55), Hawaii 3 - Hawaii (415)*
49	Puerto Rico and U.S. Virgin Islands	3.8			x	*San Juan (21), Puerto Rico 2 - Adjuntas (209)*
	Total (excluding overlaps)	**248.9 (approx)**	**x**	**x**	**x**	

(1) WCS licenses are assigned by the FCC according to MEAs or REAGs (see further explanation below in "WCS Spectrum"). MEAs are named for the largest metropolitan area contained within the licensed geographic service area. An MEA is significantly larger than the metropolitan area for which it is named. REAGs are named for the geographic region the license covers.

(2) Our AWS, WCS and BRS spectrum is held directly through FCC licenses. Our EBS spectrum has been leased on a long-term basis from current license holders.

(3) AWS licenses are assigned by the FCC according to REAGs, EAs, or CMAs (see further explanation below in "AWS Spectrum").

(4) We lease EBS spectrum from multiple parties in the greater New York, NY metropolitan area, including geographic areas in New York, New Jersey and Connecticut. These leases give us access to different amounts of spectrum in specific parts of the market area. The term of these leases range from 20 to up to 60 years when their renewal options are included.

(5) We lease EBS spectrum from The Orange Catholic Foundation in the Los Angeles, CA (Orange County) area. This lease has an initial 10 year term and contains five renewal options for 10 years each to extend the term of the lease.

(6) The source for our POP figure is derived from 2006 composite data contained in databases managed by Applied Geographic Solutions Inc. of Newbury Park CA. Except for Puerto Rico which is derived from 2000 census figures.

WCS Spectrum

We have acquired WCS spectrum from third parties pursuant to privately negotiated purchase agreements. The 2.3 GHz WCS band is divided into four frequency blocks, A through D. Blocks A and B have 10MHz of spectrum each and blocks C and D have 5 MHz each. We have acquired WCS licenses in the A, B, C and D frequency blocks. The WCS A and B blocks are licensed in 52 individual geographic regions covering the United States, including the Gulf of Mexico, and are called Major Economic Areas (MEA). The WCS C and D blocks are licensed in six larger geographic regions, also covering the United States and are called Regional Economic Area Groupings ("REAGs"). Both MEAs and REAGs are of various sizes in terms of population and geographic coverage.

WCS licenses are allocated by the FCC for "flexible use." This means that the spectrum can be used to provide any type of fixed, portable, mobile (except aeronautical mobile) or radiolocation services to individuals and businesses, including the wireless broadband services we intend to offer. Any such offerings are subject to compliance with technical rules in Part 27, Title 47 of the Code of Federal Regulations, as well as any applicable border treaties or agreements governing operations near the Canadian and Mexican borders.

NextWave's Canadian WCS licenses are held by our Canadian subsidiary, 4253311 Canada Inc. The licenses carry a 10 year license term with a renewal expectancy of an additional 10 years. Because the licenses were issued by Industry Canada through two separate auctions, 63 licenses have an expiration date of November of 2014, while 25 licenses have an expiration date of April of 2015. The licenses are "radiocommunication user" licenses and cannot be used to provide service for compensation before the licenses are converted to either "radiocommunication service provider" licenses or "radiocommunication carrier" licenses. Conversion of the licenses will require compliance with Canadian ownership and control restrictions. In addition, each Canadian WCS license is subject to a 5 year usage implementation requirement, demonstrating that the spectrum is being put to use at a level that is acceptable to Industry Canada. Again, because the licenses were issued at two different times, there are two different implementation deadlines, November of 2009 for 63 licenses, and April of 2010 for the other 25 licenses.

BRS and EBS Spectrum

We have acquired BRS spectrum licenses from third parties pursuant to privately negotiated purchase agreements. In the future, licenses for vacant BRS spectrum may also be obtained through third parties and FCC auctions. Rights to

lease and use EBS spectrum are acquired by commercial interests like us from educational entities through privately negotiated lease agreements. Our long-term leases make available to us exclusive leasehold access to the leased EBS spectrum for a total period of time ranging from 20 to up to 60 years when renewal options are included. On April 27, 2006, the FCC released new rules governing EBS lease terms. EBS licensees are now permitted to enter into lease agreements with a maximum term of 30 years; lease agreements with terms longer than 15 years must contain a “right of review” by the EBS licensee every five years beginning in year 15.

Under current regulations, after giving effect to an FCC-mandated transition of the spectrum to a new band configuration, which must be complete by October 19, 2010 (barring disputes in the transition process), the total spectrum bandwidth licensed by the FCC for EBS and BRS spectrum is 194 MHz. Approximately 75% of this spectrum is licensed for the EBS and 25% is licensed for the BRS. Under FCC rules, regulations and policies (“FCC rules”), up to 95% of the spectrum dedicated to each EBS license can be leased for commercial purposes subject to compliance with FCC rules. After transitioning the EBS and BRS spectrum to the new band plan, individual channels and channel groups of EBS and BRS spectrum will range from 5.5 MHz to 23.5 MHz of spectrum. Most, but not all, EBS and BRS channel “groups” contain four channels and 23.5 MHz of spectrum.

Until 1996, BRS spectrum was licensed according to Geographic Service Areas with a 35-mile radius. These "incumbent" licenses continue to exist today. In 1996, the FCC conducted an auction and assigned licenses for available BRS spectrum according to Basic Trading Areas or BTAs of various sizes. These BTA licenses were granted subject to the prior rights of the incumbent BRS license holders. We have acquired licenses from incumbent BRS licensees, licensed for 35-mile Geographic Service Areas. We may in the future acquire BRS spectrum licensed for BTAs.

EBS spectrum is licensed only for Geographic Service Areas with a 35-mile radius. In the future, vacant EBS spectrum may be assigned by BTAs, or some other licensing construct chosen by the FCC. EBS spectrum is licensed exclusively to accredited educational institutions, governmental organizations engaged in the formal education of enrolled students (e.g., school districts), and nonprofit organizations whose purposes are educational.

The FCC's rules for BRS and EBS spectrum were substantially revised in 2004 to provide more flexibility in how the spectrum is licensed and used; proceedings to revise the rules continue today. Use of the spectrum has evolved to include fixed and mobile, digital, two-way systems capable of providing high-speed, high-capacity broadband service, including two-way Internet access service via low-power, cellularized communication systems and single-cell high-power systems. On April 27, 2006, the FCC released additional orders to reform FCC rules related to BRS and EBS spectrum. Although these new, amended rules became effective on July 19, 2006, they are subject to petitions for reconsideration, which seek to modify some of these amendments. For a more detailed description of these new rules, see "Government Regulation - BRS/EBS License Conditions."

AWS Spectrum

We acquired 154 AWS licenses in FCC Auction No. 66. The FCC granted AWS spectrum pursuant to Economic Area ("EA") licenses, REAG licenses and CMA licenses. The AWS auction involved a total of 1,122 licenses: 36 REAG licenses, 352 EA licenses, and 734 CMA licenses. EA, REAG and CMA licenses vary widely in terms of population and geographic coverage.

In terms of spectral size, the AWS spectrum is divided into six spectrum block, A through F. There are three 10 MHz blocks, each consisting of paired 5 MHz channels, and three 20 MHz blocks, each consisting of paired 10 MHz channels. We have acquired both 20 MHz and 10 MHz licenses.

AWS licenses are allocated by the FCC for "flexible use." This means that the spectrum can be used to provide any type of fixed, portable or mobile services to individuals and businesses, including the wireless broadband services we intend to offer. Any such offerings are subject to compliance with technical rules in Part 27, Title 47 of the Code of Federal Regulations as well as any applicable border treaties or agreement governing operations near the Canadian and Mexican borders.

On December 15, 2006, we acquired 3.5 GHz BWA spectrum in Germany. The acquisition includes 42MHz of spectrum in all service areas. The licenses vary widely in terms of population and geographic coverage, but include major cities, such as Koln/Dusseldorf, Stuttgart/Karlbsruhe, Berlin/Brandenburg, Munster and Rhein/Main.

On March 2, 2007, we acquired WCS spectrum in Canada. The acquisition includes 30MHz of spectrum in all service areas. The licenses vary widely in terms of population and geographic coverage, but include major cities, such as Montreal, Ottawa, Edmonton, Quebec and Winnipeg.

International Investments

We have made international investments to leverage our development activities and to potentially serve as a vehicle to market our WiMAX products in international markets. These investments include a 51% interest in Inquam Broadband, a joint venture based in Germany that has acquired nationwide spectrum licenses in Germany, and a 33%

interest in Hughes Systique, an offshore software development company located in India. In addition, we have opened a liaison office in Korea, the location of the world's first commercial metropolitan-area wireless broadband network.

Inquam Broadband

We acquired 51% of the equity of Inquam Broadband Limited, a Cayman Islands corporation, for $1.6 million and have agreed to provide additional funding up to 1.4 million Euros ($1.7 million at December 30, 2006), of which $1.1 million has been funded through December 30, 2006. Inquam Broadband was formed in January 2006 as a joint venture with Inquam-BMR GP, a private investment partnership. Through Inquam Broadband, we have broadband telecommunications assets in Germany and, subject to final regulatory action, Switzerland. Under a separate note agreement established for the purpose of funding Inquam Broadband's bids at wireless spectrum auctions in Germany and Switzerland, we loaned to a wholly-owned subsidiary of Inquam Broadband up to 17.6 million Euros and 7.1 million Swiss Francs ($28.9 million at December 30, 2006), of which $22.7 million was outstanding at December 30, 2006. Inquam Broadband and its subsidiary have not yet conducted any significant operating activities.

In connection with the formation of Inquam Broadband, we received an option to acquire a 51% equity interest in Inquam Deutschland GmbH for an exercise price of 9.7 million Euros ($12.7 million at December 30, 2006), subject to certain adjustments. Inquam Deutschland, an affiliate of Inquam-BMR GP, holds a nationwide spectrum award of 2x1.25 MHz from the German telecommunications regulatory agency. Our option to purchase 51% of Inquam Deutschland expires on the later of April 18, 2007 and the 12th business day following the announcement of the outcome of the Swiss auction described below. At any time prior to the expiration of our option, Inquam-BMR GP has the right to purchase an interest between 25% and 49% in the note agreement described above, at which time both Inquam-BMR GP's and NextWave's note interests would simultaneously convert into ordinary shares of Inquam Broadband on a pro rata basis. In lieu of this right and at any time prior to the expiration of the option, Inquam-BMR GP has the right to require NextWave to purchase all shares then held by Inquam-BMR GP for 1,000 Euros per share ($2.1 million at December 30, 2006). In the event that Inquam-BMR GP does not exercise either of these rights prior to the expiration of NextWave's option in April 2007, NextWave must elect to either convert the note into shares of Inquam Broadband equal to the note amount divided by 1,000 or purchase all Inquam Broadband shares then held by Inquam-BMR GP for 1,000 Euros per share ($2.1 million at December 30, 2006). Inquam Broadband may implement and operate a pilot network in Cologne, Germany, together with Netcologne, using the existing spectrum in Inquam Deutschland.

In December 2006, Inquam Broadband Holdings Ltd, a subsidiary of Inquam Broadband was declared the winner of 28 Broadband Wireless Access (BWA) licenses, covering 100% of the Federal Republic of Germany, with an estimated population of 83 million, in the BWA spectrum auction conducted by BNetzA, the German regulatory authority for telecommunications. Inquam Broadband acquired the 42 MHz wide licenses, located in the 3.5 GHz frequency band, at a cost of $23.1 million or approximately seven tenths of a cent per MHz-POP. In February 2007, Inquam Broadband participated in a spectrum auction in Switzerland. We are currently awaiting notification from the Federal Office of Communication in Switzerland, which will determine if the license will be granted to Inquam Broadband for the minimum concession.

Hughes Systique

In October 2005, we acquired a 33% equity interest in Hughes Systique Corporation ("HSC") for $4.5 million. The remaining equity is owned by Hughes Communications, Inc., the parent company of Hughes Network Systems, and the employees of HSC. Formed in 2005, HSC is an offshore software development company that specializes in providing software development services to the telecommunications industry using engineers and software developers in India. The President and CEO of HSC, Pradeep Kaul, has more than 33 years of experience in the wireless industry, including as an executive at Hughes Network Systems, and previously formed a successful offshore development company that was sold to Flextronics International. We entered into the relationship with HSC to facilitate and expedite the development of software modules and applications required in connection with our broadband development activities. In October 2005, we also entered into a 24-month service agreement with HSC pursuant to which we have agreed to contract for a minimum level of programmers during the term of the agreement. This agreement was amended in December 2006, extending the term through June 2009.

Korea Liaison Office

In January 2006, we obtained the necessary governmental approvals to open a corporate liaison office in Korea limited to five employees. Our country manager, Dr. Hyock Jo Kwon, was President and CEO of Shinsegi Telecom Company, which launched the world's first commercial wireless network based on CDMA technology. Our Korea liaison office occupies leased office space in Seoul's Korea Stock Exchange Building. The goal of the office is to establish, develop and pursue mutually beneficial business opportunities and technology relationships in wireless communications with Korean corporations and research organizations addressing advance wireless products and services for global markets.

Korea has become a global leader in the wireless broadband industry. Korea Telecom is currently deploying the world's first mobile broadband network based on the WiBro standard. WiBro, developed by Korea's Electronics and Telecommunications Research Institute (ETRI) and Korean wireless equipment manufacturers, has been harmonized with the IEEE 802.16e standard. South Korea's Telecommunications Technology Association (TTA) was recently named as the world's second WiMAX Forum certification laboratory to provide testing and certifying services for WiMAX.

Sales and Marketing

WiMAX /Wi-Fi Semiconductors and Network Products

We intend to market our family of WiMAX/Wi-Fi semiconductors, software, and network products to network infrastructure and device manufacturers as well as network operators worldwide. We plan to utilize a direct sales organization and third-party outlets to sell our products and will utilize third-party sales representatives and stocking distributors as additional channels to market our chipsets. In addition, we also intend to utilize a direct sales organization and third-party outlets to market and/or license our network products and technologies to network infrastructure manufacturers who intend to market WiMAX/Wi-Fi network equipment to wireless broadband service providers.

We intend to promote industry awareness of our products and technologies via the deployment of our Las Vegas test site, and through industry trade shows, public relations initiatives, trade advertising and our company web site. In addition, we intend to actively work with leading trade publications and industry analysts to educate potential customers on the benefits of our products and technologies.

WiMAX Network Services

We intend to provide network design and implementation services to service providers who will build and operate wireless broadband networks that utilize our technologies and/or spectrum. Because our network services will be provided in connection with our product sales, we do not envision the need to develop a separate sales channel to market our network services.

Multimedia Software Products

Our PacketVideo subsidiary utilizes a team of strategic account managers to market its multimedia software products to device manufacturers and service provider customers in North America, Asia and Europe. At present, PacketVideo's customers include BenQ-Siemens, Fujitsu, LGE, Mitsubishi, Motorola, NEC, Nokia, Orange, Panasonic, Samsung, Sanyo, Sony-Ericsson, T-Mobile and Verizon Wireless.

To promote its suite of software products and services, PacketVideo exhibits at high-profile wireless trade events including 3GSM World Congress, CTIA, and CTIA Wireless IT & Entertainment.

Wi-Fi Network Products

Our GO Networks subsidiary markets it products and services to service providers, carriers, and municipalities through a direct sales force and through local system integrators on a worldwide basis. At present, GO Networks' primary markets are North America, Europe, the Middle East, and Africa. Secondary markets include the Asia-Pacific, and Central/Latin America. GO Networks is in discussions with strategic partners and OEM vendors that would integrate GO Networks products into their portfolio of wireless network solutions.

GO Networks intends to generate market awareness and promote its products through print and internet advertising, press and analyst outreach initiatives, publication of technical, educational and business articles in industry magazines, and participation in tradeshows, conferences and technology seminars.

Geographic Breakdown of Revenues

During the year ended December 30, 2006, we generated $16.5 million of revenues (68%) in the United States, $4.6 million (19%) in Japan, $2.5 million (10%) in Europe and $0.7 million (3%) in other regions of the world.

For the period from inception (April 13, 2005) to December 31, 2005, we generated $1.9 million of revenues (45%) in the United States, $1.3 million (32%) in Japan, $0.6 million (13%) in Europe and $0.4 million (10%) in other regions of the world.

Competition

Advanced Technology Group

We expect the market for our WiMAX products to be highly competitive and expect that competition will increase in the future. The principal competitive factors include:

- Industry adoption of wireless standards that compete with mobile WiMAX; and
- Mobile WiMAX semiconductors and related products offered by our competitors.

Competing Wireless Broadband Standards

Mobile WiMAX will compete with third generation (3G), CDMA based wireless technologies and fourth generation (4G), Orthogonal Frequency Division Multiple Access (OFDMA) based wireless air-interface technologies that are intended to provide mobile broadband services to the market. Major alternative wireless broadband technologies include:

CDMA2000: CDMA2000 is a registered trademark of the Telecommunications Industry Association and describes a family of 3G mobile telecommunications standards based on the 3GPP2 telecommunications specification. CDMA2000 includes the 1xEV-DO standards which have achieved high levels of industry support in the United States and abroad, including nationwide deployments by Verizon Wireless and Sprint Nextel. It is expected that CDMA2000 may be harmonized with the 802.20 Mobile Broadband Wireless Access OFDMA that is currently under development.

UMTS: Universal Mobile Telecommunications System (UMTS) is a 3G wireless technology, based on the 3GPP specification, that uses W-CDMA (Wideband - Code Division Multiple Access) as its underlying air-interface standard. UMTS has achieved a high level of industry acceptance and has the support of some of the largest GSM wireless network operators in the world. To enhance network performance, UMTS network operators are currently deploying a new WCDMA protocol called High Speed Downlink Packet Access (HSDPA) that is expected to significantly improve downstream network data rates. In the future, it is expected that network operators will also deploy High Speed Uplink Packet Access (HSUPA) that is expected to significantly improve upstream network data rates. In addition, LTE, or Long Term Evolution, is the trade name for research and development work that is underway to identify future OFDMA technologies and capabilities needed to help ensure that 3GPP remains a highly competitive technology in the future.

As providers of mobile WiMAX product and technologies, we may compete indirectly with some or all of well-established, international companies that are engaged in the development, manufacture and sale of products and technologies that support alternative wireless broadband standards, including Alcatel, Ericsson, Huawei, LGE, Lucent, Motorola, Nokia, Nortel, QUALCOMM, Samsung and Siemens.

Competing WiMAX Products and Technology Providers

We will be competing with numerous companies that are developing or marketing WiMAX products and technologies that will directly compete with our products and technologies including Beceem, Fujitsu, Intel, Motorola, Nortel, RunCom, Samsung, Sequans and WaveSat. Some of these companies have significantly greater financial, technical development, marketing and other resources than we do, are already marketing commercial WiMAX semiconductor products, and have established a significant time to market advantage. In addition, we expect additional competition to emerge in the WiMAX semiconductor and components market from well-established companies, such as Broadcom and Samsung.

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Multimedia Software Products

At present, the primary competitors for PacketVideo's multimedia software products are the internal multimedia design teams at the OEM handset manufacturers to whom PacketVideo markets its products and services. Importantly, these OEMs represent some of PacketVideo's largest customers. In addition several companies, including Flextronics/Emuzed, Hantro, Nextreaming, Philips Software, Sasken and Thin Multimedia also currently provide software products and services that directly or indirectly compete with PacketVideo. As the market for embedded multimedia software evolves, we anticipate that additional competitors may emerge including Apple Computer, Real Networks and OpenWave.

Wi-Fi Network Systems

GO Networks competition ranges from small and medium size companies such as Tropos Networks, Strix Systems, and Belair Networks to large-scale systems suppliers such as Cisco, Motorola, and Nortel. Some of these companies have significantly greater financial, technical development, and marketing resources than GO Networks, are already marketing carrier-class Wi-Fi systems, and have established a significant time-to-market advantage.

Intellectual Property

In order to protect our proprietary rights in our products and technologies, we rely primarily upon a combination of patent, trademark, trade secret and copyright law as well as confidentiality, non-disclosure and assignment of inventions agreements. We have six U.S. patents, one of which is the subject of extensive foreign filing. We have fifty-five patent applications pending in the United States as well as four U.S. provisional patent applications. We have nine pending intent-to-use U.S. trademark applications as well as four U.S. trademark registrations and one service mark registration. There are numerous foreign trademark applications as well as numerous foreign registrations. Due to the early development stage of our WiMAX technology development business, our registered PacketVideo trademark is the only trademark that is currently material to our business.

In addition, we have typically entered into nondisclosure, confidentiality and assignment of inventions agreements with our employees, consultants and with some of our suppliers and customers who have access to sensitive information. We cannot assure you that the steps taken by us to protect our proprietary rights will be adequate to prevent misappropriation of our technology or independent development and/or the sale by others of products with features based upon, or otherwise similar to, those of our products.

Given the rapid pace of technological development in the communications industry, we also cannot assure you that our products do not or will not infringe on existing or future proprietary rights of others. Specifically, more than 30 companies have submitted letters of assurance related to IEEE Standard 802.16 and amendments stating that they may hold or control patents or patent applications, the use of which would be unavoidable to create a compliant implementation of either mandatory or optional portions of the standard. In such letters, the patent holder typically asserts that it is prepared to grant a license to its essential IP to an unrestricted number of applicants on a worldwide, non-discriminatory or "demonstrably free of unfair discrimination" basis and on reasonable terms and conditions. If any companies asserting that they hold or control patents or patent applications necessary to implement mobile WiMAX do not submit letters of assurance, or state in such letters that they do not expect to grant licenses, this could have an adverse effect on the implementation of mobile WiMAX networks and the sale of our mobile WiMAX products and technologies. In addition, we can not be certain of the validity of the patents or patent applications asserted in the letters of assurance submitted to date, or the terms of any licenses which may be demanded by the holders of such patents or patent applications. If we are required to pay substantial license fees to any company (s) not participating in the process defined by 802.16 intellectual property committee for any "finished" mobile WiMAX products, this could adversely affect the profitability of these products.

Although we believe that our technology has been independently developed and that none of our intellectual property infringes on the rights of others, we cannot assure you that third parties will not assert infringement claims against us or seek an injunction on the sale of any of our products in the future. If an infringement were found to exist, we may attempt to acquire the requisite licenses or rights to use such technology or intellectual property. However, we cannot assure you that such licenses or rights could be obtained on terms that would not have a material adverse effect on us, if at all.

We license and will continue to seek licenses to certain technologies from others for use in connection with some of our products and technologies. While none of our current license agreements are material at the time of this 10-K Form, the inability to obtain such licenses or loss of these licenses could impair our ability to develop and market finished products to end-users. If we are unable to obtain or maintain the licenses that we need, we may be unable to develop and market our products or processes, or we may need to obtain substitute technologies of lower quality or performance characteristics or at greater cost.

Participation in the WiMAX Standardization Process

The standardization of a wireless broadband technology such as WiMAX is driven by professional associations consisting of experts employed by companies who have an interest in developing the relevant technology. We believe that our participation in these associations is important in order to influence the development of standards and in order to keep up to date with the latest technological developments in our industry.

The most important technological standards in our industry are developed by the Institute of Electrical and Electronics Engineers (IEEE). WiMAX is based on the IEEE standard 802.16e for broadband wireless access. The 802.16e mobile WiMAX standard is the latest generation of the IEEE 802.16 Air Interface standard, which is the state-of-the-art standard for wireless multimedia distribution. It was initially designed for multimedia distribution for outdoor fixed broadband wireless access (BWA) markets where it addresses the “Last Mile” problem for the extension of fiber, cable and DSL networks. It takes the best features from earlier proprietary wireless access systems and combines them to provide a flexible wireless network solution capable of meeting the most stringent requirements for reliable multimedia communications.

NextWave has actively participated in the development of the IEEE 802.16 standard. Ken Stanwood, Executive Vice President of Technical and Standards Development, has participated in IEEE 802.16 from the very start, and is responsible for much of the core Media Access Control (MAC) layer technology in the standard. He recently finished a three year term as vice chair of IEEE 802.16. In addition, Dr. Roger Marks, Senior Vice President - Industry Relations of our Advanced Technology Group, currently serves as chairman of IEEE 802.16. Many additional NextWave personnel support the process as task group officers and participants.

Even with the development of the IEEE 802.16 standard, the interoperability of wireless broadband devices and networks is not guaranteed. For example, two vendors could pick the same profile but implement it differently. Acknowledging that risk, the companies involved in the development of IEEE 802.16 decided to create another voluntary industry organization, known as the WiMAX Forum that would certify devices and technologies that meet a uniform standard. In April 2001, the WiMAX Forum was established, with Mr. Stanwood as one of the founders. The WiMAX Forum creates and monitors the test specifications for wireless broadband systems and components based on the IEEE 802.16 standard.

The WiMAX Forum now has hundreds of industry participants as members, including AT&T, Cisco, Intel, Motorola, Nokia, Nortel and Samsung. The WiMAX Forum is in the process of certifying fixed WirelessMAN-OFDM systems through independent laboratory conformance testing and plug-fests. Plug-fests are events at which participating companies have the opportunity to test and demonstrate the interoperability of their products based on a set of standards. The WiMAX Forum is embarking on test specifications and plug-fests for WirelessMAN-OFDMA scalable OFDMA mobile systems, commonly referred to as 802.16e systems.

In parallel with efforts by the IEEE and the WiMAX Forum, the Telecommunications Technology Association (TTA) in Korea developed WiBro, an 802.16-based standard, which emphasizes support for mobility based on the 802.16e amendment. Efforts supported by TTA and IEEE 802.16 to harmonize the WiBro standard with the IEEE 802.16e standard were successful. WiBro was converted from a wireless standard to a service requiring WiMAX certified equipment in the 2.3 GHz band.

Government Regulation

Overview

Communications industry regulation changes rapidly, and such changes could adversely impact us. The following discussion describes some of the major communications-related regulations that affect us, but numerous other substantive areas of regulation not discussed here also may influence our business.

Communications services are regulated to varying degrees at the federal level by the Federal Communications Commission ("FCC") and at the state level by public utilities commissions ("PUCs"). NextWave's suite of wireless broadband products and services is subject to federal regulation in a number of areas, including the licensing and use of spectrum, and the technical parameters, certification, marketing, operation and disposition of wireless devices. Applicable consumer protection regulations also are enforced at the federal and state levels.

The following summary of applicable regulation does not describe all present and proposed federal, state and local legislation and regulations affecting the communications industry. Some legislation and regulations are the subject of ongoing judicial proceedings, proposed legislation and administrative proceedings that could change the manner in which our industry is regulated and the manner in which we operate. We cannot predict the outcome of any of these matters or their potential impact on our business. See "Risks Relating to Government Regulation."

Licensing and Use of Wireless Spectrum

The FCC regulates the licensing, construction, use, renewal, revocation, acquisition and sale of our licensed wireless spectrum holdings. Our wireless spectrum holdings currently include licensed spectrum in the WCS, AWS and BRS bands, and leased spectrum in the EBS band. We intend to make this spectrum available to service providers who want to deploy and operate next-generation mobile broadband networks that utilize our advanced technologies and spectrum.

Certain general regulatory requirements apply to all licensed wireless spectrum. For example, certain build-out or "substantial service" requirements apply to our licensed wireless spectrum, which generally must be satisfied as a condition of license renewal. The Communications Act and FCC rules also require FCC prior approval for the acquisition, assignment or transfer of control of FCC licenses. In addition, FCC rules permit spectrum leasing arrangements for a range of wireless licenses. Approval from the Federal Trade Commission and the Department of Justice, as well as state or local regulatory authorities, also may be required if we sell or acquire spectrum. The FCC Sets rules, regulations and policies to, among other things:

- grant licenses in the WCS, AWS, BRS and EBS bands;
- regulate the technical parameters and standards governing wireless services, the certification, operation and marketing of radio frequency devices and the placement of certain transmitting facilities;
- impose build-out or performance requirements as a condition to license renewals;
- approve applications for license renewals;
- approve assignments and transfers of control of FCC licenses;
- approve leases covering use of FCC licenses held by other persons and organizations;
- resolve harmful radiofrequency interference between users of various spectrum bands;
- impose fines, forfeitures and license revocations for violations of FCC rules; and

- impose other obligations that it determines to be in the public interest.

Additional, more specific regulatory requirements that apply to WCS, AWS, BRS and EBS spectrum are described below. Compliance with all of the foregoing regulatory requirements, and those listed below, increases our cost of doing business. For a description of an interference issue which may impact use of WCS, BRS and EBS spectrum, see "Risks Relating to Government Regulation-Wireless Devices utilizing WCS, BRS and EBS Spectrum May Be Susceptible to Interference from Satellite Digital Audio Radio Services ("SDARS")."

WCS License Conditions

WCS licensees must comply with all applicable legal and technical rules imposed by the FCC, including those found in Part 27, Title 47 of the Code of Federal Regulations. WCS licenses are granted for ten-year license terms, and licensees are required under applicable Part 27 rules to demonstrate that they are providing "substantial service" in their license area within the initial license term. Substantial service is defined as "service which is sound, favorable, and substantially above a level of mediocre service which just might minimally warrant renewal." For WCS licensees, the FCC recently extended the substantial service build-out deadline until July 21, 2010. Failure to make the substantial service demonstration by that date, without seeking and obtaining an extension from the FCC, would result in license forfeiture. Extensions of time to meet substantial service demonstrations are not routinely granted by the FCC.

BRS-EBS License Conditions

Like WCS licenses, EBS and BRS licenses are granted for ten-year license terms, and licensees must comply with all applicable legal and technical rules imposed by the FCC, including those found in Part 27, Title 47 of the Code of Federal Regulations. Unlike WCS licenses, BRS and EBS licenses were granted at different times and, therefore, do not have a uniform expiration date. BRS and EBS licensees must also demonstrate that they are providing "substantial service" in their license areas. On April 27, 2006, the FCC released an order in which a May 1, 2011 substantial service deadline for EBS and BRS spectrum was adopted.

From 2004 to 2006, the FCC adopted a number of rule changes which create more flexible BRS/EBS spectrum rules to facilitate the growth of new and innovative wireless technologies and services, including fixed and mobile wireless broadband services. Although the proceedings to reform BRS/EBS rules have largely been completed, they remain subject to legal challenges and petitions for reconsideration and, thus, are subject to additional revisions. The FCC ordered the 2.5 GHz band to be reconfigured into three segments: upper- and lower-band segments for low-power operations, and a middle-band segment for high-power operations. The new BRS/EBS band configuration eliminates the use of interleaved channels by licensees in favor of contiguous channel blocks. By creating contiguous channel blocks, and grouping high- and low-power users into separate portions of the BRS/EBS band, the new band plan reduces the likelihood of interference caused by incompatible uses and creates incentives for the development of low-power, cellularized broadband operations, which were inhibited by the prior band plan. The new BRS/EBS band plan will allow licensees to use the 2496-2690 MHz spectrum in a more economical and efficient manner and will support the introduction of next-generation wireless technologies. The new rules preserve the operations of existing licensees, including educational institutions currently offering instructional television programming, but require that licensees transition to the new band plan by October 19, 2010 (barring disputes in the transition process), which includes relocating licensees from their current channel assignments to new spectrum designations in the band.

For each EBS and BRS licensee, the deadline for filing initial plans with the FCC - the first step in launching the transition process in a given market - is January 19, 2009. After the initial plan is filed with the FCC, licensees have a 90-day transition planning period, followed by an additional eighteen months to complete the transition. We and other parties intend to transition the 2.5 GHz band to the new configuration on a market-by-market basis. The process may require several years to complete nationally. When the transition is complete, which should occur by October 19, 2010, we believe that the 2.5 GHz band will be more suitable for providing NextWave's suite of wireless broadband products and services. See, "Risks Relating to Government Regulation-We Will Not Have Complete Control Over our Transition of EBS and BRS Spectrum, Which Could Impact Compliance With FCC Rules."

AWS License Conditions

AWS licensees must comply with all applicable legal and technical rules imposed by the FCC, including those found in Part 27, Title 47 of the Code of Federal Regulations. The initial AWS licenses, which include all of our licenses, are granted for a fifteen-year license term, with a renewal term of 10-years. Licensees are required to demonstrate that

they are providing “substantial service” in their license area within the initial fifteen-year license term. Substantial service is defined as “service which is sound, favorable, and substantially above a level of mediocre service which just might minimally warrant renewal.” For our AWS licensees, the renewal deadline and the substantial service build-out deadline is December 18, 2021. Failure to make the substantial service demonstration, without seeking and obtaining an extension from the FCC, would result in license forfeiture. Extensions of time to meet substantial service demonstrations are not routinely granted by the FCC.

The AWS spectrum includes a large number of incumbent federal government and non-government operations that must be relocated to other spectrum. AWS licensees are required to coordinate their operations to avoid interfering with these incumbent stations until relocation is complete. A small number of these incumbent stations must be protected indefinitely. In certain cases, the AWS licensee must pay for the relocation of incumbent stations within the AWS licensee's license area. AWS licensees are effectively prohibited from deploying time division duplex ("TDD") systems in the AWS spectrum.

Point-to-Point Microwave License Conditions

We hold a number of 18 GHz and 23 GHz point-to-point microwave licenses in Las Vegas that we intend to use as part of our network to transmit or "backhaul" wireless broadband communications traffic to our cell sites and network trial operations center. These licenses are granted based upon applications that demonstrate that the applicant is legally and technically qualified and that the proposed station will not cause impermissible interference to other stations or proposed stations that are entitled to interference protection. These licenses also have license terms of 10 years, and are subject to satisfying construction deadlines that occur 18 months after the licenses are granted. Point-to-point microwave licensees must also comply with certain technical rules contained in Part 101, Title 47 of the Code of Federal Regulations.

New Spectrum Opportunities and Spectrum Auctions

Several FCC proceedings and initiatives are underway that may affect the availability of spectrum for commercial wireless services. These proceedings may make more wireless spectrum available to us and other new wireless competitors. We believe that additional spectrum bands may also be attractive for the deployment of mobile WiMAX networks, and in the future we may obtain spectrum in those bands through secondary markets acquisitions and leases and whatever mechanisms the FCC may establish including participation in FCC auctions.

Other FCC Requirements

Internet Access Services

Internet access services are generally considered "information services," not "telecommunications services," and are therefore exempt from common carrier regulation by the FCC. Such services are not, however, without regulatory requirements. Providers of facilities-based broadband Internet access services, and providers of interconnected VoIP services, are required to comply with the Communications Assistance for Law Enforcement Act ("CALEA"). Providers of interconnected VoIP services also are required to comply both with Enhanced 911 ("E911") regulations, which require routing of 911 calls to geographically appropriate public safety answering points based on the caller's location, as well as certain Universal Service Fund ("USF") contribution, reporting and registration obligations. Certain consumer protection regulations also may apply at the state and federal levels. The regulatory treatment of other IP-enabled services, including the remainder of NextWave's wireless broadband products and services, is presently under consideration by the FCC.

Voice over Internet Protocol

The FCC has and continues to consider the regulatory status of various forms of VoIP services. In 2004, the FCC issued decisions in which it found that: (i) a computer-to-computer VoIP service for which no charge is assessed and conventional telephone numbers are not used, is an unregulated "information service," rather than a telecommunications service ; and (ii) long distance offerings in which calls originate from and terminate to the ordinary public switched telephone network, using regular telephones, but are transmitted in part through the use of IP, are "telecommunications services," thereby rendering such services subject to the payment of access charges. The FCC also preempted states from exercising entry and related economic regulation of VoIP services that require the use of specialized end user

equipment to send/receive calls over a broadband connection to the Internet, and use North American Numbering Plan (NANP) numbers as the identification mechanism for the user's IP address. This ruling did not address specifically whether this form of VoIP is an "information service" or a "telecommunications service," or what regulatory obligations, such as intercarrier compensation, should apply. In 2005, as detailed below, the FCC subjected "interconnected VoIP" service providers to Enhanced 911 and Communications Assistance for Law Enforcement Act obligations. In 2006 the FCC subjected "interconnected VoIP" service providers to certain USF contribution, reporting, registration and contribution obligations (discussed below). Issues surrounding whether or how VoIP offerings should be regulated, including whether they should pay access charges, along with the regulatory treatment of other IP-enabled services, is presently under consideration by the FCC.

E911 Services

The FCC adopted E911 obligations for broadband service providers that offer interconnected VoIP service to end users. E911 systems route 911 calls to a geographically appropriate public safety answering point based on the caller's location. Unlike basic 911, which merely connects the caller with public safety entities, E911 provides public safety entities with the caller's call back number and in many cases location information. The FCC order establishing this obligation was not clear as to whether the obligation, which has been effective since November 28, 2005, applies to both wholesale and retail providers of interconnected VoIP service. The obligation can be met through contracting with third parties or purchasing tariffed E911 services from local exchange carriers. The FCC also is examining whether to apply a range of additional E911 requirements to interconnected VoIP providers.

CALEA Requirements

Providers of interconnected VoIP and facilities-based broadband Internet access providers are subject to the requirements set forth in CALEA. CALEA requires that our equipment, facilities and services allow for lawfully authorized electronic surveillance by law enforcement agencies based on either industry or FCC standards. In September 2005, the FCC extended CALEA obligations to facilities-based broadband Internet access providers and to interconnected VoIP providers, whether wireline or wireless. These entities must be compliant with CALEA's obligations by May 14, 2007, unless a waiver or extension has been obtained from the FCC.

Universal Service Fund

In 2006, the FCC established USF contribution, reporting and registration obligations for providers of interconnected VoIP. The USF contribution obligation is based upon the portion of revenues derived from "telecommunications" service and the end-user telecommunications revenues derived from interstate and international traffic. The FCC rules provide various mechanisms for determining the contribution figure. Some aspects of these contribution rules, as applied to providers of interconnected VoIP service, are the subject of a pending challenge in federal court. Interconnected VoIP service providers also will be subject to the same USF reporting procedures that apply to all other providers of interstate and international telecommunications. These reporting procedures involve quarterly reporting of the gross projected billed and collected end-user interstate and international revenues as well as annual reporting of actual, gross, billed and collected end-user interstate and international revenues. Under the FCC rules, providers of interstate and international telecommunications whose annual USF contribution are expected to be less than $10,000 are not required to contribute to the USF, or file quarterly or annual USF reports. All interconnected VoIP providers that have not already registered with the FCC and designated an agent for service of process must complete certain registration requirements.

Consumer-Related Regulations

The FCC is considering whether Internet access services, regardless of the technology used, should be subject to FCC consumer protection regulations. Various states may also exercise authority over terms and conditions of Internet access services, such as billing practices and other consumer-related matters. Compliance with additional consumer-related obligations will result in significant additional costs for us.

Privacy-Related Regulations

In providing NextWave's suite of wireless broadband products and services to consumers, we may be required to comply with FCC-mandated rules that limit how customer proprietary network information, or CPNI, can be used for marketing purposes, and what we must do to safeguard CPNI. It was recently reported that the call detail records of both wireline and wireless telephone customers are available from certain Internet-based vendors. Both Congress and state legislatures are considering legislation to criminalize the sale of call detail records and to further restrict the

manner in which carriers make such information available. The FCC is investigating these practices and is examining whether existing regulations with respect to CPNI require revision or expansion, which could result in additional costs to us, including administrative or operational burdens on our customer care, sales, marketing and IT systems.

Equipment Certification

Our equipment must conform to a variety of federal regulations that require compliance with administrative and technical requirements as a condition to marketing devices that emit radio frequency energy.

Tower Siting

Wireless systems must comply with various federal, state and local regulations that govern the siting, marking, lighting and construction of transmitter towers and antennas, including regulations promulgated by the FCC and Federal Aviation Administration, or FAA. FCC rules subject certain tower locations to environmental and historic preservation statutory requirements. To the extent governmental agencies impose additional requirements on the tower siting process, the time and cost to construct and deploy towers could be negatively impacted. The FAA has proposed modifications to its rules that would impose certain notification requirements upon entities seeking to (i) construct or modify any tower or transmitting structure located within certain proximity parameters of any airport or heliport, and/or (ii) construct or modify transmission facilities using the 2500-2700 MHz radiofrequency band, which encompasses virtually all of the BRS/EBS frequency band. If adopted, these requirements could impose new administrative burdens upon users of BRS/EBS spectrum.

E-waste legislation

Electronics waste laws, also known as "E-waste" laws, went into effect July 1, 2006 in California, China, Japan and the European Union ("EU") and require electronics developers, manufacturers and distributors to eliminate hazardous substances, such as lead and mercury, in their products and to participate in, and finance, the recycling of E-waste. Congress is considering national legislation that would override state E-waste laws and provide for more consistent application of E-waste standards.

Employees

As of March 21, 2007, we had 662 full-time employees, including 240 in our Advanced Technology Group, 47 in our Network Solutions Group, 234 in PacketVideo, 67 in GO Networks and 74 in corporate operations and administration. In addition, we had 220 full-time equivalent contractors, including 18 in our Advanced Technology Group, 18 in our Network Solutions Group, 153 in PacketVideo and 31 in corporate operations and administration. We are not subject to any collective bargaining agreements and believe that our relationship with our employees is good.

Our History

NextWave Telecom and the PCS Business

Our predecessor entity, NextWave Wireless Inc. (later converted to NextWave Wireless LLC, and referred to in this Annual Report on Form 10-K as "Old NextWave Wireless") was formed in 1996 as a wholly owned operating subsidiary of NextWave Telecom, Inc. ("NTI"). NTI sought to develop a nationwide CDMA-based PCS network. In 1998, Old NextWave Wireless, together with NTI and its other subsidiaries (the "NextWave Telecom group"), filed for protection under Chapter 11 of the United States Bankruptcy Code. During the seven-year pendency of the Chapter 11 case, Old NextWave Wireless continued its involvement in the build-out of NTI's PCS network. Substantially all of the related assets, except the PCS licenses, were abandoned when NTI was sold to Verizon Wireless as part of the plan of reorganization of the NextWave Telecom group described below.

Wireless Broadband Development

Although a commercial wireless broadband business was not developed during the pendency of the Chapter 11 case, the vision for our company was created at that time. Beginning in 2003, NTI began to explore opportunities to create the technology for a broadband wireless network utilizing BRS spectrum in the 2.5 GHz frequency range. In late 2003, NTI received authority from the Bankruptcy Court to construct and test a wireless broadband network in the Las Vegas, Nevada metropolitan area. Old NextWave Wireless acquired the rights to 24 MHz of BRS spectrum in Las Vegas and began work on the test network. In 2004, Old NextWave Wireless acquired preferred stock representing a

50% equity interest in CYGNUS Communications, Inc., a company engaged in the development of wireless communications hardware. Among other reasons, to separate the new prospective BRS spectrum wireless technology business from the PCS business of the rest of the NextWave Telecom group, NTI formed a new subsidiary, NextWave Broadband, to be the operating company for the BRS business. The capitalization of a new wireless technology company was discussed with the stakeholders of the NextWave Telecom group and was made part of the plan of reorganization described below.

Plan of Reorganization and Verizon Wireless Transaction

On March 1, 2005, the Bankruptcy Court confirmed the plan of reorganization of the NextWave Telecom group, including Old NextWave Wireless. In December 2004, Old NextWave Wireless was converted from a corporation to a limited liability company. The plan of reorganization was funded with the proceeds from the sale of NextWave Telecom and its subsidiaries (other than Old NextWave Wireless) to Verizon Wireless for $3.0 billion, in addition to previous PCS spectrum sales to Cingular Wireless, Verizon Wireless and MetroPCS. The plan of reorganization provided for the payment in full of all the creditors of the NextWave Telecom group and the funding of Old NextWave Wireless as a new wireless broadband technology company to be distributed to equityholders, together with an aggregate distribution of $2.6 billion in cash and $149 million principal amount of our Non-Recourse Secured Notes. Prior to the consummation of the plan of reorganization, NTI and its subsidiaries entered into a global settlement agreement with the FCC resolving all outstanding claims of the FCC.

In connection with the sale of NextWave Telecom and its subsidiaries to Verizon Wireless, we agreed to indemnify NextWave Telecom and its subsidiaries against all pre-closing liabilities of NextWave Telecom and its subsidiaries and against any violation of the Bankruptcy Court injunction against persons having claims against NextWave Telecom and its subsidiaries, with no limit on the amount of such indemnity. A total of $165.0 million was held in escrow (the "Escrow Amount") in order to secure such indemnity, and to satisfy any amounts due to Verizon Wireless in the event that the consolidated net loss of the NextWave Telecom group for the taxable year commencing on January 1, 2005, and ending on April 13, 2005 was, subject to certain adjustments, less than $1.362 billion. On December 6, 2006, Verizon and AirTouch Cellular, the assignee of Verizon, entered into an agreement (i) to settle the amounts payable under the Escrow Account and (ii) to release the Escrow Amount plus accrued interest. As a result, we received approximately $153.9 million of the proceeds from the Escrow Account, including accrued interest. In addition, the FCC received approximately $16.1 million of funds held in escrow, including approximately $0.8 million held under a separate escrow, pursuant to a December 2004 stipulation entered into between NextWave and the FCC. We are not currently aware of any other indemnifiable losses that remain following the effective date of the sale to Verizon, and Verizon has not made any related claims therefor.

As part of the plan of reorganization, we issued $148.5 million of Non-Recourse Secured Notes to the former equityholders of NextWave Telecom. The notes were non-recourse to our assets and we were required to redeem the notes using the proceeds of any escrow release, net of payments due to the FCC. Accordingly, the full amount of the escrow released to us, $153.9 million, or approximately 103.5% of the face amount of the notes, was paid directly into an escrow account to fund the redemption of the notes. The notes were redeemed as of December 21, 2006.

Inception of a Wireless Technology Company

The following steps were taken to organize Old NextWave Wireless as a new wireless technology company as part of the plan of reorganization:

- The NextWave Telecom group abandoned substantially all of its PCS networks, technology and fixed assets, except the PCS spectrum licenses to be acquired by Verizon Wireless.

- NTI and its subsidiaries transferred all of their remaining non-PCS assets to NextWave Broadband, except cash and the PCS spectrum licenses to be acquired by Verizon Wireless. The assets contributed primarily consisted of property and equipment not desired by Verizon Wireless, having a fair market value of less than $10 million.

- NextWave Broadband was transferred to Old NextWave Wireless.

- Old NextWave Wireless retained its investment in CYGNUS preferred stock and convertible notes, as well as wireless licenses useful for its new technology broadband business with a value of approximately $33.6 million.

- NTI and its subsidiaries, including Old NextWave Wireless, obtained an order providing a release of claims pursuant to Section 1141 of the Bankruptcy Code. To the extent that such release did not eliminate all liabilities of the NextWave Telecom group, NextWave Wireless assumed and agreed to indemnify Verizon Wireless against such liabilities.

- NTI and its subsidiaries (other than Old NextWave Wireless) were sold to Verizon Wireless for $3.0 billion.

- Membership units of NextWave were distributed to the former stockholders of NTI, which distribution was exempt from registration under the Securities Act pursuant to Section 1145 of the

Bankruptcy Code. Upon this distribution, on April 13, 2005, Old NextWave Wireless emerged as NextWave Wireless.

- Simultaneously with the distribution, NextWave was capitalized with $550 million of cash proceeds from the sale to Verizon Wireless and prior PCS spectrum license sales.

- Pursuant to the plan, the NTI stockholders received the undivided interests in the underlying assets of Old NextWave Wireless as part of their consideration for the redemption of their NTI shares, which was followed by the deemed contribution of these undivided interests to NextWave in return for membership interests in NextWave.

Our Recent Acquisitions

Since our emergence as a new wireless technology company, we have made several strategic investments and acquisitions, including most significantly:

- In March 2007, we acquired all of the outstanding shares of common stock of 4253311 Canada Inc., a Canadian company. The total cost of the acquisition was approximately $26.0 million in cash. The assets of the company are comprised almost entirely of wireless spectrum covering Canadian markets.

- In February 2007, NextWave acquired all of the outstanding common stock and warrants of GO Networks, Inc., for $13.2, million at closing plus the assumption of $6.7 million in debt, of which $1.3 million was paid at closing. Additional purchase consideration of up to $25.7 million may be paid in shares of NextWave common stock, subject to the achievement of certain operational milestones in the 18-month period subsequent to the closing of the acquisition. NextWave also adopted the GO Networks Employee Stock Bonus Plan, whereby certain employees may receive up to an aggregate of $5.0 million in shares of NextWave common stock upon the achievement of the operational milestones referred to above.

- In January 2007, PacketVideo acquired all of the shares of SDC Secure Digital Container AG for cash of $19.0 million. The acquisition will be accounted for in the first quarter of 2007 using the purchase method of accounting whereby the total purchase price, including any transaction related expenses, will be allocated to tangible and intangible assets acquired based upon their respective fair values.

- In December 2006, we were awarded 154 spectrum licenses for an aggregate bid of $115.6 million in the AWS auction. These licenses significantly increased our spectrum portfolio to cover approximately 249 million persons.

- Since our emergence as a wireless technology company, we have consummated transactions to acquire licensed spectrum rights, including subsequent lease obligations, for amounts totaling approximately $497 million, including our recent acquisition of WCS Wireless Inc., which holds spectrum covering 188.8 million persons, or POPs, in the Central, Western, and Northeastern United States, for $160.5 million.

- In July 2005 we acquired all of the outstanding shares of PacketVideo Corporation for $46.7 million in cash.

Corporate Conversion Merger

To enable our listing on The Nasdaq Global Market, NextWave Wireless LLC's Board of Managers and a majority in interest of NextWave Wireless LLC's members approved the conversion of the Company from a Delaware limited liability company to a Delaware corporation. The corporate conversion was effected on November 13, 2006 through the merger of a wholly owned subsidiary of ours with and into NextWave Wireless LLC. Our common stock is now listed on The Nasdaq Global Market under the ticker symbol "*WAVE*". In the merger, NextWave Wireless LLC's equity

holders received one share of our common stock for every six membership interests that they held. No fractional shares of our common stock were issued in connection with the corporate conversion merger. Instead, holders of LLC interests who would otherwise have been entitled to a fraction of a share of common stock were paid cash equal to $1.00 per LLC interest not exchanged for a whole share of our common stock. Each holder of NextWave Wireless LLC's limited liability interests own the same percentage of the outstanding equity of the Company before and immediately after the corporate conversion merger. In addition, we assumed NextWave Wireless LLC's obligations under all stock option plans of the Company and its subsidiaries.

Executive Officers of the Registrant

All of our executive officers are elected at the organizational meeting of our Board of Directors held annually and serve at the pleasure of the Board of Directors. The following table sets forth names, ages and positions of the persons who are our executive officers as of March 21, 2007.

Name