

NextWave Wireless Inc.
Form 10-Q
May 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012 March 31, 2012

OR

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 001-33226

NEXTWAVE WIRELESS INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

20-5361360
(IRS Employer
Identification No.)

12264 El Camino Real, Suite 305,
San Diego, California
(Address of principal executive offices)

92130
(Zip Code)

(619) 573-1570
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 2, 2012, there were 24,938,132 shares of the registrant's common stock outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****NEXTWAVE WIRELESS INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(in thousands, except par value data)****(unaudited)**

	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,580	\$ 11,087
Restricted cash	1,597	1,047
Marketable securities	6,289	10,000
Prepaid expenses and other current assets	590	827
Current assets of discontinued operations	4,197	3,511
Total current assets	21,253	26,472
Wireless spectrum licenses, net	434,445	435,522
Property and equipment, net	1,095	1,313
Other assets	346	362
Total assets	\$ 457,139	\$ 463,669
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Accounts payable	\$ 347	\$ 5
Accrued expenses	1,277	2,328
Current portion of long-term obligations	1,061,636	142,019
Other current liabilities	9	10
Current liabilities of discontinued operations	789	172
Total current liabilities	1,064,058	144,534
Deferred income tax liabilities	84,148	83,334
Long-term obligations, net of current portion	14,854	896,568
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.001 par value; 25,000 shares authorized; 355 shares designated as Series A Senior Convertible Preferred Stock; no other shares issued or outstanding		
Common stock, \$0.007 par value; 57,143 shares authorized; 24,938 shares issued and outstanding at March 31, 2012 and December 31, 2011	175	175
Additional paid-in-capital	888,697	888,505
Accumulated other comprehensive income	4,944	21,805
Accumulated deficit	(1,599,737)	(1,571,252)
Total stockholders' deficit	(705,921)	(660,767)

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Total liabilities and stockholders' deficit	\$ 457,139	\$ 463,669
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The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**NEXTWAVE WIRELESS INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE LOSS****(in thousands, except per share data)****(unaudited)**

	Three Months Ended	
	March 31, 2012	April 2, 2011
Operating expenses:		
General and administrative	\$ 5,596	\$ 6,133
Restructuring credit		(1,076)
Total operating expenses	5,596	5,057
Net gains on sales of wireless spectrum licenses	29	2
Loss from operations	(5,567)	(5,055)
Other income (expense):		
Interest income	16	15
Interest expense	(41,557)	(58,502)
Other income		1,255
Total other expense, net	(41,541)	(57,232)
Loss from continuing operations before income taxes	(47,108)	(62,287)
Income tax benefit	187	161
Net loss from continuing operations	(46,921)	(62,126)
Income from discontinued operations before income taxes, net of gains on divestitures of discontinued operations of \$19,859 and \$1,655, respectively	19,842	1,762
Income tax provision	(1,406)	(643)
Net income from discontinued operations	18,436	1,119
Net loss	\$ (28,485)	\$ (61,007)
Other comprehensive loss:		
Net loss	\$ (28,485)	\$ (61,007)
Foreign currency translation adjustment transferred to earnings upon substantial liquidation of foreign entities	(17,578)	1,305
Foreign currency translation adjustment	717	1,051
Total other comprehensive loss	(45,346)	(58,651)
Amounts attributed to net income (loss) per common share:		
Net loss from continuing operations	\$ (46,921)	\$ (62,126)
Net income from discontinued operations	18,436	1,119
Net loss	\$ (28,485)	\$ (61,007)

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Net income (loss) per common share - basic and diluted		
Continuing operations	\$ (1.95)	\$ (2.56)
Discontinued operations	0.77	0.05
Net loss	\$ (1.18)	\$ (2.51)
Weighted-average shares used in per share calculation	24,067	24,279

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**NEXTWAVE WIRELESS INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands)****(unaudited)**

	Three Months Ended	
	March 31, 2012	April 2, 2011
OPERATING ACTIVITIES		
Net loss	\$ (28,485)	\$ (61,007)
Net income from discontinued operations	18,436	1,119
Net loss from continuing operations	(46,921)	(62,126)
Adjustments to reconcile loss from continuing operations to net cash used in operating activities of continuing operations:		
Amortization of intangible assets	1,858	1,916
Depreciation	218	219
Non-cash share-based compensation	192	213
Paid-in-kind interest	39,784	30,606
Amortization of deferred financing costs and discounts	1,772	27,894
Gains on sales of wireless spectrum licenses	(29)	(2)
Gains from changes in estimated fair values of embedded derivatives		(1,261)
Other non-cash adjustments	8	(1,076)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	236	312
Other assets	9	
Accounts payable and accrued liabilities	(717)	(735)
Other liabilities and deferred credits	(189)	448
Net cash used in operating activities of continuing operations	(3,779)	(3,592)
INVESTING ACTIVITIES		
Proceeds from the maturity of investment securities	10,000	
Purchase of held-to-maturity investment securities	(6,289)	
Proceeds from the sale of wireless spectrum licenses, net of selling costs	177	2
Net cash provided by investing activities of continuing operations	3,888	2
FINANCING ACTIVITIES		
Payments on long-term obligations	(3,651)	(9,711)
Payments to restricted cash account used to redeem long-term obligations	(543)	
Net cash used in financing activities of continuing operations	(4,194)	(9,711)
Cash provided (used) by discontinued operations:		
Net cash used by operating activities of discontinued operations	(29)	(888)
Net cash provided by investing activities of discontinued operations	2,293	3,046
Net cash provided by discontinued operations	2,264	2,158
Effect of foreign currency exchange rate changes on cash	3	63

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Net decrease in cash and cash equivalents	(1,818)	(11,080)
Cash and cash equivalents, beginning of period	11,092	42,598
Cash and cash equivalents, end of period	9,274	31,518
Less cash and cash equivalents of discontinued operations, end of period		