NextWave Wireless Inc.
Form S-1
February 09, 2010
As filed with the Securities and Exchange Commission on February 8, 2010

Registration No. 333-_______

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

FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

NextWave Wireless Inc.
(Exact name of registrant as specified in its charter)

Delaware	3663	20-5361630
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

10350 Science Center Drive, Suite 210
San Diego, California 92121
(848) 480-3100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Frank A. Cassou
Executive Vice President - Corporate Development and Chief Legal Counsel
NextWave Wireless Inc.
10350 Science Center Drive, Suite 210
San Diego, California 92121
(858) 480-3100
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Marita A. Makinen, Esq.
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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 12b2 of the Exchange Act.

Large Accelerated Filer o	Accelerated Filer o	Non-Accelerated Filer o	Smaller Reporting Company x

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Shares of common stock(2)	26,000,000	$ 0.40 (3)	$ 10,400,000	$ 741.52

(1) Pursuant to Rule 415 of the Securities Act of 1933, as amended, or the Securities Act, this registration statement also registers such additional shares of common stock of the Registrant as may hereafter be offered or issued to prevent dilution resulting from stock splits, stock dividends, recapitalizations or other capital adjustments.

(2) Represents 26 million shares of common stock issued or issuable upon the exercise of warrants which the Registrant issued to the holders of its Senior-Subordinated Secured Second Lien Notes due 2010 on October 9, 2008, April 8, 2009 and July 2, 2009.

(3) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(g) of the Securities Act, based on the higher of (a) the exercise price of the warrants or (b) the price of securities of the same class, based on the average of the high and low prices of the Registrant's common stock reported on The NASDAQ Global Market on February 4, 2010.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission relating to these securities is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated February 8, 2010

PROSPECTUS

26,000,000 Shares

Common Stock

par value $0.001 per share

This prospectus relates solely to the resale of up to an aggregate of 26,000,000 shares of common stock of NextWave Wireless Inc. (referred to as the "Company", "we" or "us") by the selling stockholders identified in this prospectus. These shares of common stock have been issued or are issuable upon the exercise of warrants held by the holders of our Senior-Subordinated Secured Second Lien Notes due 2010.

The selling stockholders identified in this prospectus (which term as used herein includes their pledgees, donees, transferees or other successors-in-interest) may offer the shares from time to time as they may determine through public or private transactions or through other means described in the section entitled "Plan of Distribution" beginning on page 19 at prevailing market prices, at prices different than prevailing market prices or at privately negotiated prices. The prices at which the selling stockholders may sell the shares may be determined by the prevailing market price for the shares at the time of sale, may be different than such prevailing market prices or may be determined through negotiated transactions with third parties.

We will not receive any of the proceeds from the sale of these shares by the selling stockholders. If the warrants are exercised by the payment of cash, however, we would receive the exercise price of the warrants, which is $0.01 per share subject to certain adjustments as set forth in each of the applicable warrant agreements. However, all the warrants covered by the registration statement of which this prospectus is a part have a cashless exercise provision that allows the holder to receive a reduced number of shares of our common stock, without paying the exercise price in cash. To the extent any of the warrants are exercised in this manner, we will not receive any additional proceeds from such exercise. We have agreed to pay all expenses relating to registering the securities. The selling stockholders will pay any brokerage commissions and/or similar charges incurred for the sale of these shares of our common stock.

Our shares are currently quoted on the NASDAQ Global Market under the ticker symbol "WAVE."

Investing in our common stock involves significant risks. See "Risk Factors" beginning on page 7 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated , 2010

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus. Before making an investment decision, you should read the entire prospectus carefully, including the section entitled "Risk Factors," and the information incorporated by reference in this prospectus.

Unless the context indicates otherwise, all references in this registration statement to "NextWave," "the Company," "we," "us" and "our" refer to NextWave Wireless Inc. and its direct and indirect subsidiaries.

Our Company

NextWave Wireless Inc. is a holding company for mobile multimedia businesses and a significant wireless spectrum portfolio. As a result of our global restructuring initiative described below, our continuing operations have been focused on two key segments: Multimedia, consisting of the operations of our subsidiary PacketVideo Corporation ("PacketVideo" or "PV") and Strategic Initiatives, focused on the management of our wireless spectrum interests.

PV develops, produces, and markets advanced mobile multimedia and consumer electronic connectivity product solutions including embedded software for mobile handsets, client-server platforms for mobile media applications such as music and video and software for sharing media in the connected home. At present, PV's customers include many of the largest mobile handset and wireless service providers in the world including Cisco, Linksys, Motorola, Nokia, DOCOMO, Rogers Wireless, Orange, Panasonic, Samsung, Sharp, Sony Ericsson, TeliaSonera, Verizon Wireless and Vodafone India. As wireless service providers continue to upgrade their data services and introduce new platforms such as Android™ and iPhone™, we believe that multimedia applications such as live TV, video-on-demand, and mobile music will remain key driving forces behind global adoption of next-generation wireless technologies and end-user devices. In addition, we believe that consumer electronics and wireless handsets are converging around the concept of a connected home in which media can be shared and enjoyed by consumers on multiple screens, including the television, the PC and the mobile handset. As a result, many telecom operators seek to develop common services across their wireline and wireless businesses. Our business is focused on developing the technologies and products that enable both operators and device manufacturers to deliver these types of advanced mobile multimedia services to customers. In July 2009, a subsidiary of NTT DOCOMO, Inc. ("DOCOMO") purchased a 35% interest in our PacketVideo subsidiary. Pursuant to the definitive agreements, DOCOMO was granted certain rights in the event of future transfers of PacketVideo stock or assets, preemptive rights in the event of certain issuances of PacketVideo stock, and a call option exercisable under certain conditions to purchase the remaining shares of PacketVideo at an appraised value. In addition, DOCOMO will have certain governance and consent rights applicable to the operations of PacketVideo. DOCOMO has expressed its intent to exercise its call option and the parties are currently in preliminary discussions concerning such exercise.

Our total wireless spectrum holdings currently consist of approximately ten billion MHz points-of-presence ("POPs") consisting of approximately 220.4 million POPs in the U.S. and 145 million international POPs, including licenses for many large metropolitan areas in the United States, as well as significant holdings in Canada and nationwide licenses in Austria, Croatia, Germany, Norway, Slovakia and Switzerland. We have engaged Moelis & Company to market our United States wireless spectrum holdings, and Canaccord Adams to market our Canadian wireless spectrum holdings. As part of these efforts, during the nine months ended September 26, 2009 and during our fiscal year 2008, we sold a portion of our Advanced Wireless Services ("AWS") spectrum in the United States for net proceeds, after deducting direct and incremental selling costs, of $26.7 million and $145.5 million, and recognized gains on these sales totaling $2.3 million and $70.3 million, respectively. We will seek to sell our wireless spectrum holdings over time to repay our significant secured indebtedness, the aggregate principal amount of which was approximately $813.7 million as of September 26, 2009. Our ability to implement this strategy is subject to significant risks, as described under the heading "Risk Factors."

In the second half of 2008, we commenced the implementation of our global restructuring initiative in an effort to reduce our working capital requirements, narrow our business focus and reorganize our operating units. Key results of this initiative include an approximately 53% reduction in our global workforce to date, the divestiture of our IPWireless network infrastructure business, the discontinuation of operations at our GO Networks, Cygnus, Global Services and NextWave Networks Products Support infrastructure businesses and our semiconductor business, and the closure of several facilities throughout the world. We anticipate that further implementation of our global restructuring initiative may result in additional headcount reductions and operating unit divestitures or discontinuations, including the divestiture of our WiMax Telecom business. In July 2009, we sold our owned Semiconductor business patents and patent applications to Wi-Lan Inc., a Canadian intellectual property company for $2.5 million.

To further enhance our operational flexibility, on April 1, 2009, we obtained an amendment and waiver from the holders of our 7% Senior Secured Notes (the "Senior Notes"), Senior-Subordinated Secured Second Lien Notes due 2010 (the "Second Lien Notes") and Third Lien Subordinated Secured Convertible Notes due 2011 (the "Third Lien Notes") that adjusts our minimum cash balance requirement from $15 million to $5 million, waives certain events of default relating to timely delivery of a new operating budget, permits us to issue up to $25 million of indebtedness on a pari passu basis with our Second Lien Notes, and allows us to pay certain holders of our Senior Notes payment-in-kind interest at a rate of 14%. Additionally, on July 2, 2009, we issued additional Second Lien Notes (the "Incremental Notes") in the aggregate principal amount of $15.0 million, on the same financial and other terms applicable to our existing Second Lien Notes. The Incremental Notes were issued with an original issuance discount of 5% resulting in gross proceeds of $14.3 million. After payment of transaction related expenses, we received net proceeds of $13.5 million to be used solely in connection with the ordinary course operations of our business and not for any acquisition of assets or businesses or other uses.

As of September 26, 2009, our Senior Notes require payments of approximately $164.1 million in principal plus accrued interest in July 2010 and our Second Lien Notes require payment of approximately $135.7 million in principal plus accrued interest in December 2010. Our cash reserves and cash generated from operations are not sufficient to meet these payment obligations. We must consummate sales of our wireless spectrum assets yielding proceeds that are sufficient to retire this indebtedness, renegotiate the maturity of our secured notes and/or seek to refinance such indebtedness. Currently, we are in discussion with certain holders of our secured notes regarding the extension of the maturity of such notes. There can be no assurance that we will be able to extend the maturity of our secured notes or that asset sales or any additional financing will be achievable on acceptable terms. If we are unable to renegotiate or pay our debt at maturity, the holders of our notes could proceed against the assets pledged to secure these obligations, which include our spectrum assets and the capital stock of our material subsidiaries, which would impair our ability to continue as a going concern. Our financial statements do not include any adjustments related to the recovery of assets and classification of liabilities that might be necessary should we be unable to continue as a going concern. Insufficient capital or inability to renegotiate or repay our debt at maturity would significantly restrict our ability to operate and could cause us to seek relief through a filing in the United States Bankruptcy Court. For more information relating to our debt maturities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."

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Multimedia Segment

PacketVideo was founded in 1998 and supplies multimedia software and services to many of the world's largest network operators and wireless handset manufacturers. These companies in turn use PacketVideo's platform to offer music and video services on mobile handsets, generally under their own brands. To date, over 250 million PacketVideo-powered handsets have been shipped worldwide. PacketVideo has been contracted by some of the world's largest carriers, such as Orange, DOCOMO, Rogers Wireless, TeliaSonera, TELUS Mobility and Verizon Wireless to design and implement the embedded multimedia software capabilities contained in their handsets. PacketVideo's software is compatible with virtually all network technologies including CDMA, GSM, WiMAX, LTE and WCDMA.

As mobile platforms evolve, PacketVideo continues to provide one of the leading multimedia solutions. PacketVideo is one of the original founding members of the Open Handset Alliance ("OHA"), led by Google. PacketVideo's OpenCORE platform serves as the multimedia software subsystem for the OHA's mobile device Android TM platform. In a similar vein, PacketVideo has been recognized for its support of the LiMO Foundation™ and their platform initiatives. We believe that by supporting the efforts of the OHA and LiMO Foundation™, PacketVideo is well positioned to market its full suite of enhanced software applications to Android and LiMO application developers.

In addition, since 2006 PacketVideo has offered software products for use on PCs, consumer electronics and other devices in the home. We believe that media consumption in the home and media consumption on mobile handsets is converging. PacketVideo's TwonkyMedia™ product line is designed to capitalize on this trend. PacketVideo has invested in the development and acquisition of a wide range of technologies and capabilities to provide its customers with software solutions to enable home/office digital media convergence using communication protocols standardized by the Digital Living Network Alliance™. The TwonkyMedia™ suite of products that provide for content search, discovery, organization and content delivery/sharing amongst consumer electronics products connected to an Internet Protocol-based network. This powerful platform is designed to provide an enhanced user experience by intelligently responding to user preferences based on content type, day-part, and content storage location. In addition, PacketVideo's patented Digital Rights Management ("DRM") solutions, already in use by many wireless carriers globally, represent a key enabler of digital media convergence by preventing the unauthorized access or duplication of multimedia content used or shared by PacketVideo-enabled devices. Additionally, PacketVideo is one of the largest suppliers of Microsoft DRM™ technologies for the wireless market today.

Although we believe that PacketVideo's products are advantageous and well positioned for success, PacketVideo's business largely depends upon volume based sales of devices into the market. The economic downturn in the global markets has affected consumer spending habits. PacketVideo's customers and distribution partners, telecommunications companies and consumer electronics device manufacturers, are not immune to such uncertain and adverse market conditions. PacketVideo relies on these partners as distribution avenues for its developed products. Additionally, competitive pressures may cause further price wars in an effort to win or sustain business which will have an effect on overall margins and projections. If economic conditions continue to deteriorate, this may result in lower than expected sales volumes, resulting in lower revenue, gross margins, and operating income.

Strategic Initiatives Segment

Our strategic initiatives business segment is engaged in the management of our global wireless spectrum holdings. Our total spectrum holdings consist of approximately ten billion MHz POPs, covering approximately 216.2 million POPs, of which 107.3 million POPs are covered by 20 MHz or more of spectrum, and an additional 90.6 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. Our domestic spectrum resides in the 2.3 GHz Wireless Communication Services ("WCS"), 2.5 GHz Broadband Radio Service ("BRS")/Educational Broadband Service

(“EBS”), and 1.7/2.1 GHz AWS bands and offers propagation and other characteristics suitable to support high-capacity, mobile broadband services.

Our international spectrum holdings include nationwide 3.5 GHz licenses in Slovakia and Switzerland; a nationwide 2.0 GHz license in Norway; 2.3 GHz licenses in Canada; and 2.5 GHz licenses in Argentina and Chile, covering 145 million POPs.

We continue to pursue the sale of our wireless spectrum holdings and any sale or transfer of the ownership of our wireless spectrum holdings is subject to regulatory approval. We expect that we will be required to successfully monetize most of our wireless spectrum assets in order to retire our debt.

During the first nine months of 2009, we completed the sale of certain of our owned AWS spectrum licenses in the United States to a third party for net proceeds, after deducting direct and incremental selling costs, of $26.7 million, and recognized net gains on the sales of $2.3 million. The net proceeds from the sales received after July 15, 2009 were used to redeem a portion of the Senior Notes at a redemption price of 102% of the principal amount thereof plus accrued interest and net proceeds received prior to July 16, 2009 were used to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

To date, we have realized a positive return on the sale of the majority of our domestic AWS spectrum licenses. However, there can be no assurance that we will realize a similar return upon the sale of our remaining wireless spectrum holdings. The sale price of our wireless spectrum assets will be impacted by, among other things:

- the Federal Communications Commission (“FCC”)’s final resolution of ongoing proceedings regarding interference from satellite digital audio radio services to our WCS spectrum licenses;

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- the timing and associated costs of build out or substantial service requirements attached to our domestic and international spectrum licenses, where a failure to comply with these requirements could result in license forfeiture;

- the timing of closure of potential sales, in particular if it is necessary to accelerate the planned sale of certain of our spectrum licenses in order to meet debt payment obligations;

- worldwide economic conditions which we believe have adversely affected manufacturers of telecommunications equipment and technology and led to a delay in global WiMAX network deployments; and

- the availability of capital for prospective spectrum buyers which has been negatively impacted by the downturn in the credit and financial markets.

As we have previously disclosed, our efforts to sell our wireless spectrum holdings on favorable terms has been delayed by current market conditions, as well as regulatory and other market activities involving potential buyers. We are continuing to have discussions with numerous parties who have expressed interest in our various spectrum assets. However, we believe that adverse economic conditions continue to affect potential purchasers of our wireless spectrum, and there can be no assurance as to the timing of further spectrum sales or the sale prices that will be attained.

Corporate Information

Our principal executive offices are located at 10350 Science Center Drive, Suite 210, San Diego, California 92121, and our telephone number is (858) 480-3100. Our website address is www.nextwave.com. Our website, and the information contained in the website, is not a part of this prospectus.

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THE OFFERING

Common stock outstanding prior to this offering, excluding the shares underlying unexercised warrants	157,091,190 shares
Common stock being offered for resale to the public by the selling stockholders(1)	26,000,000 shares
Common stock to be outstanding after this offering(2)	183,091,190 shares
Total proceeds raised by offering	We will not receive any proceeds from the resale of our common stock pursuant to this offering. We may receive proceeds upon the exercise of the warrants to the extent such warrants are exercised for cash.
Use of proceeds	Any proceeds we may receive will be used to meet our working capital needs and general corporate purposes.
NASDAQ Global Market symbol	WAVE
Risk factors	See "Risk Factors" and the other information included in this prospectus for a discussion of risk factors you should carefully consider before deciding to invest in our common stock.

(1) The number of shares of our common stock being offered for resale consists of 26,000,000 shares of common stock issued or issuable upon the exercise of warrants issued pursuant to the terms of our Second Lien Notes.

(2) The number of shares of our common stock to be outstanding after this offering is based on the number of shares of our common stock outstanding as of February 3, 2010. This number does not include, as of February 3, 2010:

- 6,847,826 shares of Common Stock issuable upon exercise of warrants issued to Sola Ltd. pursuant to the terms of our Second Lien Notes;
- 20,885,373 shares of common stock issuable upon exercise of options outstanding, at a weighted average exercise price of $2.56 per share;
- 21,926,724 shares of common stock reserved for issuance under our NextWave Wireless Inc. 2005 Stock Incentive Plan, NextWave Wireless Inc. 2007 Stock Incentive Plan, the CYGNUS Communications, Inc. 2004 Stock Option Plan and the PacketVideo Corporation 2005 Equity Incentive Plan; and
- 43,301,589 shares of common stock issuable upon conversion of our Third Lien Notes at a conversion price of $11.05 per share.

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Summary Historical Financial Data

You should read the following summary historical financial data together with the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations," our unaudited condensed consolidated financial statements and our audited consolidated financial statements and the notes to those financial statements included elsewhere in this registration statement.

As further discussed in Note 1 in our Notes to Consolidated Financial Statements included elsewhere in this prospectus, our consolidated financial statements for the years ended December 27, 2008 and December 29, 2007, as well as the financial information in the following discussion, have been adjusted for the retrospective application of Statement of Financial Accounting Standard No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. The audited financial information contained in the tables below reflects only the adjustments described in Note 1 to our consolidated financial statements included elsewhere in this prospectus and does not reflect events occurring after April 1, 2009, the date of the original filing of our 2008 Annual Report on Form 10-K, or modify or update those disclosures that may have been affected by subsequent events.

Set forth below is our summary historical financial data, at the dates and for the periods indicated.

	Nine Months Ended		Years Ended	
(in thousands, except per share data)	September 26, 2009 (unaudited)	September 27, 2008 (unaudited)	December 27, 2008	December 29, 2007
Consolidated Statement of Operations Data:				
Revenues	$37,063	$ 47,989	$63,009	$ 36,328
License fee revenues – related party	3,842	—	—	—
Total revenues	40,905	47,989	63,009	36,328
Operating expenses:				
Cost of revenues	16,151	14,609	18,819	17,084
Cost of revenues – related party	111	—	—	—
Engineering, research and development	16,735	20,633	27,762	24,431
Sales and marketing	6,864	10,873	12,597	14,040
General and administrative	38,417	56,297	67,873	76,024
Asset impairment charges	30,050	2,244	6,837	—
Restructuring charges	3,760	3,308	7,582	—
Purchased in-process research and development	—	—	—	860
Total operating expenses	112,088	107,964	141,470	132,439
Gain on sale of wireless spectrum licenses	2,268	19,317	70,283	—
Loss from operations	(68,915)	(40,658)	(8,178)	(96,111)
Other income (expense):				
Interest income	363	2,679	3,048	15,799
Interest expense	(120,528)	(45,940)	(99,334)	(45,981)
Other income (expense), net	(8,118)	(3,363)	(2,364)	(1,048)
Total other expense, net	(128,283)	(46,624)	(98,650)	(31,230)
Loss from continuing operations before income taxes	(197,198)	(87,282)	(106,828)	(127,341)
Income tax benefit (provision)	732	(594)	1,276	(1,261)
Net loss from continuing operations	(196,466)	(87,876)	(105,552)	(128,602)
Loss from discontinued operations, net of gain (loss) on divestiture of discontinued operations $31,59, $0, $(118,360) and $0, and income tax benefit (provision) of	(42,869)	(324,898)	(323,705)	(192,556)

$174, $(1,003), $3,384 and $626, respectively				
Net loss	(239,335)	(412,774)	(429,257)	(321,158)
Less: Net loss attributable to noncontrolling interest in subsidiaries:				
Continuing operations	1,029	—	—	1,048
Discontinued operations	—	—	—	—
Net loss attributable to NextWave	$(238,306)	$ (412,774)	$(429,257)	$ (320,110)
Amounts attributable to NextWave common shares:				
Loss from continuing operations, net of tax	$(195,437)	$ (87,876)	$(105,552)	$ (127,554)
Less: Preferred stock imputed dividends	—	(21,782)	(22,769)	(20,810)
Accretion of issuance costs on preferred stock	—	(220)	(230)	(210)
Preferred stock exchanged for Third Lien Notes	—	—	104,349	—
Loss from continuing operations, including preferred stock dividends, costs and exchange of preferred stock	(195,437)	(109,878)	(24,202)	(148,574)
Loss from discontinued operations, net of tax	(42,869)	(324,898	(323,705)	(192,556)
Net loss attributable to NextWave common shares	$(238,306)	$ (434,776)	$(347,907)	$ (341,130)
Net loss per share attributed to NextWave common shares – basic and diluted:				
Continuing operations, including preferred stock dividends, costs and exchange of preferred stock	$(1.26)	$ (1.10)	$(0.22)	$ (1.66)
Discontinued operations	(0.28)	(3.25)	(2.94)	(2.15)
Net loss	$(1.54)	$ (4.35)	$(3.16)	$ (3.81)
Weighted average shares used in per share calculation	154,551	99,851	110,224	89,441

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(in thousands)	At September 26, 2009 (unaudited)	At December 27, 2008	At December 29, 2007
Consolidated Balance Sheet Data:			
Cash, cash equivalents and marketable securities	$ 22,234	$ 60,848	$ 159,984
Restricted cash and marketable securities	28,091	24,870	75,202
Assets of discontinued operations:			
Wireless spectrum licenses held for sale	14,280	36,094	—
Wireless spectrum licenses, net	—	—	46,030
All other assets	11,887	24,726	271,865
Wireless spectrum licenses, net:			
Wireless spectrum licenses held for sale	46,329	76,647	—
All other wireless spectrum licenses, net	415,959	442,415	587,851
Goodwill	39,235	38,662	40,082
Other intangible assets, net	15,847	18,933	24,115
Total assets	617,283	757,510	1,258,738
Long-term obligations, net of current portion	507,118	496,297	320,782
Redeemable Series A Senior Convertible Preferred Stock	—	—	371,986
Stockholders’ equity (deficit) attributed to NextWave	(249,627)	(56,116)	228,765
Total stockholders’ equity (deficit)	(234,828)	(56,116)	228,765

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RISK FACTORS

Our business involves a high degree of risk. You should carefully consider the following risks together with all of the other information contained in this registration statement before making a future investment decision with respect to our securities. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially adversely affected, and the value of our securities could decline.

Risks Relating to Our Business

We have substantial debt maturities in 2010 and 2011 and our cash reserves and cash generated from operations are not sufficient to meet these payment obligations. There can be no assurance that we will be able to extend our debt maturities or that asset sales or any additional financing will be achievable on acceptable terms and any failure to pay our debt at maturity will impair our ability to continue as a going concern.

Our secured notes require payments of approximately $299.8 million plus accrued interest in 2010. Our Senior Notes, having an aggregate principal amount of $164.1 million at September 26, 2009, will mature in July 2010 and our Second Lien Notes, having an aggregate principal amount of approximately $135.7 million at September 26, 2009, will mature in December 2010. In addition, our Third Lien Notes, having an aggregate principal amount of $513.8 million at September 26, 2009, will mature in December 2011. Sixty-eight-percent of the aggregate remaining outstanding principal balance of our Senior Notes, and all of our Second Lien Notes and Third Lien Notes, bear payment-in-kind interest at rates of 14.0%, 14.0% and 7.5%, respectively, which will increase the principal amount of this debt upon retirement. Our cash reserves and cash generated from operations are not sufficient to meet these payment obligations. We must consummate sales of our wireless spectrum assets yielding proceeds that are sufficient to retire this indebtedness, renegotiate the maturity of our secured notes and/or seek to refinance such indebtedness. Currently, we are in discussion with certain holders of our secured notes regarding the extension of the maturity of such notes. There can be no assurance that we will be able to extend the maturity of our secured notes or that asset sales or any additional financing will be achievable on acceptable terms. If we are unable to renegotiate or pay our debt at maturity, the holders of our notes could proceed against the assets pledged to secure these obligations, which include our spectrum assets and the capital stock of our material subsidiaries, which would impair our ability to continue as a going concern. Insufficient capital or inability to renegotiate or repay our debt at maturity would significantly restrict our ability to operate and could cause us to seek relief through a filing in the United States Bankruptcy Court. Our financial statements do not include any adjustments related to the recovery of assets and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Our capital structure requires that we successfully monetize a substantial portion of our wireless spectrum assets in order to retire our debt. The value of our equity securities is dependent on our ability to successfully retire our debt.

We are required to use the net proceeds of asset sales to retire our debt and expect that we will be required to successfully monetize a substantial portion of our wireless spectrum assets in order to retire our debt. There is no guarantee that we will be able to find third parties interested in purchasing our wireless spectrum assets at prices sufficient to retire this debt prior to maturity. The sale price of our wireless spectrum assets will be impacted by, among other things:

- the FCC’s final resolution of ongoing proceedings regarding interference from satellite digital audio radio services to our WCS spectrum licenses;
- the timing and allocated costs of build-out or substantial service requirements attached to our domestic and international spectrum licenses, where a failure to comply with these requirements could result in license forfeiture;
- timing of closure of potential sales, particularly if it is necessary to accelerate the planned sale of certain of our spectrum licenses in order to meet debt payment obligations;

- worldwide economic conditions which we believe have adversely affected manufacturers of telecommunications equipment and technology and led to a delay in WiMAX global network deployments; and
- availability of capital for prospective spectrum bidders which has been negatively impacted by the downturn in the credit and financial markets.

If we are unable to consummate sales of our wireless spectrum assets that are sufficient to retire our indebtedness, the holders of our notes could proceed against the assets pledged to secure these obligations, which include our spectrum assets and the capital stock of our material subsidiaries, which would impair our ability to continue as a going concern and the value of our equity securities will be impaired.

We are highly leveraged and our operating flexibility will be significantly reduced by our debt covenants.

As of September 26, 2009, the aggregate principal amount of our secured indebtedness was $813.7 million. This amount includes our Senior Notes with an aggregate principal amount of $164.1 million, our Second Lien Notes with an aggregate principal amount of $135.7 million and our Third Lien Notes with an aggregate principal amount of $513.8 million. Covenants in the purchase agreements for our Senior Notes and Second Lien Notes impose operating and financial restrictions on us. These restrictions prohibit or limit our ability, and the ability of our subsidiaries, to, among other things:

- pay dividends to our stockholders;
- incur, or cause to incur, additional indebtedness or incur liens;
- sell assets for consideration other than cash;
- consolidate or merge with or into other companies;

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- issue shares of our common stock or securities of our subsidiaries;
- make capital expenditures or other strategic investments in our business not contemplated by the Company's operating budget ; or
- acquire assets or make investments.

In addition, any proceeds from the sale of our assets may not be retained to finance our operations but must be used to redeem our Senior Notes, Second Lien Notes and Third Lien Notes.

We anticipate that our overall level of indebtedness and covenant restrictions will:

- limit our ability to pursue business opportunities;
- limit our flexibility in planning for, or reacting to, changes in the markets in which we compete;
- place us at a competitive disadvantage relative to our competitors with less indebtedness;
- render us more vulnerable to general adverse economic, regulatory and industry conditions; and
- require us to dedicate a substantial portion of our cash flow, as well as all proceeds from asset sales, to service our debt.

Our ability to meet our cash requirements, including our debt service obligations, is dependent upon our ability to substantially improve our operating performance, which will be subject to general economic and competitive conditions and to financial, business and other factors, many of which are or may be beyond our control. If our operating results, cash flow or asset sale proceeds prove inadequate, we could face substantial liquidity problems and might be required to accelerate asset sales, forego expenditures permitted by the Company's operating budget or shut down businesses on an accelerated basis to meet our debt and other obligations. Further, any of these actions may not be sufficient to allow us to comply with our debt covenants or may have an adverse impact on our business. Our existing debt agreements limit our ability to take certain of these actions. Our failure to generate sufficient operating cash flow to pay our debts, to refinance our indebtedness or to successfully undertake any of these other actions could have a material adverse effect on us.

A breach of any covenants contained in the note purchase agreements governing our secured notes could result in a default under our indebtedness. If we are unable to repay or refinance those amounts, the holders of our notes could proceed against the assets pledged to secure these obligations, which include our spectrum assets and substantially all of our other assets.

The terms of our Senior Notes and Second Lien Notes require us to certify our compliance with a restrictive operating budget and to maintain a minimum cash balance. A failure to comply with these terms may result in an event of default which could result in the acceleration of maturity of our indebtedness and an impairment in our ability to continue as a going concern.

The terms of our Senior Notes and Second Lien Notes require us to deliver a six-month operating budget to the noteholders on a quarterly basis, which budget is reasonably acceptable to Avenue AIV US, L.P., an affiliate of Avenue Capital Management II, L.P. ("Avenue Capital"). Avenue Capital holds 78% of the aggregate principal amount of our Second Lien Notes and 51% of the aggregate principal amount of our Senior Notes. Our operating budget requires us to cut costs and limits the funding that we may provide to specified businesses (the "Named Businesses"), which have already been sold or discontinued as part of our global restructuring initiative.

We must deliver monthly certifications relating to our cash balances to the holders of our Senior Notes and Second Lien Notes. If we are unable to certify that our cash balances have not deviated in a negative manner by more than 10% from budgeted balances, default interest will accrue and, if such condition persists, (i) for two monthly reporting periods, if we have not satisfied our obligations to cease funding to the Named Business within the required timeframes or (ii) three monthly reporting periods, if we have satisfied such obligations, an event of default would occur under our Senior Notes, Second Lien Notes, and, if the maturity of the foregoing indebtedness were to be accelerated, an event of default would occur under our Third Lien Notes. In addition, we must certify that we have maintained a minimum cash balance of $5 million, and any failure to maintain such minimum cash balance will result in an immediate event of default under our Senior Notes, Second lien Notes, and, if the maturity of the foregoing indebtedness were to be accelerated, our Third Lien Notes. Upon an acceleration of our debt following an event of default, the holders of our notes could proceed against the assets pledged to secure these obligations, which include our spectrum assets and the capital stock of our material subsidiaries, which would impair our ability to continue as a going concern.

Our restructuring and cost reduction activities expose us to contingent liabilities, accounting charges, and other risks.

We have realized significant operating losses during each reporting period since our inception in 2005 and expect to realize further operating losses in the future. In an effort to reduce our working capital requirements, in the third quarter of 2008, we commenced the implementation of a global restructuring initiative, pursuant to which we have divested, either through sale, dissolution or closure, our network infrastructure businesses and our semiconductor business. We have also taken other cost reduction actions described in more detail in Note 1 to our Condensed Consolidated Financial Statements contained in this prospectus. During the nine months ended September 26, 2009, we incurred employee termination costs of $4.9 million, lease abandonment and related facility closure costs of $0.8 million and other restructuring costs of $3.1 million, including costs related to the divestiture and closure of discontinued businesses and contract termination charges.

The completion of our restructuring activities has required and will continue to require significant management time and focus and the incurrence of professional fees and other expenses. The accounting for certain of our restructuring activities is complex, and we identified a material weakness in our internal control over financial reporting as of December 27, 2008 due to our failure to properly account for such transactions and have implemented remediation of these control deficiencies in 2009.

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Our restructuring activities and cost reduction efforts are subject to risks including the effect of accounting charges which may be incurred, expenses of employee severance or contract terminations or defaults, or legal claims by employees or creditors. In addition, we may face difficulty in retaining critical employees, customers or suppliers who may believe that a continued relationship with us is of greater risk due to our restructuring activities. If we cannot successfully complete our restructuring efforts, our expenses will continue to exceed our revenue and available funding resources and we will not be able to continue as a going concern and could potentially be forced to seek relief through a filing under the United States Bankruptcy Code.

Our internal controls over financial reporting were determined to have a material weakness as of December 27, 2008.

The Sarbanes-Oxley Act of 2002 and SEC rules require that management report annually on the effectiveness of our internal control over financial reporting. Among other things, management must conduct an assessment of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act.

As more fully described in Item 9A of our Annual Report on Form 10-K for the year ended December 27, 2008, our management concluded that our disclosure controls and procedures were not effective as of the end of the period covered by our Annual Report, in particular due to a control deficiency that represents a material weakness in our internal control over financial reporting. A material weakness is defined as a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The material weakness identified by management resulted from a lack of effective controls over the accounting for our global restructuring initiative, including the accounting and tax implications of asset sales, impairments and divestitures, and debt issuances and redemptions. Our failure to properly account for our global restructuring initiative resulted from a lack of a sufficient number of employees with appropriate levels of knowledge, expertise and training in the application of generally accepted accounting principles relevant to these types of transactions. This material weakness is more fully explained in "Part II Item 9A" in our Annual Report on Form 10-K for the fiscal year ended December 27, 2008. We have implemented remediation actions required to successfully remediate the identified material weakness in our internal control over financial reporting, which included supplementing our existing accounting personnel with additional resources with expertise in technical accounting matters.

Any failure to implement effective internal controls could cause us to fail to meet our reporting obligations. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock, and may require us to incur additional costs to improve our internal control system.

The failure of our Multimedia segment to sustain and grow its business in the current challenging economic climate may adversely impact our ability to comply with our operating budget and will have an adverse effect on our business.

Revenues of our Multimedia segment business have been impacted by global economic conditions and a decline in handset sales. If the operating performance of our Multimedia segment were to continue to deteriorate, our ability to meet the targeted cash balance levels set forth in the Company's operating budget, and required to be certified to the holders of our Second Lien Notes and Senior Notes, may be impacted. Given the divestiture and/or discontinuation of operations of our network infrastructure subsidiaries, all of our operating revenues are generated by our Multimedia segment. Current economic conditions make it extremely difficult for our customers, our vendors and us to accurately forecast and plan future business activities, and they could cause U.S. and foreign businesses to slow spending on the products and services offered by our Multimedia segment, which would delay and lengthen sales cycles. Furthermore, during challenging economic times our customers may face issues gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. We cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery, worldwide, or in the wireless communications markets. If the economy or markets in which we operate continue to deteriorate, the business, financial condition and results of operations of our Multimedia segment will likely be materially and adversely affected. If our Multimedia segment experiences a significant decline in its revenues or operating margins, this will have a significant adverse effect on our business and our ability to comply with our debt covenants.

Our common stock will be delisted from the NASDAQ Global Market if we do not obtain a favorable ruling from the NASDAQ Listing Qualifications Panel at a hearing relating to our failure to comply with the minimum $1.00 per share bid price rule.

On October 7, 2008, we received a Staff Deficiency Letter from The NASDAQ Stock Market LLC ("NASDAQ"), notifying us that we were not in compliance with NASDAQ's Marketplace Rule 5450(a)(1), ("the Rule"), because the closing bid price for our common stock had, for the preceding 30 consecutive business days, closed below the minimum $1.00 per share requirement for continued listing. In accordance with NASDAQ Marketplace Rule 5810(c)(3)(A), we were provided a period of 180 calendar days to regain compliance. On October 16, 2008, NASDAQ announced that they had suspended the enforcement of the Rule until January 19, 2009, and as a result, the period during which we had to regain compliance was extended to July 10, 2009. On July 15, 2009, NASDAQ announced that they had determined to continue the temporary suspension of the Rule until July 31, 2009, and as a result, the period during which we had to regain compliance was extended to January 21, 2010. On January 22, 2010, we received a Staff Determination letter from the Listing Qualifications Department of NASDAQ indicating that our common stock is subject to delisting from The NASDAQ Global Market because of non-compliance with the Rule, unless we request a hearing before a NASDAQ Listing Qualifications Panel (the "Panel") by the close of business on January 29, 2010. We have requested a hearing on the matter and such hearing has been scheduled for February 25, 2010. Our common stock will remain listed on The NASDAQ Global Market pending the Panel's final decision. In connection with the hearing, we intend to submit a plan outlining our strategy for regaining compliance with the Rule, which we anticipate may include a reverse stock split.

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We have become and may continue to be the target of securities class action suits and derivative suits which could result in substantial costs and divert management attention and resources.

Securities class action suits and derivative suits are often brought against companies following periods of volatility in the market price of their securities. Defending against these suits can result in substantial costs to us and divert the attention of our management.

On September 16, 2008, a putative class action lawsuit, captioned “Sandra Lifschitz, On Behalf of Herself and All Others Similarly Situated, Plaintiff, v. NextWave Wireless Inc., Allen Salmasi, George C. Alex and Frank Cassou, Defendants,” was filed in the U.S. District Court for the Southern District of California against us and certain of our officers. The suit alleges that the defendants made false and misleading statements and/or omissions in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 10b-5 promulgated thereunder. The suit seeks unspecified damages, interest, costs, attorneys’ fees, and injunctive, equitable or other relief on behalf of a purported class of purchasers of our common stock during the period from March 30, 2007 to August 7, 2008. A second putative class action lawsuit captioned “Benjamin et al. v. NextWave Wireless Inc. et al.” was filed on October 21, 2008 alleging the same claims on behalf of purchasers of our common stock during an extended class period, between November 27, 2006 through August 7, 2008. On February 24, 2009, the Court issued an Order consolidating the two cases and appointing a lead plaintiff pursuant to the Private Securities Litigation Reform Act. On May 15, 2009, the lead plaintiff filed an Amended Complaint, and on June 29, 2009, we filed a Motion to Dismiss that Amended Complaint. The Motion currently is pending with the Court. At this time, the case remains in the initial pleading stages and management is not able to offer any assessment as to the likelihood of prevailing on the merits.

We operate in an extremely competitive environment which could materially adversely affect our ability to win market acceptance of our products and achieve profitability.

We continue to experience intense competition for our products and services. Our competitors range in size from Fortune 500 companies to small, specialized single-product businesses. At present, the primary competitors for our multimedia software products are the internal multimedia design teams at large OEM handset manufacturers such as Nokia, Samsung, LG, Sony Ericsson, Motorola, Apple, RIM, HTC, Palm and others. Many of these companies now offer their own internally developed multimedia services (e.g., Nokia Ovi, SonyEricsson PlayNow) that come bundled with various handset products. While these groups compete against us in the overall market for wireless multimedia, these companies also represent the primary distribution channel for delivering PacketVideo products. This is because PacketVideo’s mobile operator customers ask these manufacturers to install or preload a version of PacketVideo’s software customized for such mobile operator in handsets that they purchase. In addition to the handset manufacturers, a number of companies compete with PacketVideo at various product levels, including Adobe, Microsoft, MobiTV, NXP Software, Real Networks, Sasken, Streamezzo, SurfKitchen, and UIEvolution, offering software products and services that directly or indirectly compete with PacketVideo.

For the connected home set of product solutions, our primary competitors again include internal software design teams at large consumer electronics companies like Sony, Microsoft, Cisco, Linksys, Samsung and Panasonic. In addition, we face competition from a number of other companies such as Apple, Macrovision, Microsoft, Monsoon Networks, the Orb, and Real Networks. Our ability to generate adequate revenues to meet our operating budget will depend, in part, upon our ability to effectively compete with these competitors.

Our Multimedia business is dependent on a limited number of customers.

Our Multimedia segment generates all of our revenues from continuing operations and is dependent on a limited number of customers. For the nine months ended September 26, 2009, sales to three Multimedia customers: Verizon

Wireless, NTT DOCOMO and Google accounted for 37%, 20% and 14%, respectively, of our consolidated revenues from continuing operations. If any of these customers terminate their relationships with us, our revenues and results of operations could be materially adversely affected.

Our customer agreements do not contain minimum purchase requirements and can be cancelled on terms that are not beneficial to us.

Our customer agreements with wireless service providers and mobile phone and device manufacturers are not exclusive and many contain no minimum purchase requirements or flexible pricing terms. Accordingly, our customers may effectively terminate these agreements by no longer purchasing our products or reducing the economic benefits of those arrangements. In many circumstances, we have indemnified these customers from certain claims that our products and technologies infringe third-party intellectual property rights. Our customer agreements have a limited term of one to five years, in some cases with evergreen, or automatic renewal, provisions upon expiration of the initial term. These agreements set out the terms of our distribution relationships with the customers but generally do not obligate the customers to market or distribute any of our products or applications. In addition, in some cases customers can terminate these agreements early or at any time, without cause.

Defects or errors in our products and services or in products made by our suppliers could harm our relations with our customers and expose us to liability. Similar problems related to the products of our customers or licensees could harm our business.

Our products and technologies are inherently complex and may contain defects and errors that are detected only when the products are in use. Further, because our products and technologies serve as critical functions in our customers' products, such defects or errors could have a serious impact on our customers, which could damage our reputation, harm our customer relationships and expose us to liability. Defects in our products and technologies or those used by our customers or licensees, equipment failures or other difficulties could adversely affect our ability and that of our customers and licensees to ship products on a timely basis as well as customer or licensee demand for our products. Any such shipment delays or declines in demand could reduce our revenues and harm our ability to achieve or sustain desired levels of profitability. We and our customers or licensees may also experience component or software failures or defects which could require significant product recalls, reworks and/or repairs which are not covered by warranty reserves and which could consume a substantial portion of the capacity of our third-party manufacturers or those of our customers or licensees. Resolving any defect or failure related issues could consume financial and/or engineering resources that could affect future product release schedules. Additionally, a defect or failure in our products and technologies or the products of our customers or licensees could harm our reputation and/or adversely affect the growth of our business.

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PacketVideo believes it has quality embedded software and has spent a decade improving upon its processes and performance. While we are not immune to product issues, developing for existing platforms that are constantly being upgraded and new platforms that have not fully been tested in the commercial market require much experience. Some of our technology may launch with a platform that does not do well in the market and some of our technology may launch on popular platforms that may have been modified due to aggressive timelines upon which PacketVideo has very little influence over. It is the nature of our business to continuously try to improve upon our deliverables.

With regards to the connected home products, the market is new, the products are not standardized and PacketVideo has no control over the design of the products with which it must connect. Moreover, PacketVideo must work with each individual consumer electronics manufacturer to ensure seamless connectivity and given the size of the consumer electronics device market, a large number of resources is constantly required.

We may be unable to protect our own intellectual property and could become subject to claims of infringement, which could adversely affect the value of our products and technologies and harm our reputation.

As a technology company, we expect to incur expenditures to create and protect our intellectual property and, possibly, to assert infringement by others of our intellectual property. Other companies or entities also may commence actions or respond to an infringement action that we initiate by seeking to establish the invalidity or unenforceability of one or more of our patents or to dispute the patentability of one or more of our pending patent applications. In the event that one or more of our patents or applications are challenged, a court may invalidate the patent, determine that the patent is not enforceable or deny issuance of the application, which could harm our competitive position. If any of our patent claims are invalidated or deemed unenforceable, or if the scope of the claims in any of these patents is limited by court decision, we could be prevented from licensing such patent claims. Even if such a patent challenge is not successful, it could be expensive and time consuming to address, divert management attention from our business and harm our reputation. Effective intellectual property protection may be unavailable or limited in certain foreign jurisdictions.

We also expect to incur expenditures to defend against claims by other persons asserting that the technology that is used and sold by us infringes upon the right of such other persons. From time to time, we have received, and expect to continue to receive, notices from our competitors and others claiming that their proprietary technology is essential to our products and seeking the payment of a license fee. Any claims, with or without merit, could be time consuming to address, result in costly litigation and/or the payment of license fees, divert the efforts of our technical and management personnel or cause product release or shipment delays, any of which could have a material adverse effect upon our ability to commercially launch our products and technologies and on our ability to achieve profitability. If any of our products were found to infringe on another company’s intellectual property rights or if we were found to have misappropriated technology, we could be required to redesign our products or license such rights and/or pay damages or other compensation to such other company. If we were unable to redesign our products or license such intellectual property rights used in our products, we could be prohibited from making and selling such products. In any potential dispute involving other companies’ patents or other intellectual property, our customers and partners could also become the targets of litigation. Any such litigation could severely disrupt the business of our customers and partners, which in turn could hurt our relations with them and cause our revenues to decrease.

We are subject to risks associated with our international operations.

We operate or hold spectrum licenses through various subsidiaries and joint ventures in Argentina, Austria, Canada, Chile, Croatia, Germany, Norway, Slovakia and Switzerland and have additional operations located in Finland, France, Germany, India, Japan, South Korea and Switzerland.

Our activities outside the United States operate in different competitive and regulatory environments than we face in the United States, with many of our competitors having a dominant incumbent market position and/or greater operating experience in the specific geographic market. In addition, in some international markets, foreign governmental authorities may own or control the incumbent telecommunications companies operating under their jurisdiction. Established relationships between government-owned or government-controlled telecommunications companies and their traditional local telecommunications providers often limit access of third parties to these markets.

In addition, owning and operating wireless spectrum licenses in overseas jurisdictions may be subject to a changing regulatory environment. In particular, our ownership of wireless broadband spectrum in Argentina remains subject to obtaining governmental approval. Additionally, we have initiated insolvency proceedings for our WiMAX Telecom GmbH business in Austria and the retention by WiMAX Telecom GmbH of its wireless broadband spectrum licenses in Austria may be compromised due to such proceedings. We cannot assure you that changes in foreign regulatory guidelines for the issuance or use of wireless licenses, foreign ownership of spectrum licenses, the adoption of wireless standards or the enforcement and licensing of intellectual property rights will not adversely impact our operating results. Due to these competitive and regulatory challenges, our activities outside the United States may require a disproportionate amount of our management and financial resources, which could disrupt our operations and adversely affect our business.

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We are dependent on a small number of individuals, and if we lose key personnel upon whom we are dependent, our business will be adversely affected.

Our future success depends largely upon the continued service of our board members, executive officers and other key management and technical personnel, particularly James Brailean, our Chief Executive Officer, Chief Operating Officer and President.

Our key employees represent a significant asset, and the competition for these employees is intense in the wireless communications industry. Due to our history of operating losses and our business restructuring efforts which has resulted, and will continue to result, in the divestiture or discontinuation of operations of some of our subsidiaries, we may have particular difficulty attracting and retaining key personnel given the significant use of incentive compensation by well-established competitors. We do not maintain key person life insurance on any of our personnel. We also have no covenants against competition or nonsolicitation agreements with certain of our key employees. The loss of one or more of our key employees or our inability to attract, retain and motivate qualified personnel could negatively impact our ability to design, develop and commercialize our products and technology.

Risks Relating to Government Regulation

If we do not comply with build-out requirements relating to our domestic and international spectrum licenses, such licenses could be subject to forfeiture.

Certain “build-out” or “substantial service” requirements apply to our licensed wireless spectrum, which generally must be satisfied as a condition of license renewal. In particular, the renewal deadline and the substantial service build-out deadline for our domestic WCS spectrum is July 21, 2010; for our domestic BRS and EBS spectrum, the substantial service build-out deadline is May 1, 2011; and for our domestic AWS spectrum, the substantial service build-out deadline is December 18, 2021. Failure to make the substantial service demonstration domestically, 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. We plan to seek and enter into third party arrangements pursuant to which in exchange for access to certain of our spectrum, such parties would commit the financial resources necessary to meet our build-out requirements. We have obtained third party arrangements with respect to our domestic WCS spectrum, but at this time there can be no assurance that such party will be able to complete its contractual requirements. Accordingly, we will seek to identify additional capital resources to enable us to perform such build out obligations in the event such party is not able to perform. Our reliance on a third party to meet our substantial service requirements may subject us to risks of non-renewal in the event that such party does not perform its obligations and if we are unable to fund such obligations. There can be no assurance at this time that we will identify satisfactory third party arrangements with respect to our domestic BRS and EBS spectrum.

We also have certain build-out requirements internationally, and failure to make those service demonstrations could also result in license forfeiture. For example, in Canada, our 2.3 GHz licenses are subject to mid-term in-use demonstration requirements in November of 2012 and in April of 2013.

We may not have complete control over our transition of BRS and EBS spectrum, which could impact compliance with FCC Rules.

The FCC’s rules require transition of BRS and EBS spectrum to the new band plan on a Basic Trading Area (“BTA”) basis. See “Government Regulation-BRS-EBS License Conditions.” All of our EBS and BRS spectrum has been transitioned to the new band plan except for our BRS spectrum in Albuquerque, New Mexico. Sprint filed an initiation plan on February 12, 2008 to transition the Albuquerque BTA. We do not hold all of the BRS and EBS spectrum in Albuquerque BTA. Consequently, we will need to coordinate with other BRS and EBS licensees in order to transition spectrum we hold or lease. Disagreements with other BRS or EBS licensees about how the spectrum should be transitioned may delay our efforts to transition spectrum, could result in increased costs to transition the spectrum, and could impact our efforts to comply with applicable FCC Rules. The FCC Rules permit us to self-transition to the reconfigured band plan if other spectrum holders in our BTAs do not timely transition their spectrum.

Our use of EBS spectrum is subject to privately negotiated lease agreements. Changes in FCC Rules governing such lease agreements, contractual disputes with EBS licensees, or failures by EBS licensees to comply with FCC Rules could impact our use of the spectrum.

With few exceptions, commercial enterprises are restricted from holding licenses for EBS spectrum. Eligibility for EBS spectrum is limited 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. Access to EBS spectrum can only be gained by commercial enterprises through privately-negotiated EBS lease agreements. FCC regulation of EBS leases, private interpretation of EBS lease terms, private contractual disputes, and failure of an EBS licensee to comply with FCC regulations all could impact our use of EBS spectrum and the value of our leased EBS spectrum. The FCC Rules permit EBS licensees 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. The right of review must afford the EBS licensee with an opportunity to review its educational use requirements in light of changes in educational needs, technology, and other relevant factors and to obtain access to such additional services, capacity, support, and/or equipment as the parties shall agree upon in the spectrum leasing arrangement to advance the EBS licensee's educational mission. A spectrum leasing arrangement may include any mutually agreeable terms designed to accommodate changes in the EBS licensee's educational use requirements and the commercial lessee's wireless broadband operations. In addition, the terms of EBS lease agreements are subject to contract interpretation and disputes could arise with EBS licensees. There can be no assurance that EBS leases will continue for the full lease term, or be extended beyond the current term, or be renewed or extended on terms that are satisfactory to us. Similarly, since we are not eligible to hold EBS licenses, we must rely on EBS licensees with whom we contract to comply with FCC Rules. The failure of an EBS licensee from whom we lease spectrum to comply with the terms of their FCC authorization or FCC Rules could result in termination, forfeiture or non-renewal of their authorization, which would negatively impact the amount of spectrum available for our use.

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We have no guarantee that the licenses we hold or lease will be renewed.

The FCC generally grants wireless licenses for terms of ten or 15 years, which are subject to renewal and revocation. FCC Rules require all wireless licensees to comply with applicable FCC Rules and policies and the Communications Act of 1934, as amended (the "Communications Act"), in order to retain their licenses. For example, licensees must meet certain construction requirements, including making substantial service demonstrations, in order to retain and renew FCC licenses. Failure to comply with FCC requirements with respect to any license could result in revocation or non-renewal of a license. In general, most wireless licensees who meet their construction and/or substantial service requirements are afforded a renewal expectancy, however, all FCC license renewals can be challenged in various ways, regardless of whether such challenges have any legal merit. Under FCC Rules, licenses continue in effect during the pendency of timely filed renewal applications. Challenges to license renewals, while uncommon, may impact the timing of renewal grants and may impose legal costs. Accordingly, there is no guarantee that licenses we hold or lease will remain in full force and effect or be renewed.

We hold 30 licenses issued by the FCC for WCS spectrum. Renewal applications for all 2.3 GHz WCS licenses, including those issued to us, were due to be filed with the FCC on July 21, 2007. We filed our WCS renewal applications on April 23, 2007. Under FCC Rules, licenses continue in effect during the pendency of timely file renewal applications. At least three parties about which we are aware made filings purporting to be "competing applications" in response to the renewal applications we, AT&T, and perhaps others filed. The basis on which the third-party filings were made was the alleged failure of WCS licensees to deploy service on WCS spectrum and satisfy substantial service requirements by July 21, 2007. However, on December 1, 2006, the FCC issued a waiver order extending the substantial service deadline for WCS licensees to July 21, 2010. The FCC's rules contain no procedures for processing "competing applications" filed for WCS spectrum and the FCC has not accepted them for filing. We have no knowledge of the status of these filings and cannot predict how the FCC may address them or how these filings may impact our renewal applications.

Interference could negatively impact our use of wireless spectrum we hold, lease or use.

Under applicable FCC and equivalent international rules, users of wireless spectrum must comply with technical rules that are intended to eliminate or diminish harmful radiofrequency interference between wireless users. Licensed spectrum is generally entitled to interference protection, subject to technical rules applicable to the radio service, while unlicensed spectrum has no interference protection rights and must accept interference caused by other users.

Wireless devices utilizing WCS, BRS and EBS spectrum may be susceptible to interference from Satellite Digital Audio Radio Services ("SDARS").

Since 1997, the FCC has considered a proposal to permanently authorize terrestrial repeaters for SDARS operations adjacent to the C and D blocks of the WCS band. The FCC has permitted a large number of these SDARS terrestrial repeaters to operate on a special temporary authorization since 2001. Permanently authorizing SDARS repeaters adjacent to the WCS band could cause interference to WCS, BRS and EBS receivers. The extent of the interference from SDARS repeaters is unclear and is subject to the FCC's final resolution of pending proceedings. Because WCS C and D block licenses are adjacent to the SDARS spectrum, the potential for interference to this spectrum is of greatest concern. There is a lesser magnitude concern regarding interference from SDARS to WCS A and B block licenses, and BRS and EBS licenses. Central to the FCC's evaluation of this proposal has been the technical specifications for the operation of such repeaters. SDARS licensees are seeking rule changes that would both unfavorably alter WCS technical operating requirements and permit all existing SDARS repeaters to continue to operate at their current operating parameters. Through their representative association, the WCS Coalition, the majority of affected WCS licensees, including NextWave, also have proposed technical rules for SDARS terrestrial repeaters and WCS operations to the FCC. Final technical rules will determine the potential interference conditions and requirements for mitigation. If SDARS repeaters result in interference to our WCS, BRS or EBS spectrum, our ability to realize value from this spectrum may be impaired.

Increasing regulation of the tower industry may make it difficult to deploy new towers and antenna facilities which could adversely affect the value of certain of our wireless spectrum assets.

The FCC, together with the Federal Aviation Administration ("FAA"), regulates tower marking and lighting. In addition, tower construction and deployment of antenna facilities is impacted by federal, state and local statutes addressing zoning, environmental protection and historic preservation.

The FCC adopted significant changes to its rules governing historic preservation review of new tower projects, which makes it more difficult and expensive to deploy towers and antenna facilities. The FCC also is considering changes to its rules regarding when routine environmental evaluations will be required to determine compliance of antenna facilities with its radiofrequency radiation exposure limits. If adopted, these regulations could make it more difficult to deploy facilities. In addition, 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 use of BRS/EBS spectrum.

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This registration statement 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 similar meaning in conne 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 disclosure controls and procedures were determined not be effective as of December 27, 2008, in particular due to a material weakness in our internal control over financial reporting and if we cannot successfully remediate such material weakness, there is a reasonable possibility that a material misstatement in our financial statements will not be prevented or detected;
- our restructuring and cost reduction activities expose us to contingent liabilities, accounting charges, and other risks;
- we have substantial debt maturities in 2010 and 2011 and our ability to retire our debt on or prior to its maturity dates will require us to successfully sell a substantial portion of our domestic and international spectrum assets. If we are unable to retire our debt through asset sales, we may not be able to renegotiate or refinance our debt at maturity;
- we are highly leveraged and our operating flexibility will be significantly reduced by our debt covenants;
- the terms of our Senior Notes and Second Lien Notes require us to certify our compliance with a restrictive operating budget and any failure to comply with these terms will have adverse economic consequences;
- the failure of our Multimedia segment to sustain and grow its business in the current challenging economic climate may adversely impact our ability to comply with our operating budget and will have an adverse effect on our business;
- our common stock will be delisted from the NASDAQ Global Market if we do not obtain a favorable ruling from the NASDAQ Listing Qualifications Panel at a hearing relating to our failure to comply with the minimum $1.00 per share bid price rule;
- changes in government regulations or continued adverse global economic conditions could affect the value of our wireless spectrum assets; and
- we are subject to the other risks described under “Risk Factors” and elsewhere in the information contained or incorporated into this registration statement.

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 registration statement 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.

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USE OF PROCEEDS

We are registering these shares pursuant to the registration rights granted to certain selling stockholders in connection with our Second Lien Notes. We will not receive any proceeds from the resale of our common stock under this offering.

We may receive nominal proceeds from the issuance of shares of common stock upon exercise of warrants if any of the warrants are exercised for cash. We intend to use any proceeds that we may receive from the issuance of shares of our common stock upon exercise of warrants to meet our working capital needs and for general corporate purposes.

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DIVIDEND POLICY

We have never paid a dividend on our common stock and do not anticipate paying one in the foreseeable future. Pursuant to the terms of the Purchase Agreements governing our Senior Notes, Second Lien Notes and Third Lien Notes, we are restricted from paying dividends and making distributions to holders of our capital stock. In the event we are permitted to pay a dividend on our common stock, the payment of any future dividends will be at the discretion of our Board and will depend upon, among other things, our financial condition and capital needs, legal or contractual restrictions on the payment of dividends and other factors deemed pertinent by our Board.

For additional information on payment of and restrictions on dividends, please also refer to our audited consolidated financial statements and the notes thereto included elsewhere in this prospectus.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents held by our continuing operations and capitalization as of September 26, 2009, on an actual basis. This table should be read in conjunction with “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

(in thousands, except par value data)	At September 26, 2009
Cash and cash equivalents	$ 22,234
Long-term obligations, net of current portion	$ 507,118
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, $0.001 par value; 400,000 shares authorized; 106,169 shares issued and outstanding	106
Additional paid-in-capital	879,397
Accumulated other comprehensive income	9,515
Accumulated deficit	(1,138,645)
Stockholders’ deficit attributable to NextWave	(249,627)
Noncontrolling interest in subsidiary	14,799
Total stockholders’ deficit	(234,828)
Total capitalization	$ 272,290

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SELLING STOCKHOLDERS

The selling stockholders may from time to time offer and sell any or all of the shares of our common stock set forth below pursuant to this prospectus. When we refer to "selling stockholders" in this prospectus, we mean the persons listed in the table below, and the pledges, donees, permitted transferees, assignees, successors and others who later come to hold any of the selling stockholders' interests in shares of our common stock other than through a public sale.

The following table sets forth, as of the date of this prospectus, the names of the selling stockholders for whom we are registering shares for resale to the public, and the number of shares of common stock that each selling stockholder may offer pursuant to this prospectus.

On October 9, 2008, we issued to the purchasers of our Second Lien Notes (the "Second Lien Purchasers") warrants to purchase an aggregate of 40 million shares of Common Stock pursuant to a warrant agreement among the Company and the purchasers of our Second Lien Notes. The Company issued warrants to purchase an aggregate of 30 million shares of common stock to Avenue Capital and warrants to purchase an aggregate of 10 million shares of common stock to Sola Ltd. Robert Symington, a senior portfolio manager with Avenue Capital, is a member of our Board of Directors. The warrants have an exercise price of $0.01 per share of common stock (subject to certain adjustments as set forth in the warrant agreements entered into in connection with the issuance of such warrants) and are exercisable at any time from the date of issuance until 5:00 P.M. eastern time, on October 9, 2011. On April 8, 2009, we issued warrants to purchase an aggregate of 10 million shares of our common stock to the purchasers of the Second Lien Notes pursuant to the terms of the purchase agreements for our Second Lien Notes in connection with the Company's failure to meet certain asset sale targets on or prior to March 31, 2009. Of the warrants issued, warrants to purchase 7.5 million shares of our common stock were issued to Avenue AIV US, L.P. and warrants to purchase an aggregate of 2.5 million shares of our common stock to Sola Ltd. Such warrants have an exercise price of $0.01 per share of common stock (subject to certain adjustments as set forth in the warrant agreements entered into in connection with the issuance of such warrants) and are exercisable at any time from the date of issuance until 11:59 P.M. eastern time, on April 6, 2012. Additionally, on July 2, 2009, we issued warrants to purchase an aggregate of 7.5 million shares of our common stock at an exercise price of $0.01 per share (subject to certain adjustments as set forth in the warrant agreements entered into in connection with the issuance of such warrants) to Avenue AIV US, L.P., the purchaser of the Incremental Notes. Such warrants are exercisable at any time from the date of issuance until 11:59 P.M. eastern time, on June 29, 2012. Neither Mr. Symington nor Avenue Capital or its affiliates received any compensation in connection with any of the financing transactions described above. The shares of common stock offered by the selling stockholders were issued pursuant to exemptions from the registration requirements of the Securities Act. The selling stockholders represented to us that they were accredited investors and were acquiring our warrants exercisable for our common stock for investment and had no present intention of distributing the common stock.

On December 16, 2009, Avenue AIV US, L.P. exercised warrants to purchase an aggregate of 45 million shares of our common stock at an exercise price of $0.01 per share of common stock, through a cashless exercise. Following the cashless exercise of the warrants, Avenue AIV US, L.P. held 44,147,590 shares of common stock.

We have agreed to file a registration statement covering the common stock received by the selling stockholders. We have filed with the SEC, under the Securities Act, a Registration Statement on Form S-1 with respect to the resale of the common stock from time to time by the selling stockholders, and this prospectus forms a part of that registration statement.

Based on the information provided to us by the selling stockholders and as of the date the same was provided to us, assuming that the selling stockholders sell all of the shares of our common stock beneficially owned by them that have been registered by us and do not acquire any additional shares during the offering, the selling stockholders will not own any shares other than those appearing in the column entitled "Number of Shares of Common Stock Owned After the Offering." We cannot advise you as to whether the selling stockholders will in fact sell any or all of such shares of common stock. In addition, the selling stockholders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the shares of our common stock in transactions exempt from the registration requirements of the Securities Act after the date on which it provided the information set forth on the table below.

Name of Selling Stockholder	Number of Shares of Common Stock Owned Prior to the Offering		Number of Shares of Common Stock Issued or Issuable Upon the Exercise of Warrants (1)	Total Number of Securities Owned Prior to the Offering	Total Number of Securities Owned Being Registered	Number of Shares of Common Stock Owned After the Offering		Percentage of Common Stock Owned After the Offering (2)	
Avenue AIV US, L.P. (3)	18,106,900	(3)	44,147,590	62,254,490	20,347,826	41,906,664	(3)	26.7%	
Sola Ltd.	11,429,801	(4)	12,500,000	23,929,801	5,652,174	18,277,627		11.6%	(5)

(1) Unless otherwise indicated, the warrants represented are exercisable at $0.01 per share of our common stock.

(2) Unless otherwise indicated, assumes that each selling stockholder will resell all of the shares of our common stock offered hereunder. Applicable percentage of ownership is based on 157,091,190 shares of our common stock outstanding as of February 3, 2010.

(3) Includes 709,498 shares of common stock underlying stock options granted by the Issuer to Robert T. Symington, an employee of Avenue Capital Management II and a director of the Issuer. Pursuant to an agreement between Mr. Symington and Avenue Capital Management II, any compensation received by Mr. Symington as a director of the Issuer shall be for the benefit of the Funds (as defined below). Avenue Capital Management II exercises voting and investment power over the securities beneficially owned by the Funds. This number also includes 1,753,552 shares of common stock held by Avenue Special Situations Fund IV, L.P. ("Avenue Spec IV") and 136,432 shares of common stock held by Avenue Investments, L.P. ("Avenue Investments"), and shares of common stock underlying (i) Third Lien Subordinated Secured Convertible Notes (the "Third Lien Notes") in the principal amount of $134,730,977, convertible into 12,192,847 shares of common stock, issued by the Issuer to Avenue Spec IV, Avenue Investments, Avenue International Master, L.P. ("Avenue International") and Avenue-CDP Global Opportunities Fund, L.P. ("CDP Global" and together with Avenue Spec IV, Avenue Investments, Avenue International, Avenue AIV and together with Avenue Special Situations Fund V, L.P. ("Avenue Spec V"), the "Funds") on October 9, 2008, together with Payment in Kind ("PIK") interest payable over the term of the Third Lien Notes of $36,626,008, convertible into 3,314,571 shares of common stock (the Third Lien Notes were immediately convertible upon their issuance).

(4) Includes 6,250,000 shares held as common stock and 5,179,801 shares issuable upon conversion of Third Lien Notes.

(5) The convertible securities held by Sola Ltd. provide that in no event will any holder of such securities be entitled to receive common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to become, directly or indirectly, a beneficial owner of more than 9.9% of the shares of our common stock outstanding at such time.

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PLAN OF DISTRIBUTION

The selling stockholders (the “Selling Stockholders”) of the common stock and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on The NASDAQ Global Market or any other stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The Selling Stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchases;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”), if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with NASDR Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with NASDR IM-2440.

In connection with the sale of the common stock or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The Selling Stockholders may also sell shares of the common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

In no event shall any broker-dealer receive fees, commissions and markups that, in the aggregate, would exceed eight percent (8%).

The Company is required to pay certain fees and expenses incurred by the Company incidental to the registration of the shares. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act ("Rule 144") may be sold under Rule 144 rather than under this prospectus. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the Selling Stockholders.

We agreed to keep this prospectus continuously effective for a period ending on the earlier of (i) the second anniversary of the time and date as of which the SEC declares this registration statement effective or as of which this registration statement otherwise becomes effective, (ii) a shelf registration statement registering the shares under the Securities Act has been declared or becomes effective and such shares have been sold or otherwise transferred by the holder thereof pursuant to and in a manner contemplated by such effective registration statement, (iii) such shares are sold pursuant to Rule 144 under circumstances in which any legend borne by such shares relating to restrictions on transferability thereof, under the Securities Act or otherwise, is removed by the Company, (iv) such shares are eligible to be sold pursuant to paragraph (d)(1) of Rule 144 (or any successor provision) or (v) such shares shall cease to be outstanding. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

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Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale shares may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of the common stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale.

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DESCRIPTION OF CAPITAL STOCK

General

As of February 3, 2010, we have 157,091,190 shares of our common stock outstanding held by approximately 1,102 holders of record. Our authorized capital stock consists of 400,000,000 shares of common stock, par value $0.001 per share and 25,000,000 shares of preferred stock, par value $0.001 per share. The outstanding shares of our common stock are fully paid and non-assessable. As of February 3, 2010 there are 43,955,751 shares reserved for future issuance, of which 33,385,373 will be reserved for issuance upon the exercise of granted and outstanding options and warrants and 10,570,378 will be available for future option grants.

A description of our common stock appears below.

Common Stock

Dividend Rights. Holders of outstanding shares of our common stock are entitled to receive dividends out of assets legally available at the times and in the amounts that our board of directors may determine from time to time.

Voting Rights. Each holder of common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. We have not provided for cumulative voting for the election of directors in our certificate of incorporation. This means that the holders of a majority of the shares voted can elect all of the directors then standing for election.

No Preemptive, Conversion or Redemption Rights. Our common stock is not entitled to preemptive rights and is not subject to conversion or redemption.

Right to Receive Liquidation Distributions. Upon our liquidation, dissolution or winding-up, the holders of our common stock are entitled to share in all assets remaining after payment of all liabilities and the liquidation preferences of any outstanding preferred stock. Each outstanding share of common stock is fully paid and nonassessable.

Anti-Takeover Effects of Delaware Law and the Certificate of Incorporation and Bylaws of NextWave Wireless Inc.

The provisions of Delaware law, as well as our certificate of incorporation and bylaws described below may have the effect of delaying, deferring or discouraging another party from acquiring control of our company.

Delaware Law

Effective upon the listing of our common stock on The NASDAQ Global Market, our company became subject to the provisions of Section 203 of the Delaware General Corporation Law (“Section 203”) regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless: the transaction is approved by the board of directors before the date the interested stockholder attained that status; upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or on or after the date the business combination is approved by the board of directors and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines business combination to include the following: any merger or consolidation involving the corporation and the interested stockholder; any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder; subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any of these entities or persons. A Delaware corporation may opt out of this provision either with an express provision in its original certificate of incorporation or in an amendment to its certificate of incorporation or bylaws approved by its stockholders. However, we have not opted out, and do not currently intend to opt out of this provision. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws provide that:

- our directors serve staggered, three-year terms and accordingly, pursuant to Delaware law, can only be removed with cause;

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- no action can be taken by stockholders except at an annual or special meeting of the stockholders called in accordance with our bylaws, and stockholders may not act by written consent;
- our board of directors will be expressly authorized to make, alter or repeal our bylaws, and our stockholders will be able to make, alter or repeal our bylaws by a vote of 66-2/3% of the issued and outstanding voting shares;
- any vacancies on the board of directors would be filled by a majority vote of the board;
- our board of directors will be authorized to issue preferred stock without stockholder approval; and
- we will indemnify officers and directors against losses that they may incur in investigations and legal proceedings resulting from their services to us, which may include services in connection with takeover defense measures.

NASDAQ Global Market Listing

Our common stock is listed on The NASDAQ Global Market under the ticker symbol "WAVE." On January 22, 2010, we received a Staff Determination letter from the Listing Qualifications Department of NASDAQ indicating that our common stock is subject to delisting from The NASDAQ Global Market because of non-compliance with NASDAQ Marketplace Rule 5450(a)(1) relating to the minimum $1.00 per share requirement for continued listing, unless we request a hearing before a NASDAQ Listing Qualifications Panel (the "Panel") by the close of business on January 29, 2010. We have requested a hearing on the matter and such hearing has been scheduled for February 25, 2010. Our common stock will remain listed on The NASDAQ Global Market pending the Panel's final decision. In connection with the hearing, we intend to submit a plan outlining our strategy for regaining compliance with the Rule, which we anticipate may include a reverse stock split. See "Risk Factors – Risk Relating to Our Business."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Ltd.

INFORMATION WITH RESPECT TO THE REGISTRANT

Business

In this registration statement, 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 27, 2008.

NextWave Wireless Inc. is a holding company for mobile multimedia businesses and a significant wireless spectrum portfolio. As a result of our global restructuring initiative described below, our continued operations have been focused on two key segments: Multimedia, consisting of the operations of our subsidiary PacketVideo Corporation and Strategic Initiatives, focused on the management of our wireless spectrum interests.

PV develops, produces, and markets advanced mobile multimedia and consumer electronic connectivity product solutions including embedded software for mobile handsets, client-server platforms for mobile media applications such as music and video and software for sharing media in the connected home. At present, PV's customers include many of the largest mobile handset and wireless service providers in the world including Cisco, Linksys, Motorola, Nokia, DOCOMO, Rogers Wireless, Orange, Panasonic, Samsung, Sharp, Sony Ericsson, TeliaSonera, Verizon Wireless and Vodafone India. As wireless service providers continue to upgrade their data services and introduce new platforms such as AndroidTM and iPhone TM, we believe that multimedia applications such as live TV, video-on-demand, and mobile music will remain key driving forces behind global adoption of next-generation wireless technologies and end-user devices. In addition, we believe that consumer electronics and wireless handsets are converging around the concept of a connected home in which media can be shared and enjoyed by consumers on multiple screens, including the television, the PC and the mobile handset. As a result, many telecom operators seek to develop common services across their wireline and wireless businesses. Our business is focused on developing the technologies and products that enable both operators and device manufacturers to deliver these types of advanced mobile multimedia services to customers. In July 2009, a subsidiary of DOCOMO purchased a 35% interest in our PacketVideo subsidiary. Pursuant to the definitive agreements, DOCOMO was granted certain rights in the event of future transfers of PacketVideo stock or assets, preemptive rights in the event of certain issuances of PacketVideo stock, and a call option exercisable under certain conditions to purchase the remaining shares of PacketVideo at an appraised value. In addition, DOCOMO will have certain governance and consent rights applicable to the operations of PacketVideo. DOCOMO has expressed its intent to exercise its call option and the parties are currently in preliminary discussions concerning such exercise.

Our total wireless spectrum holdings currently consist of approximately ten billion MHz POPs consisting of approximately 220.4 million POPs in the U.S. and 145 million international POPs, including licenses for many large metropolitan areas in the United States, as well as significant holdings in Canada and nationwide licenses in Austria, Croatia, Germany, Norway, Slovakia and Switzerland. We have engaged Deutsche Bank and UBS Investment Bank to market our United States wireless spectrum holdings, and Canaccord Adams to market our Canadian wireless spectrum holdings. As part of these efforts, during the nine months ended September 26, 2009 and during our fiscal year 2008 we sold a portion of our AWS spectrum in the United States for net proceeds, after deducting direct and incremental selling costs, of $26.7 million and $145.5 million, and recognized gains on these sales totaling $2.3 million and $70.3 million, respectively. We will seek to sell our wireless spectrum holdings over time to repay our significant secured indebtedness, the aggregate principal amount of which was approximately $813.7 million as of September 26, 2009. Our ability to implement this strategy is subject to significant risks, as described in this registration statement under the heading "Risk Factors."

In 2008, we initiated significant financing and restructuring activities. On October 9, 2008, NextWave Wireless LLC, our wholly-owned subsidiary, issued Second Lien Notes in the aggregate principal amount of $105.3 million, and received net proceeds of approximately $87.5 million to be used solely to fund our ordinary course business operations. Concurrently, we issued Third Lien Notes in an aggregate principal amount of $478.3 million in exchange for all of the outstanding shares of our Series A Preferred Stock. We did not receive any cash proceeds from the issuance of the Third Lien Notes.

Pursuant to our global restructuring initiative and the terms of our Senior Notes, Second Lien Notes and Third Lien Notes, we have completed the following:

- We have terminated 620 employees worldwide and vacated seven leased facilities.

- In October 2009, the Board of Directors of WiMAX Telecom GmbH, the holding company for NextWave's discontinued WiMAX Telecom business in Austria and Croatia, filed an insolvency proceeding in Austria in accordance with local law to permit the orderly wind-down of such entity. The court in Austria has entered an order appointing an administrator to manage the insolvency of WiMAX Telecom GmbH. As a result of the appointment of the administrator, NextWave no longer controls WiMAX Telecom GmbH and its subsidiaries and will not receive any proceeds from the assets of the WiMAX entities. NextWave has obtained a waiver of events of default resulting from the insolvency filing under its Senior Notes, Second Lien Notes and Third Lien Notes, including a rescission of the acceleration of maturity triggered as a result of such filing.

- We sold a controlling interest in our IPWireless subsidiary in December 2008 and sold the remaining noncontrolling interest in November 2009.

- We shut down the operations of our other network infrastructure businesses, which comprise our Networks segment, including the operations of our GO Networks and Cygnus subsidiaries and our Global Services and NextWave Network Support strategic business units.

- We initiated bankruptcy liquidation proceedings for three of our network infrastructure subsidiaries in Israel, Denmark and Canada, which proceedings are intended to provide an orderly process for the discontinuance of operations and to advance our divestiture and cost reduction strategy.

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- In the first quarter of 2009, we shut down our semiconductor business and terminated 220 employees and, subsequently, in the third quarter of 2009, we sold certain of our owned semiconductor business patents and patent applications to a third party.

- We have downsized our corporate overhead functions to match the anticipated reduction in overall global support requirements, including our information technology, legal, finance, human resources and corporate branding and marketing functions.

- We have integrated certain corporate administration functions into our PacketVideo operations in San Diego, California.

- We have continued to pursue wireless spectrum license sales, the net proceeds of which will be used to reduce our outstanding indebtedness thereby reducing the interest costs payable in future years.

- We are actively pursuing the sale or wind-down of various remaining portions of our WiMax Telecom business.

Several factors led to our decision to implement our global restructuring initiative, including adverse worldwide economic conditions, which we believe have adversely affected manufacturers of telecommunications equipment and technology and caused our discontinued Networks segment to experience lower than projected contract bookings and revenues. We believe these conditions have also led to a delay in global WiMAX network deployments, which have adversely impacted the timing and volume of projected commercial sales of WiMAX products of our discontinued semiconductor business.

To further enhance our operational flexibility, on April 1, 2009, we obtained a waiver from the holders of our Senior Notes, Second Lien Notes, and Third Lien Notes that adjusts our minimum cash balance requirement from $15 million to $5 million, waives certain events of default relating to timely delivery of a new operating budget, permits us to issue up to $25 million of indebtedness on a pari passu basis with our Second Lien Notes, and allows us to pay certain holders of our Senior Notes payment-in-kind interest at a rate of 14%. Additionally, on July 2, 2009, we entered into agreements pursuant to which NextWave LLC issued Incremental Notes in the aggregate principal amount of $15.0 million, on the same financial and other terms applicable to the existing Second Lien Notes. The Incremental Notes were issued with an original issuance discount of 5% resulting in gross proceeds of $14.3 million. After payment of transaction related expenses, we received net proceeds of $13.5 million to be used solely in connection with the ordinary course operations of our business and not for any acquisition of assets or businesses or other uses. We issued the Incremental Notes as an alternative to the working capital financing contemplated by the commitment letter we previously entered into with Navation, Inc., an entity controlled by Allen Salmasi, our Chairman.

Our Senior Notes require payments of approximately $164.1 million in principal plus accrued interest in July 2010 and our Second Lien Notes require payment of approximately $135.7 million in principal plus accrued interest in December 2010. Our cash reserves and cash generated from operations are not sufficient to meet these payment obligations. We must consummate sales of our wireless spectrum assets yielding proceeds that are sufficient to retire this indebtedness or renegotiate the maturity of our secured notes and/or seek to refinance such indebtedness. Currently, we are in discussion with certain holders of our secured notes regarding the extension of the maturity of such notes. There can be no assurance that we will be able to extend the maturity of our secured notes or that asset sales or any additional financing will be achievable on acceptable terms. If we are unable to renegotiate or pay our debt at maturity, the holders of our notes could proceed against the assets pledged to secure these obligations, which include our spectrum assets and the capital stock of our material subsidiaries, which would impair our ability to continue as a going concern and could require us to file for bankruptcy protection in the U.S. Our financial statements do not include any adjustments related to the recovery of assets and classification of liabilities that might be necessary should we be unable to continue as a going concern.

We believe that the completion of the asset divestiture and cost reduction actions, our current cash and cash equivalents, projected revenues and cash flows from our Multimedia segment and payment of intercompany indebtedness related to our Multimedia segment, our ability to pay payment-in-kind interest as allowed under the current agreement, in lieu of cash interest, to the holders of 68% of the aggregate remaining outstanding principal balance of our Senior Notes and our third party arrangements with respect to our domestic WCS spectrum build-out requirements will allow us to meet our estimated operational cash requirements, other than the pending maturity of our Senior Notes as discussed above, at least through September 2010. Should we be unable to achieve the revenues and/or cash flows through September 2010 as contemplated in our operating plan, if there is a failure by our counterparty to perform its contractual obligations in respect of the WCS spectrum build-out, or if we were to incur significant unanticipated expenditures, including in respect of our performance of the WCS build-out, we will seek to identify additional capital resources including through use of our remaining $10 million incremental second lien notes debt basket and will implement certain additional actions to reduce our working capital requirements including staffing reductions, the deferral of capital expenditures associated with the build-out requirements of our international wireless spectrum licenses and further reductions in foreign operations.

Multimedia Segment

PacketVideo was founded in 1998 and supplies multimedia software and services to many of the world’s largest network operators and wireless handset manufacturers. These companies in turn use PacketVideo’s platform to offer music and video services on mobile handsets, generally under their own brands. To date, over 250 million PacketVideo-powered handsets have been shipped worldwide. PacketVideo has been contracted by some of the world’s largest carriers, such as Orange, DOCOMO, Rogers Wireless, TeliaSonera, TELUS Mobility and Verizon Wireless to design and implement the embedded multimedia software capabilities contained in their handsets. PacketVideo’s software is compatible with virtually all network technologies including CDMA, GSM, WiMAX, LTE and WCDMA.

As mobile platforms evolve, PacketVideo continues to provide one of the leading multimedia solutions. PacketVideo is one of the original founding members of the OHA, led by Google. PacketVideo’s OpenCORE platform serves as the multimedia software subsystem for the OHA’s mobile device Android TM platform. In a similar vein, PacketVideo has been recognized for its support of the LiMO Foundation™ and their platform initiatives. We believe that by supporting the efforts of the OHA and LiMO Foundation™, PacketVideo is well positioned to market its full suite of enhanced software applications to Android TM and LiMO application developers.

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In addition, since 2006 PacketVideo has offered software products for use on PCs, consumer electronics and other devices in the home. We believe that media consumption in the home and media consumption on mobile handsets is converging. PacketVideo's TwonkyMedia™ product line is designed to capitalize on this trend. PacketVideo has invested in the development and acquisition of a wide range of technologies and capabilities to provide its customers with software solutions to enable home/office digital media convergence using communication protocols standardized by the Digital Living Network Alliance™. The TwonkyMedia™ suite of products that provide for content search, discovery, organization and content delivery/sharing amongst consumer electronics products connected to an Internet Protocol-based network. This powerful platform is designed to provide an enhanced user experience by intelligently responding to user preferences based on content type, day-part, and content storage location. In addition, PacketVideo's patented DRM solutions, already in use by many wireless carriers globally, represent a key enabler of digital media convergence by preventing the unauthorized access or duplication of multimedia content used or shared by PacketVideo-enabled devices. Additionally, PacketVideo is one of the largest suppliers of Microsoft DRM™ technologies for the wireless market today.

Although we believe that PacketVideo's products are advantageous and well positioned for success, PacketVideo's business largely depends upon volume based sales of devices into the market. The economic downturn in the global markets has affected consumer spending habits. PacketVideo's customers and distribution partners, telecommunications companies and consumer electronics device manufacturers, are not immune to such uncertain and adverse market conditions. PacketVideo relies on these partners as distribution avenues for its developed products. Additionally, competitive pressures may cause further price wars in an effort to win or sustain business which will have an effect on overall margins and projections. If economic conditions continue to deteriorate, this may result in lower than expected sales volumes, resulting in lower revenue, gross margins, and operating income.

Competitive Strengths

Well established industry position. We believe that our PacketVideo subsidiary is a leading independent supplier of multimedia software in the mobile industry, with ten years of expertise. PacketVideo's customers include many of the world's largest handset manufacturers such as Fujitsu, HTC, Motorola, Nokia, Panasonic, Samsung, Sharp, and Sony Ericsson, as well as some of the world's largest network operators including Orange, DOCOMO, Rogers Wireless, TeliaSonera, TELUS Mobility, Verizon Wireless and Vodafone India. PV has also become a leading provider of software for next generation connected home consumer electronics products to companies such as Buffalo, Cisco Linksys, Denon, Hewlett-Packard, Panasonic, Philips, Siemens, Yamaha and Western Digital. In 2008, PV became a founding member of the OHA led by Google, and supplies the multimedia software subsystem, known as OpenCORE, for the OHA's mobile device platform known as Android TM. As the shift to converged services occurs where multimedia services are accessible via the television, PC and mobile handset, we believe that PacketVideo is in a unique position to support this evolution.

A unique and flexible portfolio of multimedia products and technologies. We expect mobile TV to continue to grow on a global basis. There is a trend emerging among those watching television programs to now search out the same content over the Internet. Content providers have begun experimenting with content portals that provide popular programming with the same shows that are available on television. According to Juniper Research, the global base for mobile broadcast TV services is likely to exceed $330 million by the end of 2013. Unlike the 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 works 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. We believe that PV's expertise in the key elements needed to deliver mobile multimedia services puts PV in a unique position to capitalize on this growth.

A highly accomplished team of wireless technology professionals. PacketVideo is led by a team of highly accomplished veterans with broad experience in the development of wireless communications technologies and solutions. Dr. James Brailean, Chief Executive Officer of PacketVideo, co-founded PacketVideo and has built it into an industry leader over the past ten years.

Competition

We continue to experience intense competition for our multimedia products and services. Our competitors range in size from Fortune 500 companies to small, specialized single-product businesses. At present, the primary competitors for our multimedia software products are the internal multimedia design teams at large OEM handset manufacturers such as Nokia, Samsung, LG, Sony Ericsson, Motorola, Apple, RIM, HTC, Palm and others. Many of these companies now offer their own internally developed multimedia services (e.g., Nokia Ovi, SonyEricsson PlayNow) that come bundled with various handset products. While these groups compete against the company in the overall market for wireless multimedia, these companies also represent the primary distribution channel for delivering PacketVideo products. This is because PacketVideo’s mobile operator customers ask these manufacturers to install or preload a version of PacketVideo’s software customized for such mobile operator in handsets that they purchase. In addition to the handset manufacturers, a number of companies compete with PacketVideo at various product levels, including Adobe, Microsoft, MobiTV, NXP Software, Real Networks, Sasken, Streamezzo, SurfKitchen, and UIEvolution, offering software products and services that directly or indirectly compete with PacketVideo.

For the connected home set of product solutions, our primary competitors again include internal software design teams at large consumer electronics companies like Sony, Microsoft, Cisco Linksys, Samsung and Panasonic. In addition, we face competition from a number of other companies such as Apple, Macrovision, Microsoft, Monsoon Multimedia, the Orb, and Real Networks.

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Although we believe that our products are advantageous and well positioned for success, our business largely depends upon volume based sales of devices into the market. The economic downturn in the global markets has affected consumer spending habits. Our customers and distribution partners, telecommunications companies and consumer electronics device manufacturers, are not immune to such uncertain and adverse market conditions. PacketVideo relies on these partners as distribution avenues for its developed products. Additionally, competitive pressures may cause further price wars in an effort to win or sustain business which will have an effect on overall margins and projections. If economic conditions continue to deteriorate, this may result in lower than expected sales volumes, resulting in lower revenue, gross margins, and operating income.

The PV Strategy

The PV strategy is to deliver technologically advanced mobile multimedia and products and technologies to mobile subscriber terminal manufacturers, mobile network operators, and consumer electronics product companies, using a two-pronged approach:

- Deliver rich-media services on PacketVideo's CORE and OpenCORE technologies for next-generation platforms . Building on its success in developing solutions for BREW, Microsoft's Windows Mobile platform and Symbian, PacketVideo will continue to deliver solutions for new platforms such as Android TM and iPhone TM along with LiMO driven projects. PacketVideo's recently announced LiveTV for the iPhone demonstrates its ability to rapidly develop and deliver the next-generation rich-media solutions required by the industry.

- Deliver connected home solutions based on PacketVideo's TwonkyMedia platform. PacketVideo will continue to partner with home routing systems, digital media renderers, network attached storage providers and other evolving and new connected consumer electronics devices to deliver digital home connectivity solutions using Digital Living Network Alliance ("DLNA") certified devices, as well as proprietary connected devices, to allow seamless sharing of audio, video and photo content. As wireline and wireless premium services continue to converge, PacketVideo will continue to develop multi-screen services for service providers intent on capitalizing on rich media services.

Grow and extend the Multimedia 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 and by leveraging its new multimedia convergence products and technologies. At present, the primary competitors for PacketVideo's multimedia software products are the internal multimedia software 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 new categories of software applications that capitalize on the distinctive mobility features inherent in mobile broadband systems. While the competition from the OEM's internal multimedia design teams and other independent multimedia software may increase in the next few years, we believe that PacketVideo will be able to leverage its MediaFusion platform and its family of TwonkyMedia products to fortify its position in the mobile multimedia and converged media software business.

PV Products and Technologies

PacketVideo is a global provider of multimedia software and services. PacketVideo's software 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 network operators to help them quickly develop and introduce new multimedia enabled handsets and multimedia services to the market. 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.

CORE 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. CORE 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.

OpenCORE Open-sourced Multimedia Sub-system. PacketVideo is a founding member of the Open Handset AllianceTM, an initiative led by Google to create a new mobile handset platform called Android TM . PacketVideo has open-sourced part of its code to provide the multimedia sub-system for Android TM, allowing developers to create basic audio and video applications for Android TM. Should device vendors, who have adopted the Android TM platform wish to create more sophisticated multimedia services in the future, they can migrate to CORE and its capabilities. Additionally, the carriers in the LiMo Foundation have expressed their appreciation for PacketVideo's support of the LiMO Foundation's platform initiatives.

TwonkyMedia. TwonkyMedia is a family of customizable software products that auto-detect and link popular devices through the home, allowing end-users to share and enjoy various forms of mobile-multimedia content on the devices of their choice. The TwonkyMedia server is certified by the DLNA, a consortium of more than 300 consumer electronics and technology companies. The software is interoperable with hundreds of other DLNA-compatible home electronic and mobile devices as well as select non-compatible devices including Microsoft's Xbox 360 and Sony's PlayStation Portable.

PacketVideo Mobile TV Solutions. PacketVideo's mobile TV solutions enable mobile broadcast TV. Features include live streaming TV, VOD, high-performance multimedia codecs, picture-in-picture, personal video recorder, fast channel changing, and support for PacketVideo's own or third-party electronic service guides.

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PacketVideo DRM Solutions. A mobile implementation of content protection and business rules for commercial media consumption. DRM types supported include: Windows Media DRM, OMA 1.0 and 2.0, and DTCP-IP. In addition, PacketVideo owns, and is further developing a flexible Java DRM solution called Secure Digital Container or SDC which has been adopted by several major operators.

MediaFusion Server-Client Solution. MediaFusion is a platform that unites disparate media services on the back end and present a unified user interface on the device, adding value to a mobile operator's existing content delivery services by managing and serving data about media content, rather than the media payload, and enabling a personalized music entertainment experience for users based on their demonstrated preferences.

Sales and Marketing

PacketVideo has ongoing marketing efforts that focus on the wireless industry and partners specific to PacketVideo's business success. Today, we continue to highlight rich media embedded software development for both handset manufacturers and network service providers. PV's partnerships span throughout North America, Europe and parts of Asia. We focus on global partner tradeshow events like Mobile World Congress events and developer conferences, continually update our products and solutions collateral, identify and meet with key analysts and promote PV's commercialized projects through appropriate press and news outlets. For the year ended December 27, 2008, sales to three Multimedia customers, Verizon Wireless, DOCOMO and Sony Ericsson, accounted for 38%, 17% and 14%, respectively, of our consolidated revenues.

As certain mediums are becoming more popular and useful in disseminating important company and product information, PacketVideo has evolved its strategy. We have begun actively educating developers and partners through dedicated online WebPages, directed targeted video presentations to educate our partners and the general interested audience, created applicable blogs and advanced our participation in consumer related articles on new initiatives like OpenCORE. With the evolution of converged services, which address not only the mobile handset screen but also the PC desktop screen and the set top box television screen, we seek to promote our home connectivity products, such as TwonkyMedia manager, to become the leading standard in home software connectivity. There is a business to business set of marketing activities as well as business to consumer promotions, the latter of which is new to PV's overall promotional strategy. The TwonkyMedia website, www.twonkymedia.com, is a rich interactive consumer targeted website that offers in-depth information and guides to PV's latest evolution of the TwonkyMedia suite of products.

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Strategic Initiatives Segment

Our strategic initiatives business segment is engaged in the management of our global wireless spectrum holdings. Our total spectrum holdings consist of approximately ten billion MHz POPs, covering approximately 216.2 million POPs, of which 107.3 million POPs are covered by 20 MHz or more of spectrum, and an additional 90.6 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. Our domestic spectrum resides in the 2.3 GHz WCS, 2.5 GHz BRS/ EBS, and 1.7/2.1 GHz AWS bands and offers propagation and other characteristics suitable to support high-capacity, mobile broadband services.

Our international spectrum holdings include nationwide 3.5 GHz licenses in Slovakia and Switzerland; a nationwide 2.0 GHz license in Norway; 2.3 GHz licenses in Canada; and 2.5 GHz licenses in Argentina and Chile, covering 145 million POPs.

We continue to pursue the sale of our wireless spectrum holdings and any sale or transfer of the ownership of our wireless spectrum holdings is subject to regulatory approval. We expect that we will be required to successfully monetize most of our wireless spectrum assets in order to retire our debt.

During the first nine months of 2009, we completed the sale of certain of our owned AWS spectrum licenses in the United States to a third party for net proceeds, after deducting direct and incremental selling costs, of $26.7 million, and recognized gains on these sales totaling $2.3 million. The net proceeds from the sales received after July 15, 2009 were used to redeem a portion of the Senior Notes at a redemption price of 102% of the principal amount thereof plus accrued interest and net proceeds received prior to July 16, 2009 were used to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

To date, we have realized a positive return on the sale of the majority of our domestic AWS spectrum licenses. However, there can be no assurance that we will realize a similar return upon the sale of our remaining wireless spectrum holdings. The sale price of our wireless spectrum assets will be impacted by, among other things:

- the FCC’s final resolution of ongoing proceedings regarding interference from satellite digital audio radio services to our WCS spectrum licenses;

- the timing and associated costs of build out or substantial service requirements attached to our domestic and international spectrum licenses, where a failure to comply with these requirements could result in license forfeiture;

- the timing of closure of potential sales, particular if it is necessary to accelerate the planned sale of certain of our spectrum licenses in order to meet debt payment obligations;

- worldwide economic conditions which we believe have adversely affected manufacturers of telecommunications equipment and technology and led to a delay in global WiMAX network deployments; and

- the availability of capital for prospective spectrum buyers which has been negatively impacted by the downturn in the credit and financial markets.

As we have previously disclosed, our efforts to sell our wireless spectrum holdings on favorable terms has been delayed by current market conditions, as well as regulatory and other market activities involving potential buyers. We are continuing to have discussions with numerous parties who have expressed interest in our various spectrum assets. However, we believe that adverse economic conditions continue to affect potential purchasers of our wireless spectrum, and there can be no assurance as to the timing of further spectrum sales or the sales prices that will be attained.

As of January 2, 2010, summary information about our current spectrum holdings in the United States is set forth below.

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			Type of Spectrum(1)(4)			
MEA (2)	MEA Name	POPs (3) (mm)	BRS EBS	WCS	AWS	Top Covered CMAs within MEA (POP Rank)
1	Boston	9.3			-	Boston (10), Providence (50)
2	New York City(5)	31.6			-	New York (2), Hartford (41)
3	Buffalo	1.7			-	Buffalo (45), New York 3 - Chautauqua (118)
4	Philadelphia	8.6			-	Philadelphia (6), Wilmington (75)
7	Charlotte-Greensboro-Greenville-Raleigh	1.7				NC 15- Cabarrus (93), NC 4 – Henderson (139)
8	Atlanta	1.2				Savannah (183), Georgia 12 - Liberty (270)
9	Jacksonville	2.7				Jacksonville (37), Tallahassee (177)
10	Tampa-St. Petersburg-Orlando	0.9				Florida 4 - Citrus (77), FL 3 - Hardee (304)
11	Miami	0.0			-	Fort Myers (89), Florida 1 - Collier (163)
15	Cleveland	4.7			-	Cleveland (26), Akron (74)
16	Detroit	10.8			-	Detroit (7), Grand Rapids (59)
17	Milwaukee	5.6			-	Milwaukee (33), Madison (115)
18	Chicago	14.1			-	Chicago (3), Gary (80)
20	Minneapolis-St. Paul	7.2			-	Minneapolis (14), Minnesota 6 - Hubbard (201)
21	Des Moines-Quad Cities	2.8			-	Des Moines (102), Davenport (160)
27	New Orleans-Baton Rouge	0.6			-	Mobile (90)
29	Kansas City	3.5			-	Kansas City (27), Topeka (315)
30	St. Louis	4.6			-	St. Louis (18),Springfield (178)
31	Houston	7.3			-	

				Houston(5), Louisiana 5 - Beauregard (130)
32	Dallas-Fort Worth	13.2		Dallas (4), Austin (35)
33	Denver	5.8	-	Denver (16), Colorado Springs (87)
34	Omaha	1.7	-	Omaha (72), Lincoln (224)
35	Wichita	1.3	-	Wichita (96), Kansas 14 - Reno (394)
36	Tulsa	1.0	-	Tulsa (57), Oklahoma 4 - Norton(305)
37	Oklahoma City	2.3	-	Oklahoma City (44), Oklahoma 3 - Grant (287)
38	San Antonio	3.9	-	San Antonio (25), McAllen (73)
39	El Paso-Albuquerque	2.8		Albuquerque (70), El Paso (71)
40	Phoenix	6.0	-	Phoenix (13), Tucson (51)
41	Spokane-Billings	2.3	-	Spokane (119), Idaho 1 - Boundary (205)
42	Salt Lake City	3.5	-	Salt Lake City (32),Provo (112)
43	San Francisco - Oakland - San Jose(7)	14.7	-	San Francisco (11), Sacramento (23)
44	Los Angeles - San Diego(6)	24.9	-	Los Angeles (1), San Diego (18)
45	Portland	4.3	-	Portland (21), Salem (146)
46	Seattle	5.4	-	Seattle (20), Tacoma (69)
48	Hawaii	1.3	-	Honolulu (54), Hawaii 3 - Hawaii (385)
	Total (excluding overlaps)	213.3		

(1) WCS, AWS, BRS and EBS licenses are assigned by the FCC for geographic service areas of varying sizes and shapes. WCS licenses are assigned by the FCC according to Major Economic Areas or Regional Economic Area Groupings (see further explanation below in “Business-WCS Spectrum”). AWS licenses are assigned by the FCC according to REAGs, EAs, or CMAs (see further explanation below in “Business-AWS Spectrum”). BRS spectrum is licensed both according to Geographic Service Areas with a 35-mile radius, subject to overlapping Geographic Service Areas of co-channel stations, and according to BTAs of various sizes. Our BRS spectrum currently is composed of licenses with 35-mile radius Geographic Service Areas, subject to overlapping Geographic Service Areas of co-channel stations. EBS spectrum is only licensed according to Geographic Service Areas with a 35-mile radius, subject to overlapping Geographic Service Areas of co-channel stations (see further explanation below in “Business-BRS and EBS Spectrum”).

(2) This data in this table is presented in terms of MEAs. MEAs are named for the largest metropolitan area contained within the licensed geographic service area, but are significantly larger than the metropolitan area for which they are named.

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

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(4) 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.

(5) We lease EBS spectrum from multiple parties in the greater New York, New York 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 terms of these leases range from 20 to up to 60 years when their renewal options are included.

(6) We lease EBS spectrum from The Orange Catholic Foundation in the Los Angeles, California (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.

(7) We lease EBS spectrum from The University of California in the San Francisco, California area. The lease has an initial 10 year term and contains 2 renewal options for 10 years each to extend the term of the lease.

(8) We lease EBS spectrum from Bradley University in the Peoria, Illinois area. This lease has an initial 10 year term and contains two renewal options for 10 years each to extend the term of the lease.

(9) We sublease EBS spectrum from the North American Catholic Educational Programming Foundation in the Mobile, Alabama area. This sublease has an initial 29 year term and no renewal options to extend the term of the sublease.

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 10 MHz 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 (“CFR”), as well as any applicable border treaties or agreements governing operations near the Canadian and Mexican borders.

BRS and EBS Spectrum

We have acquired BRS spectrum licenses from third parties pursuant to privately negotiated purchase agreements. Rights to lease and use EBS spectrum are acquired by commercial interests like us from educational entities through privately negotiated lease agreements. EBS licensees are 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. Because some of our long-term leases were executed prior to the effective date of these new leasing requirements, our long-term leases afford us exclusive leasehold access to the leased EBS spectrum for a total period of time ranging from 20 years up to 60 years when all renewal options are included.

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 BRS and EBS 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 BRS and EBS spectrum to the new band plan, individual channels and channel groups of BRS and EBS spectrum will range from 5.5 MHz to 23.5 MHz of spectrum. Most, but not all, BRS and EBS "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, but are subject to overlapping Geographic Service Areas of co-channel stations. In 1996, the FCC conducted an auction and assigned licenses for available BRS spectrum according to 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, subject to overlapping Geographic Service Areas of co-channel stations. 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, subject to overlapping Geographic Service Areas of co-channel stations. 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 March 20, 2008, the FCC released an additional order to reform FCC Rules related to BRS and EBS spectrum. Although these new, amended rules became effective on June 9, 2008, they are subject to petitions for reconsideration. For a more detailed description of these new rules, see "Government Regulation - BRS/EBS License Conditions."

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AWS Spectrum

We acquired 154 AWS licenses in FCC Auction No. 66 and currently hold 14 AWS licenses. 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 blocks, 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. Any such offerings are subject to compliance with technical rules in Part 27, Title 47 of the CFR as well as any applicable border treaties or agreement governing operations near the Canadian and Mexican borders.

International Spectrum

On March 2, 2007, we acquired WCS spectrum in Canada. Our Canadian licenses cover approximately 14.6 million POPs and include 30 MHz of spectrum in all service areas for which licenses were acquired for a total of 438 million MHz POPs. The licenses vary widely in terms of population and geographic coverage, but include major cities, such as Montreal, Ottawa, Edmonton, Quebec and Winnipeg. NextWave's Canadian WCS licenses are held by our Canadian subsidiary, 4253311 Canada Inc. The licenses carry a 10-year license term with renewal expectancy of subsequent 10-year terms absent breach of license conditions. 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 used 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 2009 for 63 licenses, and April 2010 for the other 25 licenses. On July 2, 2009, we received a three year extension of the implementation requirement from the Canadian regulatory authority, making the new deadlines November of 2012 and April of 2013.

In Switzerland, Callix Consulting AG, as of May 20, 2008, holds 3.5 GHz spectrum, following a transfer from Inquam GmbH which originally owned such license awarded on May 2, 2007 by the Swiss Federal Communications Commission. This includes 42 MHz of spectrum covering the country's entire population of 7.5 million people for a total of 315 million MHz POPs in Switzerland. The license term is 10 years and renewal is possible but terms and conditions of license renewal are not set. The license is technology/service neutral and use for mobile services is permitted. The license requires a build-out of 120 base stations transmitters by September 2010.

In Slovakia, WiMAX Telecom s.r.o. holds, following the acquisition of Amtel Networks in 2006 and the subsequent merger with WiMAX Telecom s.r.o., two licenses of 28 MHz each, covering Slovakia's entire population of 5.5 million people. The licenses term is until year-end 2016. Terms and conditions for the renewal are not yet set. The licenses are technology/service neutral. In line with EU regulation it is expected that the Slovakian regulator formally permits the use of the spectrum for mobile services. The licenses entail build-out obligations by mid 2006 and respectively by mid 2007, which fulfillment the regulator confirmed following inspections at the time.

In Norway, Inquam Norway AS , as of June 26, 2008, holds a nationwide 2.0 GHz license, valid until December 31, 2022, following a transfer from Inquam GmbH which originally owned such license awarded by Norwegian Telecom Authority on December 21, 2007.

In October 2007, we acquired Websky Argentina SA, an Argentine corporation. Websky is a developer and operator of wireless broadband services over licensed frequencies in Argentina and has obtained spectrum licenses for an aggregate of 42 MHz spectrum in the 2.5 GHz band covering the Buenos Aires metro region and 180 kilometers surrounding the city and covers 15.5 million POPs for a total of 651 million MHz POPs. Transfer of control of the spectrum licenses held by Websky Argentina SA remains subject to regulatory approval. The Websky Argentina SA licenses are also subject to regulatory requirements regarding the ongoing provision of commercial services with which the company is currently in compliance.

In April 2008, we acquired all of the outstanding equity interests of Southam Chile SA, a Chilean corporation, and Sociedad Televisora CBC Limitada, a Chilean limited liability company (collectively, “Southam Chile”). The two companies hold spectrum licenses in the 2.5 GHz band in seven different regions, including Santiago, across Chile. The spectrum licenses cover 8 million POPs and comprise 162 million MHz POPs. They each also hold digital television and intermediate services licenses for these same regions. The Southam Chile SA licenses are subject to a regulatory requirement to construct and operate network facilities by June of 2009, extended by the Chilean regulator until May 2011, while the Sociedad Televisora CBC Limitada licenses was subject to similar regulatory requirements in December of 2009. Sociedad Televisora CBC Limitada has already applied with the Chilean regulator for an extension of these requirements and its extension request is currently pending with the Chilean regulatory authority. Failure to meet the build-out requirements could result in license forfeiture.

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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. Our continuing operations have six U.S. patents, one of which is the subject of extensive foreign filing. As part of our product and technology development process, we identify potential patent claims and file patent applications when appropriate in order to seek protection for our intellectual property assets. We have numerous patent applications pending in the United States and in foreign jurisdictions. Our registered PacketVideo trademark is the only trademark that is currently material to our business. We have additional trademarks and trademark applications that may become significant to our business based on the development and success of our product lines.

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 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.

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 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 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 prospectus, 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.

Government Regulation

Overview

Communications industry regulation changes rapidly, and such changes could adversely affect 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.

In the United States, communications services are regulated to varying degrees at the federal level by the FCC and at the state level by public utilities commissions. Internationally, similar regulatory structures exist at the national and regional level. Our business is impacted by such regulation in a number of areas, including the licensing, leasing 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 regulations does not describe all present and proposed federal, state and local legislation and regulations affecting the communications industry in the United States or internationally. 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 “Risk Factors - Risks Relating to Government Regulation.”

Licensing and Use of U.S. Wireless Spectrum

In the United States, the FCC regulates the licensing, construction, use, renewal, revocation, acquisition, lease and sale of our domestic licensed wireless spectrum holdings. Our domestic wireless spectrum holdings currently include licensed spectrum in the WCS, AWS and BRS bands, and leased spectrum in the EBS band. Our international wireless spectrum holdings, which currently include licensed spectrum in the 3.5 GHz, 2.5 GHz, 2.3 GHz and 2.0 GHz bands, are regulated by national regulatory authorities that have similar responsibilities to those of the FCC.

Certain general regulatory requirements apply to all licensed wireless spectrum. For example, certain build-out or “substantial service” requirements apply to most of our licensed wireless spectrum, which generally must be satisfied as a condition of license renewal. In the United States, the Communications Act and FCC Rules also require FCC prior approval for the acquisition, assignment or transfer of control of FCC licenses. Similar regulatory requirements regarding regulatory approval of license transfers exist internationally. In addition, FCC Rules permit spectrum leasing arrangements for a range of wireless licenses after FCC notification or prior approval depending upon the type of spectrum lease. The FCC, and the equivalent national regulatory authority in other countries where the Company holds spectrum licenses, sets rules, regulations and policies to, among other things:

- grant licenses in bands allocated for wireless broadband services;
- 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;

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- impose build-out or performance requirements as a condition to license renewals;
- approve applications for license renewals;
- approve assignments and transfers of control of licenses;
- approve leases covering use of 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 rules; and
- impose other obligations that are determined to be in the public interest.

Additionally, 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 "Risk Factors - 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 of Title 47 of the CFR. 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. See "Risk Factors - Risks Relating to Government Regulation."

BRS/EBS License Conditions

Like WCS licenses, BRS and EBS 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 of Title 47 of the CFR. 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 by May 1, 2011.

From 2004 to 2008, 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 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 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 TV 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.

AWS License Conditions

AWS licensees must comply with all applicable legal and technical rules imposed by the FCC, including those found in Part 27 of Title 47 of the CFR. All of our AWS licenses are granted for a 15-year license term, with a renewal term of ten-years. AWS licensees are required to demonstrate that they are providing “substantial service” in their license area within the initial 15-year license term. For our AWS licenses, 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 TDD systems in the AWS spectrum.

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New Spectrum Opportunities and Spectrum Auctions

Ongoing FCC proceedings and initiatives 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, and may effect the demand for our spectrum. At this time, the Company has no plans to obtain additional spectrum through secondary markets acquisitions, leases or whatever mechanisms the FCC may establish including participation in FCC auctions.

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 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.

Employees

As of January 2, 2010, we employed approximately 442 full time, part time and temporary employees, including 333 full time employees, nine part time employees and 100 contractors.

Our History

History of our Predecessor Company and the NextWave Telecom Group

Our predecessor company NextWave Wireless Inc. (“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, NTI and its subsidiaries, including Old NextWave Wireless (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 assets related to this build-out, except PCS licenses, were abandoned when NTI was sold to finance the plan of reorganization of the NextWave Telecom group described below.

During the pendency of the Chapter 11 case, NTI began to explore opportunities to create the technology for a broadband wireless network utilizing BRS spectrum in the 2.5 GHz frequency range. The capitalization of a new wireless technology company to pursue these opportunities was discussed with the stakeholders of the NextWave Telecom group and was made part of the plan of reorganization described below.

On March 1, 2005, the Bankruptcy Court confirmed the plan of reorganization of the NextWave Telecom group, including Old NextWave Wireless. In connection with the consummation of the plan of reorganization, NTI and its subsidiaries settled all outstanding claims of the FCC and obtained a release of claims pursuant to Section 1141 of the Bankruptcy Code. The plan of reorganization was funded with the proceeds from the sale of PCS spectrum licenses and provided for the payment in full of all the creditors of the NextWave Telecom group and the $550 million cash funding of Old NextWave Wireless as a new wireless broadband technology company. Membership units of Old

NextWave Wireless, which had been converted into a limited liability company in late 2004, were distributed to the former stockholders of NTI, together with cash and note consideration issued pursuant to the plan. Upon this distribution, on April 13, 2005, our predecessor Old NextWave Wireless emerged as NextWave Wireless LLC.

Corporate Conversion Merger

To enable our listing on The NASDAQ Global Market in January 2007, we converted from a Delaware limited liability company to a Delaware corporation. The conversion was effectuated in November 2006 through the merger of a wholly owned subsidiary of ours with and into NextWave Wireless LLC. 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.

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Our Acquisitions and Efforts to Develop a Wireless Broadband Business

In the period from 2005 through 2007, we made several strategic investments and acquisitions. The purpose of these acquisitions was to develop a breadth of products, technologies, spectrum assets and professional services to build a platform to provide advanced mobile multimedia and wireless broadband solutions to the market. We intended that our businesses would provide synergistic value to each other and collectively drive accelerated market penetration and share of the mobile multimedia and wireless broadband market, which we believed was poised for rapid growth. We acquired network infrastructure businesses included in our Networks segment, which was subsequently classified as discontinued in connection with our global restructuring initiative. These businesses included IPWireless, Inc. and Go Networks, Inc., which were acquired in May 2007 and February 2007, respectively. In addition, during this time period we invested in our Semiconductor business and acquired wireless spectrum and other assets in connection with our continuing operating businesses, including:

- In July 2005, we acquired all of the outstanding shares of PacketVideo Corporation for $46.7 million in cash.
- In April 2006, PacketVideo acquired Tusonic Corporation's server and database applications for delivering music-related content using web services for $2.6 million.
- In May 2006, PacketVideo acquired the multimedia business of Openbit Ltd for $2.2 million.
- In September 2006, PacketVideo acquired all of the shares of TwonkyVision, GmbH for $3.5 million in cash.
- In September 2007, PacketVideo acquired Digital World Services AG, a Swiss corporation, for $5.8 million, including debt assumed and paid at closing of $0.3 million. Digital World Services is a provider of software solutions and services for secure digital content delivery.
- In January 2007, PacketVideo acquired all of the shares of SDC Secure Digital Container AG for net cash of $17.8 million.
- We consummated transactions to acquire licensed spectrum rights, including subsequent lease obligations, for amounts totaling approximately $487.0 million, including our 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.

Our Global Restructuring Initiative

In 2008, we initiated significant financing and restructuring activities. On October 9, 2008, we issued Second Lien Notes in the aggregate principal amount of $105.3 million, and received net proceeds of approximately $87.5 million to be used solely to fund our ordinary course business operations. Concurrently, we issued Third Lien Notes in an aggregate principal amount of $478.3 million in exchange for all of the outstanding shares of our Series A Preferred Stock. We did not receive any cash proceeds from the issuance of the Third Lien Notes.

Pursuant to our global restructuring initiative and the terms of our Senior Notes, Second Lien Notes and Third Lien Notes, we have completed the following:

- We have terminated 620 employees worldwide and vacated seven leased facilities.
- In October 2009, the Board of Directors of WiMAX Telecom GmbH, the holding company for NextWave's discontinued WiMAX Telecom business in Austria and Croatia, filed an insolvency proceeding in Austria in

accordance with local law to permit the orderly wind-down of such entity. The court in Austria has entered an order appointing an administrator to manage the insolvency of WiMAX Telecom GmbH. As a result of the appointment of the administrator, NextWave no longer controls WiMAX Telecom GmbH and its subsidiaries and will not receive any proceeds from the assets of the WiMAX entities. NextWave has obtained a waiver of events of default resulting from the insolvency filing under its Senior Notes, Second Lien Notes and Third Lien Notes, including a rescission of the acceleration of maturity triggered as a result of such filing.

- We sold a controlling interest in our IPWireless subsidiary in December 2008 and sold the remaining noncontrolling interest in November 2009.

- We shut down the operations of our other network infrastructure businesses, which comprise our Networks segment, including the operations of our GO Networks and Cygnus subsidiaries and our Global Services and NextWave Network Support strategic business units.

- We initiated bankruptcy liquidation proceedings for three of our network infrastructure subsidiaries in Israel, Denmark and Canada, which proceedings are intended to provide an orderly process for the discontinuance of operations and to advance our divestiture and cost reduction strategy.

- In the first quarter of 2009, we shut down our semiconductor business and terminated 220 employees and, subsequently, in the third quarter of 2009, we sold certain of our owned semiconductor business patents and patent applications to a third party.

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- We have downsized our corporate overhead functions to match the anticipated reduction in overall global support requirements, including our information technology, legal, finance, human resources and corporate branding and marketing functions.

- We have integrated certain corporate administration functions into our PacketVideo operations in San Diego, California.

- We have continued to pursue wireless spectrum license sales, the net proceeds of which will be used to reduce our outstanding indebtedness thereby reducing the interest costs payable in future years.

- We are actively pursuing the sale or wind-down of various remaining portions of our WiMax Telecom business.

Several factors led to our decision to implement our global restructuring initiative, including adverse worldwide economic conditions, which we believe have adversely affected manufacturers of telecommunications equipment and technology and caused our discontinued Networks segment to experience lower than projected contract bookings and revenues. We believe these conditions have also led to a delay in global WiMAX network deployments which adversely impacted the timing and volume of projected commercial sales of WiMAX products of our discontinued semiconductor business.

To further enhance our operational flexibility, on April 1, 2009, we obtained a waiver from the holders of our Senior Notes, Second Lien Notes, and Third Lien Notes that adjusts our minimum cash balance requirement from $15 million to $5 million, waives certain events of default relating to timely delivery of a new operating budget, permits us to issue up to $25 million of indebtedness on a pari passu basis with our Second Lien Notes, and allows us to pay certain holders of our Senior Notes payment-in-kind interest at a rate of 14%. Additionally, on July 2, 2009, we entered into agreements pursuant to which NextWave LLC issued the Incremental Notes in the aggregate principal amount of $15.0 million, on the same financial and other terms applicable to the existing Second Lien Notes. The Incremental Notes were issued with an original issuance discount of 5% resulting in gross proceeds of $14.3 million. After payment of transaction related expenses, we received net proceeds of $13.5 million to be used solely in connection with the ordinary course operations of our business and not for any acquisition of assets or businesses or other uses. We issued the Incremental Notes as an alternative to the working capital financing contemplated by the commitment letter we previously entered into with Navation, Inc., an entity controlled by Allen Salmasi, our Chairman.

Available Information

We are a public company and are subject to the informational requirements of the Exchange Act. Accordingly, we file periodic reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street NE, Room 1580, Washington, D.C. 20549 or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding us and other issuers that file electronically.

Our website address is http://www.nextwave.com. We make available, free of charge through our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and any amendments to these reports as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission. Our Code of Business Conduct and Ethics is available free of charge on our website.

Property

We are headquartered in San Diego, California. We currently occupy the indicated square footage in the owned and leased facilities described below:

Number of Buildings	Location	Status	Total Square Footage	Primary Use
1	United States	Owned	30,000	Administrative offices and warehouse.
4	United States	Leased	44,265	Administrative, finance and legal offices, research and development, and sales and marketing.
4	Europe	Leased	19,043	Administrative offices, research and development and sales and marketing.
2	Asia	Leased	9,191	Administrative offices, research and development, sales and marketing, service functions and network operating centers.
2	Latin America	Leased	2,636	Administrative offices, sales and marketing, service functions, manufacturing and network operating centers.
	Total square footage		105,135	

We believe that our properties are adequate for our business as presently conducted.

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Legal Proceedings

On September 16, 2008, a putative class action lawsuit, captioned “Sandra Lifschitz, On Behalf of Herself and All Others Similarly Situated, Plaintiff, v. NextWave Wireless Inc., Allen Salmasi, George C. Alex and Frank Cassou, Defendants,” was filed in the U.S. District Court for the Southern District of California against us and certain of our officers. The suit alleges that the defendants made false and misleading statements and/or omissions in violation of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. The suit seeks unspecified damages, interest, costs, attorneys’ fees, and injunctive, equitable or other relief on behalf of a purported class of purchasers of our common stock during the period from March 30, 2007 to August 7, 2008. A second putative class action lawsuit captioned “Benjamin et al. v. NextWave Wireless Inc. et al.” was filed on October 21, 2008 alleging the same claims on behalf of purchasers of our common stock during an extended class period, between November 27, 2006 through August 7, 2008. On February 24, 2009, the Court issued an Order consolidating the two cases and appointing a lead plaintiff pursuant to the Private Securities Litigation Reform Act. On May 15, 2009, the lead plaintiff filed an Amended Complaint, and on June 29, 2009, we filed a Motion to Dismiss that Amended Complaint. The Motion currently is pending with the Court. At this time, the case remains in the initial pleading stages and management is not able to offer any assessment as to the likelihood of prevailing on the merits.

We were notified on July 11, 2008 that the former stockholders of GO Networks filed a demand for arbitration in connection with the February 2008 milestone. In the demand, the stockholder representative claimed that we owed compensation to the former stockholders of GO Networks on the basis of GO Networks purportedly having partially achieved the February 2008 milestone under the acquisition agreement. The stockholder representative sought damages of $10.4 million. Further, on December 5, 2008, the stockholder representative amended his demand and added claims pertaining to the August 2008 milestone. In the claims, the stockholder representative asserted, among other claims, that we acted in bad faith in a manner that prevented the achievement of the milestone, and he sought damages of $12.8 million in connection with these additional claims. We disputed that the February 2008 milestone has been met and denied any wrongdoing with respect to the August 2008 milestone. In September 2009, the parties executed a settlement agreement and requested that the arbitration panel dismiss the matter with prejudice.

We are also currently involved in other legal proceedings in the ordinary course of our business operations. We estimate the range of liability related to pending litigation where the amount and range of loss can be estimated. We record our best estimate of a loss when the loss is considered probable. Where a liability is probable and there is a range of estimated loss with no best estimate in the range, we record the minimum estimated liability related to the claim. As additional information becomes available, we assess the potential liability related to our pending litigation and revise our estimates. As of September 26, 2009, other than the matters described above, we have not recorded any significant accruals for contingent liabilities associated with our legal proceedings based on our belief that a liability, while possible, is not probable. Further, any possible range of loss cannot be estimated at this time. Revisions to our estimate of the potential liability could materially impact future results of operations.

Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market for our common stock is the NASDAQ Global Market, on which it began trading in the first quarter of 2007. During the pendency of our application to list our common stock on the NASDAQ Global Market, our common stock was quoted on the Over-the-Counter Bulletin Board for less than a full quarterly period following our November 2006 corporate conversion.

Market Information

The following table reflects the high and low sales prices, or high and low bid prices, as applicable, rounded to the nearest penny, of our common stock as reported by The NASDAQ Global Market, as applicable, for each quarterly period in 2009 and 2008 in which our common stock was listed thereon, beginning with the listing date. Our common stock was listed on The NASDAQ Global Market, beginning on January 3, 2007 under the symbol “WAVE,” where it continues to trade.

	High	Low
2009:		
Fourth Quarter	$ 1.09	$ 0.40
Third Quarter	1.45	0.30
Second Quarter	0.72	0.13
First Quarter	0.39	0.08
2008:		
Fourth Quarter	$ 0.65	$ 0.08
Third Quarter	4.04	4.62
Second Quarter	7.15	4.15
First Quarter	5.91	4.48

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On October 7, 2008, we received a Staff Deficiency Letter from NASDAQ notifying us that we were not in compliance with NASDAQ's Marketplace Rule 5450(a)(1), or the Rule, because the closing bid price for our Common Stock had, for the preceding 30 consecutive business days, closed below the minimum $1.00 per share requirement for continued listing. In accordance with NASDAQ Marketplace Rule 5810(c)(3)(A), we were provided a period of 180 calendar days to regain compliance. On October 16, 2008, NASDAQ announced that they had suspended the enforcement of the Rule until January 19, 2009, and as a result, the period during which we had to regain compliance was extended to July 10, 2009. On July 15, 2009, NASDAQ announced that they had determined to continue the temporary suspension of the Rule until July 31, 2009, and as a result, the period during which we had to regain compliance was extended to January 21, 2010. On January 22, 2010, we received a Staff Determination letter from the Listing Qualifications Department of NASDAQ indicating that our common stock is subject to delisting from The NASDAQ Global Market because of non-compliance with the Rule, unless we request a hearing before a NASDAQ Listing Qualifications Panel (the "Panel") by the close of business on January 29, 2010. We have requested a hearing on the matter and such hearing has been scheduled for February 25, 2010. Our common stock will remain listed on The NASDAQ Global Market pending the Panel's final decision. In connection with the hearing, we intend to submit a plan outlining our strategy for regaining compliance with the Rule, which we anticipate may include a reverse stock split.

Dividend Policy

We have never paid a dividend on our common stock and do not anticipate paying one in the foreseeable future. Pursuant to the terms of the Purchase Agreements governing our Senior Notes, Second Lien Notes and Third Lien Notes, we are restricted from paying dividends and making distributions to holders of our capital stock. In the event we are permitted to pay a dividend on our common stock, the payment of any future dividends will be at the discretion of our Board and will depend upon, among other things, our financial condition and capital needs, legal or contractual restrictions on the payment of dividends and other factors deemed pertinent by our Board.

Holders of our Series A Preferred Stock were entitled to receive quarterly dividends on the liquidation preference at a rate of 7.5% per annum. On October 9, 2008, we issued our Third Lien Notes in an aggregate principal amount of $478.3 million in exchange for all of the outstanding shares of our Series A Preferred Stock. We accrued for $22.8 million and $20.8 million in undeclared dividends during the years ended December 27, 2008, through the date of the exchange, and December 29, 2007, respectively.

For additional information on payment of and restrictions on dividends, please also refer to our audited consolidated financial statements and the notes thereto included elsewhere in this prospectus.

Repurchases of Common Stock

We did not repurchase any of our common stock during the year ended December 27, 2008.

Holders

As of February 3, 2010, there were approximately 1,102 holders of record of our common stock.

Certain provisions in our Certificate of Incorporation and Bylaws will have the effect of delaying, deferring or preventing a change of control of our Company. These provisions include that our directors serve staggered terms, and, pursuant to Delaware law, can only be removed for cause; stockholders cannot act by written consent and can only amend or repeal the bylaws by a supermajority vote of the issued and outstanding voting shares and our board of directors is authorized to issue preferred stock without stockholder approval. In addition, vacancies on our Board of Directors are filled only through a majority vote of the Board, and directors and officers are indemnified against losses that they may incur in investigations and legal proceedings resulting from their services to us, including in connection with takeover defense measures.

Securities Authorized for Issuance Under Equity Compensation Plan

We granted options exercisable to purchase 12,919,632 shares of our common stock through 411 stock option awards under all of our compensation plans during the nine-month period ended September 26, 2009.

Information about our equity compensation plans at September 26, 2009 is as follows:

Equity Compensation Plan Information

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted Average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders (1)	17,422,865	$ 1.95	794,929
Equity compensation plans not approved by security holders (2)	3,431,104	$ 6.08	11,445,967
Total	20,853,969	$ 2.63	12,240,896

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(1) In June 2006, NextWave Wireless LLC unit holders approved 20 million Units (approximately 3,333,333 shares of our common stock) issuable upon the exercise of options to be granted pursuant to the NextWave Wireless LLC 2005 Units Plan (the "2005 Units Plan"). The remaining Units issuable pursuant to the 2005 Units Plan were approved by the Bankruptcy Court in April 2005 in connection with the plan of reorganization of NextWave Telecom, Inc. and its subsidiaries, including NextWave Wireless LLC. On November 13, 2006, NextWave Wireless LLC merged with and into NextWave Wireless Inc, and the 2005 Units Plan was assumed by NextWave Wireless Inc., becoming the 2005 Stock Incentive Plan. In May of 2007, NextWave Wireless Inc. shareholders approved an amendment to the 2005 Stock Incentive Plan to increase the number of shares of common stock available for issuance from 12,500,000 to 27,500,000. Thus, 18,333,333 shares of our common stock issued or available for issuance pursuant to grants under the 2005 Stock Incentive Plan have been approved by stockholders.

(2) The remaining 9,166,667 shares of common stock issuable pursuant to the grant of options under the 2005 Stock Incentive Plan were approved in April 2005 by the Bankruptcy Court in connection with the plan of reorganization as described above. The 2005 Stock Incentive Plan provides for the issuance of nonqualified stock options, or restricted, performance-based, bonus, phantom or other stock-based awards to directors, employees and consultants of NextWave. Thus, 9,166,666 shares of our common stock issued or available for issuance pursuant to grants under the 2005 Stock Incentive Plan have not been approved by shareholders.

In September 2005, we issued a warrant to purchase up to 500,000 shares of our common stock to Station 4, LLC, a private advisory company, as partial consideration for services to be provided to the Company under a three-year advisory services agreement. The warrants have an exercise price of $6.00 per share, and were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act as a transaction by an issuer not involving a public offering. Stockholders did not approve the issuance of the warrants.

In July 2005, NextWave acquired PacketVideo Corporation, which became a wholly-owned subsidiary of the Company following the closing of the acquisition. In August 2005, the Board of Directors of PacketVideo Corporation adopted the PacketVideo Corporation 2005 Equity Incentive Plan (the "PacketVideo Plan"), pursuant to which employees of PacketVideo Corporation were authorized to receive up to 1,375,000 shares of our common stock upon the exercise of stock options and similar rights (after giving effect to the conversion described below). The PacketVideo Plan was subsequently amended on two occasions to increase the aggregate number of authorized shares to a total of 1,833,333 shares of our common stock. Pursuant to the terms of the PacketVideo Plan, on January 3, 2007, when we listed our common stock on the NASDAQ Global Market, each outstanding option, exercised or not, under the PacketVideo Plan was automatically converted from an option or other award to purchase PacketVideo common stock into an option or other award to purchase shares of NextWave common stock. The PacketVideo Plan was not approved by our stockholders.

Under the NASDAQ Marketplace Rules, listed issuers are permitted to grant compensatory equity to new employees for the purpose of inducing such persons to enter into an employment relationship with the issuer without stockholder approval. Each of the GO Networks Employee Stock Bonus Plan, the IPWireless Stock Bonus Plan and the 2007 New Employee Stock Incentive Plan described below were adopted by NextWave without stockholder approval pursuant to the inducement exemption.

In connection with the acquisition by NextWave of GO Networks, Inc. in February 2007, NextWave adopted the GO Networks Employee Stock Bonus Plan, whereby a select group of employees of GO Networks, Inc. may receive up to an aggregate of $5.0 million in shares of NextWave common stock upon the achievement of certain operational milestones in the 18-month period subsequent to the closing of the acquisition. The product shipment milestones were not achieved in 2008 and, accordingly, no bonuses have been earned under the plan.

In connection with the acquisition by NextWave of IPWireless in May 2007, NextWave adopted the IPWireless Stock Bonus Plan, whereby a select group of employees of IPWireless may receive up to an aggregate of $7.0 million in shares of NextWave common stock upon the achievement of certain operational milestones measured for fiscal 2007, 2008 and 2009. For the fiscal 2007 performance period, 543,486 shares were earned under the IPWireless Stock Bonus Plan. On March 24, 2008 a net of 320,698 shares were paid out to participants. 222,788 Shares were withheld due to withholding tax payment obligations. In connection with our December 2008 sale of a controlling interest in IPWireless, the employees of IPWireless waived any continuing rights under the plan and, accordingly, no further bonuses are due and payable.

In February 2007, NextWave adopted the 2007 New Employee Stock Incentive Plan to offer shares of NextWave common stock for equity awards to new hires of the Company and its subsidiaries, including new employees who have joined the Company in connection with acquisitions. The 2007 New Employee Stock Incentive Plan is administered by the Compensation Committee of the Board of Directors of NextWave, and provides for the grant of up to 2,500,000 shares of NextWave common stock to new hires of the Company as compensatory equity aimed at inducing such persons to enter into an employment relationship with the Company. This plan was then amended to provide up to 5,000,000 shares of NextWave common stock to new hires of the Company.

As of September 30, 2009, options to acquire a total of 141,425 shares of common stock have been granted under the 2007 New Employee Stock Incentive Plan, leaving 4,858,575 options available for future grant under the plan.

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Management's Discussion and Analysis of Financial Condition and Results of Operations

In addition to historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. Our actual results could differ substantially from those anticipated by such forward-looking information due to a number of factors, including but not limited to risks described in the section entitled Risk Factors and elsewhere in this prospectus. Additionally, the following discussion and analysis should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this prospectus

As further discussed in Note 1 in our Notes to Consolidated Financial Statements included elsewhere in this prospectus, our consolidated financial statements for the years ended December 27, 2008 and December 29, 2007, as well as the financial information in the following discussion, have been adjusted for the retrospective application of Statement of Financial Accounting Standard No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin ("ARB") No. 51. The financial information contained in the discussion below reflects only the adjustments described in Note 1 to our consolidated financial statements included elsewhere in this prospectus and does not reflect events occurring after April 1, 2009, the date of the original filing of our 2008 Annual Report on Form 10-K, or modify or update those disclosures that may have been affected by subsequent events.

OVERVIEW

First Nine Months of 2009 Highlights

- Our revenues from continuing operations from our mobile multimedia segment for the first nine months of 2009 totaled $40.9 million compared to $48.0 million for the first nine months of 2008.

- During the first nine months of 2009, we completed sales of certain of our owned AWS spectrum licenses in the United States to third parties for net proceeds (after deducting direct and incremental selling costs) of $26.7 million, and recognized net gains on the sales of $2.3 million. The net proceeds from the sales received after July 15, 2009 were used to redeem a portion of the Senior Notes at a redemption price of 102% of the principal amount thereof plus accrued interest and net proceeds received prior to July 16, 2009 were used to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

- In July 2009 we issued additional Second Lien Notes due 2010 in the aggregate principal amount of $15.0 million, on the same financial and other terms applicable to our existing Second Lien Notes. The Incremental Notes were issued with an original issuance discount of 5% resulting in gross proceeds of $14.3 million. After payment of transaction related expenses, we received net proceeds of $13.5 million to be used solely in connection with the ordinary course operations of our business and not for any acquisition of assets or businesses or other uses.

- In July 2009 we sold a 35% noncontrolling interest in our PacketVideo subsidiary to NTT DOCOMO, Inc. ("DOCOMO"), a customer of PacketVideo, for $45.5 million. The net proceeds from this transaction were used in July 2009 to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

- In July 2009 we sold certain of our owned Semiconductor business patents and patent applications to Wi-Lan Inc., a Canadian intellectual property company, for a cash payment of $2.5 million and recognized $2.5 million as a gain from business divestitures during the nine months ended September 26, 2009.

2008 Highlights

- Our revenues from continuing operations for 2008 totaled $63.0 million compared to $36.3 million for 2007, reflecting continued growth in our Multimedia segment.

- During the fourth quarter of 2008, we completed the sale of certain of our owned AWS spectrum licenses in the United States to third parties for net proceeds, after deducting direct and incremental selling costs, of $145.5 million, and recognized gains on these sales totaling $70.3 million. The net proceeds from the sale were used to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

- On October 9, 2008, we issued the Second Lien Notes in the aggregate principal amount of $105.3 million. After payment of transaction-related fees and expenses, we received net proceeds of approximately $87.5 million to be used solely in connection with the ordinary course business operations and not for any acquisition of assets or businesses or other uses. Concurrently, we issued the Third Lien Notes in an aggregate principal amount of $478.3 million in exchange for all of the outstanding shares of our Series A Preferred Stock. We did not receive any cash proceeds from the issuance of the Third Lien Notes.

- In an effort to reduce our future working capital requirements and in order to comply with the terms of our Senior Notes, Second Lien Notes and Third Lien Notes, we commenced the implementation of a global restructuring initiative, pursuant to which we completed the following actions in the second half of 2008:

  § We sold a controlling interest in our IPWireless subsidiary for an upfront cash payment of approximately $1.1 million and future cash payments of up to $0.5 million.

§ We shut down the operations of our network infrastructure businesses, which comprise our Networks segment, including the operations of our GO Networks and Cygnus subsidiaries and our Global Services and NextWave Network Support strategic business units.

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- § We initiated bankruptcy liquidation proceedings for three of our network infrastructure subsidiaries in Israel, Denmark and Canada to provide an orderly process for the discontinuance of operations and to advance our divestiture and cost reduction strategy.

- § We retained Canaccord Adams to explore strategic transactions to preserve the value of our semiconductor business and eliminate the need to make on-going capital investments in or incur liabilities relating to this business. Subsequently, in the first quarter of 2009, due to the inability to identify any viable strategic transaction, we wound down our semiconductor operations and terminated 190 employees.

- § We retained Goetz Partners to explore the sale of our WiMax Telecom business in Europe.

Several factors led to our decision to implement our global restructuring initiative, including adverse worldwide economic conditions, which we believe have adversely affected manufacturers of telecommunications equipment and technology and caused our Networks segment to experience lower than projected contract bookings and revenues. We believe these conditions have also led to a delay in global WiMAX network deployments that would adversely impact the timing and volume of projected commercial sales of our WiMAX semiconductor products.

Our Business and Operating Segments

NextWave Wireless Inc. is a holding company for mobile multimedia businesses and a significant wireless spectrum portfolio. As a result of our global restructuring initiative, our continuing operations are focused on two key segments: Multimedia, consisting of the operations of our wholly owned subsidiary PacketVideo, and Strategic Initiatives, focused on the management of our wireless spectrum interests.

In the second half of 2008, we commenced the implementation of our global restructuring initiative in an effort to reduce our working capital requirements, narrow our business focus and reorganize our operating units. Key results of this initiative include an approximately 53% reduction in our global workforce to date, the divestiture of our IPWireless network infrastructure business, the discontinuation of operations at our GO Networks, Cygnus, Global Services and NextWave Networks Products Support infrastructure businesses and our semiconductor business, and the closure of several facilities throughout the world. We anticipate that further implementation of our global restructuring initiative may result in additional headcount reductions and operating unit divestitures or discontinuations, including the divestiture or wind-down of our discontinued WiMax Telecom business. In July 2009, we sold our owned Semiconductor business patents and patent applications to Wi-Lan Inc., a Canadian intellectual property company for $2.5 million.

To further enhance our operational flexibility, on April 1, 2009, we obtained an amendment and waiver from the holders of our Senior Notes, Second Lien Notes, and Third Lien Notes that adjusts our minimum cash balance requirement from $15 million to $5 million, waives certain events of default relating to timely delivery of a new operating budget, permits us to issue up to $25 million of indebtedness on a pari passu basis with our Second Lien Notes, and allows us to pay certain holders of our Senior Notes payment-in-kind interest at a rate of 14%. Additionally, on July 2, 2009, we issued additional Second Lien Notes due 2010 (the "Incremental Notes") in the aggregate principal amount of $15.0 million, on the same financial and other terms applicable to our existing Second Lien Notes. The Incremental Notes were issued with an original issuance discount of 5% resulting in gross proceeds of $14.3 million. After payment of transaction related expenses, we received net proceeds of $13.5 million to be used solely in connection with the ordinary course operations of our business and not for any acquisition of assets or businesses or other uses.

Multimedia Segment

PacketVideo was founded in 1998 and supplies multimedia software and services to many of the world's largest network operators and wireless handset manufacturers. These companies in turn use PacketVideo's platform to offer music and video services on mobile handsets, generally under their own brands. To date, over 250 million PacketVideo-powered handsets have been shipped worldwide. PacketVideo has been contracted by some of the world's largest carriers, such as Orange, DOCOMO, Rogers Wireless, TeliaSonera, TELUS Mobility, and Verizon Wireless to design and implement the embedded multimedia software capabilities contained in their handsets. PacketVideo's software is compatible with virtually all network technologies including CDMA, GSM, WiMAX, LTE and WCDMA.

As mobile platforms evolve, PacketVideo continues to provide one of the leading multimedia solutions. PacketVideo is one of the original founding members of the Open Handset Alliance ("OHA"), led by Google. PacketVideo's OpenCORE platform serves as the multimedia software subsystem for the OHA's mobile device Android TM platform. In a similar vein, PacketVideo has been recognized for its support of the LiMO Foundation™ and their platform initiatives. We believe that by supporting the efforts of the OHA and LiMO Foundation™, PacketVideo is well positioned to market its full suite of enhanced software applications to Android and LiMO application developers.

In addition, since 2006 PacketVideo has offered software products for use on PCs, consumer electronics and other devices in the home. We believe that media consumption in the home and media consumption on mobile handsets is converging. PacketVideo's TwonkyMedia product line is designed to capitalize on this trend. PacketVideo has invested in the development and acquisition of a wide range of technologies and capabilities to provide its customers with software solutions to enable home/office digital media convergence using communication protocols standardized by the Digital Living Network Alliance. The TwonkyMedia suite of products that provide for content search, discovery, organization and content delivery/sharing amongst consumer electronics products connected to an Internet Protocol-based network. This powerful platform is designed to provide an enhanced user experience by intelligently responding to user preferences based on content type, day-part, and content storage location. In addition, PacketVideo's patented Digital Rights Management ("DRM") solutions, already in use by many wireless carriers globally, represent a key enabler of digital media convergence by preventing the unauthorized access or duplication of multimedia content used or shared by PacketVideo-enabled devices. Additionally, PacketVideo is one of the largest suppliers of Microsoft DRM technologies for the wireless market today.

Although we believe that PacketVideo's products are advantageous and well positioned for success, PacketVideo's business largely depends upon volume based sales of devices into the market. The economic downturn in the global markets has affected consumer spending habits. PacketVideo's customers and distribution partners, telecommunications companies and consumer electronics device manufacturers, are not immune to such uncertain and adverse market conditions. PacketVideo relies on these partners as distribution avenues for its developed products. Additionally, competitive pressures may cause further price wars in an effort to win or sustain business which will have an effect on overall margins and projections. If economic conditions continue to deteriorate, this may result in lower than expected sales volumes, resulting in lower revenue, gross margins, and operating income. In July 2009, a subsidiary of DOCOMO purchased a 35% noncontrolling interest in our PacketVideo subsidiary. Pursuant to the definitive agreements, DOCOMO was granted certain rights in the event of future transfers of PacketVideo stock or assets, preemptive rights in the event of certain issuances of PacketVideo stock, and a call option exercisable under certain conditions to purchase the remaining shares of PacketVideo at an appraised value. In addition, DOCOMO will have certain governance and consent rights applicable to the operations of PacketVideo. DOCOMO has expressed its intent to exercise its call option, and the parties are currently engaged in preliminary discussions concerning such exercise.

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Strategic Initiatives Segment

Our strategic initiatives business segment is engaged in the management of our global wireless spectrum holdings. Our total spectrum holdings consist of approximately ten billion MHz points-of-presence (“POPs”), covering approximately 216.2 million total POPs, with 107.3 million POPs covered by 20 MHz or more of spectrum, and an additional 90.6 million POPs 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. Our domestic spectrum resides in the 2.3 GHz Wireless Communication Services (“WCS”), 2.5 GHz Broadband Radio Service (“BRS”)/Educational Broadband Service (“EBS”), and 1.7/2.1 GHz AWS bands and offers propagation and other characteristics suitable to support high-capacity, mobile broadband services.

Our international spectrum holdings include nationwide 3.5 GHz licenses in Austria, Croatia, Germany, Slovakia and Switzerland; a nationwide 2.0 GHz license in Norway; 2.3 GHz licenses in Canada; and 2.5 GHz licenses in Argentina and Chile, covering 145 million POPs.

We continue to pursue the sale of our wireless spectrum holdings and any sale or transfer of the ownership of our wireless spectrum holdings is subject to regulatory approval. We expect that we will be required to successfully monetize most of our wireless spectrum assets in order to retire our debt.

During the first nine months of 2009, we completed the sale of certain of our owned AWS spectrum licenses in the United States to a third party for net proceeds, after deducting direct and incremental selling costs, of $26.7 million, and recognized net gains on the sales of $2.3 million. The net proceeds from the sales received after July 15, 2009 were used to redeem a portion of the Senior Notes at a redemption price of 102% of the principal amount thereof plus accrued interest and net proceeds received prior to July 16, 2009 were used to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

To date, we have realized a positive return on the sale of the majority of our domestic AWS spectrum licenses. However, there can be no assurance that we will realize a similar return upon the sale of our remaining wireless spectrum holdings. The sale price of our wireless spectrum assets will be impacted by, among other things:

- the FCC’s final resolution of ongoing proceedings regarding interference from satellite digital audio radio services to our WCS spectrum licenses;

- the timing and associated costs of build out or substantial service requirements attached to our domestic and international spectrum licenses, where a failure to comply with these requirements could result in license forfeiture;

- timing of closure of potential sales, in particular if it is necessary to accelerate the planned sale of certain of our spectrum licenses in order to meet debt payment obligations;

- worldwide economic conditions which we believe have adversely affected manufacturers of telecommunications equipment and technology and led to a delay in global network deployments; and

- availability of capital for prospective spectrum buyers, which has been negatively impacted by the downturn in the credit and financial markets.

As we have previously disclosed, our efforts to sell our wireless spectrum holdings on favorable terms has been delayed by current market conditions, as well as regulatory and other market activities involving potential buyers. We are continuing to have discussions with numerous parties who have expressed interest in our various spectrum assets. However, we believe that adverse economic conditions continue to affect potential purchasers of our wireless spectrum, and there can be no assurance as to the timing of further spectrum sales or the sales prices that will be attained.

RESULTS OF OPERATIONS

The results of operations of our Networks segment, which includes our GO Networks, IPWireless and Cygnus subsidiaries, and our Global Services and NextWave Network Product Support strategic business units, our Semiconductor segment and our WiMax Telecom business, have been reported as discontinued operations in the consolidated financial statements for all periods presented.

Comparison of Our First Nine Months of 2009 to Our First Nine Months of 2008 – Continuing Operations

Revenues

	Nine Months Ended		
(in millions)	September 26, 2009	September 27, 2008	Increase (Decrease)
Revenues	$37.1	$48.0	$(10.9)
Revenues – related party	3.8	—	3.8
Total revenues	$40.9	$48.0	$(7.1)

Total revenues from continuing operations for the first nine months of 2009 were $40.9 million, as compared to $48.0 million for the first nine months of 2008, a decrease of $7.1 million. Total revenues for both periods primarily consist of revenues generated by our Multimedia segment. The decrease in revenues was attributable to an acceleration of $7.1 million in revenues from Sony Ericsson during the first nine months of 2008 resulting from a change in contract terms and cancellation of a non-recurring development project, a decrease in revenues of $1.0 million attributable to other Sony Ericsson non-recurring business, a decrease in revenues of $4.0 million relating to other customer cancellations, in addition to $0.8 million decrease in royalty revenues during the first nine months of 2009 resulting from a decline in unit sales of mobile subscribers, wireless operators and device manufacturers. Unit sales were adversely impacted by worldwide economic conditions which caused a softening in consumer demand for new devices and services. The decrease in revenues was partially offset by increased non-recurring technology development revenues of $5.8 million primarily resulting from the receipt of final acceptance from Google on technology development services performed in support of the Open Handset Alliance (“OHA”) in the first quarter of 2009.

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Related party revenues represent sales of a version of PacketVideo's multimedia player, to DOCOMO for installation into DOCOMO handset models. In July 2009, DOCOMO became a related party when its subsidiary purchased a 35% noncontrolling interest in our PacketVideo subsidiary.

Sales to three Multimedia customers, Verizon Wireless, DOCOMO and Google, accounted for 37%, 20%, and 14%, respectively, of our total revenues from continuing operations during the first nine months of 2009. Sales to Google primarily represent the completion of technology development deliverables in support of the OHA. We do not anticipate recognizing significant revenues associated with transactions with Google in future quarters. Sales to three Multimedia customers, Verizon Wireless, Sony Ericsson and DOCOMO, accounted for 37%, 17% and 17%, respectively, of our total revenues from continuing operations during the first nine months of 2008

In general, the financial consideration received from wireless carriers and mobile phone and wireless device manufacturers is primarily derived from a combination of technology development contracts, royalties, software support and maintenance and wireless broadband products.

We expect that revenues from our Multimedia segment for fiscal year 2009 will be affected by the current adverse worldwide economic conditions, and among other things, new product and service introductions, competitive conditions, customer marketing budgets for introduction of new subscriber products, the rate of expansion of our customer base, the build-out rate of wireless networks, price increases, subscriber device life cycles and demand for wireless data services.

Operating Expenses

(in millions)	Nine Months Ended September 26, 2009	September 27, 2008	Increase (Decrease)
Cost of revenues	$16.2	$14.6	$1.6
Cost of revenues – related party	0.1	—	0.1
Engineering, research and development	16.7	20.6	(3.9)
Sales and marketing	6.9	10.9	(4.0)
General and administrative	38.4	56.3	(17.9)
Asset impairment charges	30.0	2.3	27.7
Restructuring charges	3.8	3.3	0.5
Total operating expenses	$112.1	$108.0	$4.1

Cost of Revenues

Total cost of revenues from continuing operations as a percentage of the associated revenues for the first nine months of 2009 was 40%, as compared to 30% for the first nine months of 2008. The decline in gross margins during the first nine months of 2009 reflects a $2.3 million decrease in royalty revenues, which have minimal associated cost of revenue and the recognition of relatively high margin revenue for Sony Ericsson during the first nine months of 2008, which did not recur in 2009. Additionally, certain costs related to contract adjustments were recognized during the first nine months of 2009 which lowered overall gross margins.

Included in total cost of revenues during the first nine months of 2009 and 2008 is $2.2 million and $2.4 million of amortization of purchased intangible assets. Also included in total cost of revenues during the first nine months of 2009 and 2008 is $0.6 million and $0.3 million, respectively, of share-based compensation expense.

We believe that total cost of revenues as a percentage of revenue for future periods will be affected by, among other things, sales volumes, competitive conditions, product mix, changes in average selling prices, and our ability to make productivity improvements through continual cost reduction programs.

Engineering, Research and Development

The $3.9 million decrease in engineering, research and development expenses during the first nine months of 2009, as compared to the first nine months of 2008, is attributable primarily to a $2.0 million decrease in third party contract expenses and other operating expenses of our Multimedia segment resulting from cost reduction efforts during 2009, and reductions in our engineering, research and development expenses resulting from the global restructuring initiative we implemented in the second half of 2008, which included reductions in workforce and certain overhead and discretionary costs. The compensation related costs incurred in relation to the employees terminated in connection with the restructuring are included in restructuring charges.

Included in engineering, research and development expenses during the first nine months of 2009 and 2008 is $0.8 million and $1.1 million, respectively, of share-based compensation expense.

We expect engineering, research and development expense to remain relatively flat throughout the remainder of 2009.

Sales and Marketing

The $4.0 million decrease in sales and marketing expenses from continuing operations during the first nine months of 2009, as compared to the first nine months of 2008, is primarily attributable to a $2.2 million decrease in the sales and marketing expenses of our Multimedia segment as a result of cost reduction actions implemented in the first quarter of 2009 and a $1.8 million decrease in our marketing expenses resulting from the global restructuring initiative we implemented in the second half of 2008, which included reductions in workforce and certain overhead and discretionary costs. The compensation related costs incurred in relation to the employees terminated in connection with the restructuring are included in restructuring charges.

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Included in sales and marketing expenses during each of the first nine months of 2009 and 2008 is $0.8 million of amortization of purchased intangible assets. Also included in sales and marketing expenses during each of the first nine months of 2009 and 2008 is $0.2 million of share-based compensation expense.

We expect sales and marketing expenses to remain relatively flat throughout the remainder of 2009.

General and Administrative

Of the $17.9 million decrease in general and administrative expenses from continuing operations during the first nine months of 2009, as compared to the first nine months of 2008, $19.0 million is attributable primarily to the cost reductions resulting from the global restructuring initiative we implemented in the second half of 2008, which included reductions in workforce and certain overhead and discretionary costs, and the closure of certain facilities and $1.1 million is attributable to lower amortization expense resulting from our classification of our wireless spectrum licenses in Europe as assets held for sale, which, in accordance with accounting guidance for assets while held for sale, we are no longer amortizing. The costs incurred in connection with our global restructuring initiative, including compensation related costs incurred related to terminated employees, costs incurred related to vacated leased facilities and other restructuring related costs, are included in restructuring charges. This decrease was partially offset by a $2.2 million arbitration settlement expensed during the first nine of months of 2009 that was paid in October 2009 through the issuance of 2.5 million shares of our common stock to the former shareholders of GO Networks.

Included in general and administrative expenses during the first nine months of 2009 and 2008 is $6.6 million and $7.3 million, respectively, of amortization of finite-lived wireless spectrum licenses and $0.3 million and $0.4 million, respectively, of amortization of purchased intangible assets. Also included in general and administrative expenses during the first nine months of 2009 and 2008 is $2.3 million and $2.8 million, respectively, of share-based compensation expense.

We expect general and administrative expenses to remain relatively flat throughout the remainder of 2009.

Asset Impairment Charges

Through our continued efforts to sell our remaining domestic spectrum licenses and our wireless spectrum licenses in Germany, during the third quarter of 2009, we determined that the carrying value of these spectrum licenses exceeded their fair value based primarily on bids received and negotiations with third parties regarding the sale of these licenses, which led to our decision not to pursue build out obligations during this time period. Accordingly, during the first nine months of 2009, we wrote-down the carrying value of our domestic AWS spectrum licenses and our wireless spectrum license in Germany to their estimated fair value and recognized an asset impairment charge related to continuing operations of $29.8 million.

Additionally, during the first nine months of 2009, we recognized an asset impairment charge of $0.2 million related to certain long-lived and prepaid assets utilized by our corporate administration functions.

During the first nine months of 2008, we recognized an asset impairment charge of $2.3 million primarily related to leasehold improvements at vacated leased facilities.

We may incur additional asset impairment charges in the future as we continue to implement asset divestiture actions.

Restructuring Charges

In connection with the implementation of our global restructuring initiative, during the first nine months of 2009, our corporate support function incurred $0.3 million in employee termination costs, $1.0 million in lease abandonment and related facility closure costs and $2.5 million of costs related to the divestiture and closure of discontinued businesses.

During the first nine months of 2008, we terminated 252 employees worldwide and vacated three leased facilities in the United States and, accordingly, incurred employee termination costs of $0.8 million, lease abandonment charges of $1.7 million and other restructuring costs of $0.8 million related to continuing operations.

Gain on Sale of Wireless Spectrum Licenses

During the first nine months of 2009 and 2008, we completed sales of certain of our owned AWS spectrum licenses in the United States to third parties for net proceeds, after deducting direct and incremental selling costs, of $26.7 million and $35.8 million, and recognized net gains on the sales of $2.3 million and $19.3 million, respectively.

Interest Income

Interest income from continuing operations during the first nine months of 2009 was $0.4 million, as compared to $2.7 million during the first nine months of 2008, a decrease of $2.3 million resulting from the decline in our unrestricted and restricted cash, cash equivalents and marketable securities balances held by continuing operations during 2009.

Interest income in the future will be affected by changes in short-term interest rates and changes in our cash, cash equivalents and marketable securities balances, which may be materially impacted by divestitures and other financial activities.

Interest Expense

Interest expense from continuing operations during the first nine months of 2009 was $120.5 million, as compared to $45.9 million during the first nine months of 2008, an increase of $74.6 million. The increase is primarily attributable to $23.0 million of interest expense and interest accretion of the debt discount and issuance costs related to our Second Lien Notes, which were issued in October 2008, and $64.7 million in interest expense and interest accretion of the debt discount related to our Third Lien Notes, which were issued in October 2008, partially offset by $2.3 million in lower interest expense related to our Senior Notes resulting from redemptions of the Senior Notes since the fourth quarter of 2008 using the proceeds from sales of wireless spectrum licenses and $10.5 million which is attributable to consent fees paid during the first nine months of 2008 to withdraw $75.0 million from the cash reserve account related to our Senior Notes.

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Interest expense from continuing operations will be impacted over the next twelve months by the timing and amount of redemptions of our Senior Notes using the proceeds from asset sales and other financial activities.

Other Income and Expense, Net

Other expense, net, from continuing operations during the first nine months of 2009 was $8.1 million, as compared to $3.4 million during the first nine months of 2008, an increase of $4.7 million. Changes in the estimated fair value of our embedded derivatives of $6.2 million and higher net foreign currency exchange losses of $1.0 million were partially offset by higher net unrealized gains of $3.0 million that were recognized to increase the carrying value of our auction rate securities and related rights to their estimated fair value.

Income Tax Benefit (Provision)

During the first nine months of 2009 and 2008 substantially all of our U.S. subsidiaries had net losses for tax purposes and, therefore, no material income tax provision or benefit was recognized for these subsidiaries. Certain of our controlled foreign corporations had net income for tax purposes based on cost sharing and transfer pricing arrangements with our United States subsidiaries in relation to research and development expenses incurred.

Our effective income tax rate during the first nine months of 2009 was (0.4)% resulting in a $0.7 million income tax benefit, on our pre-tax loss of $197.2 million, The net income tax benefit consists of a $1.1 million benefit from the effect of the change in the effective income tax rate on the deferred tax liabilities associated with indefinite life intangible assets, partially offset by a provision of $0.1 million that was primarily related to income taxes of certain controlled foreign corporations and a provision of $0.3 million that was related to foreign withholding tax on royalty payments received from our PacketVideo customers.

Our effective income tax rate during the first nine months of 2008 was 0.7%, resulting in a $0.6 million income tax provision on our pre-tax loss of $87.3 million. The income tax provision consists of $0.3 million of income taxes related to our controlled foreign corporations and $0.3 million for foreign withholding tax on royalty payments received from certain PacketVideo customers.

Noncontrolling Interest

On July 2, 2009, we sold a 35% noncontrolling interest in our PacketVideo subsidiary to DOCOMO, a customer of PacketVideo. During the first nine months of 2009, the net loss from continuing operations attributable to noncontrolling interest in subsidiary totaled $1.0 million and represents DOCOMO's share of PacketVideo's net loss from July 2, 2009 to September 26, 2009.

Segment Results

Results for our continuing operating segments for the first nine months of 2009 and 2008 are as follows.

(in millions)	Multimedia	Strategic Initiatives	Other or Unallocated	Consolidated
For the Nine Months Ended:				
September 26, 2009				
Revenues from external customers	$37.0	$0.1	$ —	$ 37.1
Revenues – related party	3.8	—	—	3.8
Loss from operations	(7.0)	(35.2)	(26.7)	(68.9)

Significant non-cash items included in loss from operations above:				
Depreciation and amortization expense	4.3	6.6	0.1	11.0
Asset impairment charges	—	29.8	0.2	30.0
Restructuring charges	0.1	—	3.7	3.8
September 27, 2008				
Revenues from external customers	$48.0	$—	$ —	$ 48.0
Income (loss) from operations	(4.5)	8.9	(45.1)	(40.7)
Significant non-cash items included in loss from operations above:				
Depreciation and amortization expense	4.7	7.3	3.1	15.1
Asset impairment charges	—	—	2.2	2.2
Restructuring charges	0.1	—	3.2	3.3

Multimedia

Total revenues for the Multimedia segment decreased $7.2 million during the first nine months of 2009 when compared to the same period in 2008.

The $7.1 million decrease in revenues during the first nine months of 2009 was attributable to an acceleration of $7.1 million in revenues from Sony Ericsson during the first nine months of 2008 resulting from a change in contract terms and cancellation of a non-recurring development project, a decrease in revenues of $1.0 million attributable to other Sony Ericsson non-recurring business, a decrease in revenues of $4.0 million relating to other customer cancellations, in addition to a $0.8 million decrease in royalty revenues during the first nine months of 2009 resulting from a decline in unit sales of mobile subscribers, wireless operators and device manufacturers. The decrease in revenues was partially offset by increased non-recurring technology development revenues of $5.8 million primarily resulting from the receipt of final acceptance from Google on technology development services performed in support of the OHA in the first quarter of 2009.

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Loss from operations for the Multimedia segment increased $2.5 million during first nine months of 2009 and was attributable to the decrease in revenues of $7.2 million, described above, partially offset by decreases in the operating expenses of our Multimedia segment as a result of cost reduction actions implemented during 2009.

Strategic Initiatives

Loss from operations for the Strategic Initiatives segment increased $44.1 million during the first nine months of 2009 when compared to the same period in 2008. The increase during the first nine months of 2009 is primarily attributable to $29.8 million in asset impairment charges related to certain of our domestic AWS spectrum licenses and our Germany wireless spectrum license and lower net gains on our sales of wireless spectrum licenses of $17.0 million, partially offset by lower operating expenses resulting from cost reduction actions implemented in the first six months of 2009.

Other or Unallocated

The loss from operations classified as Other or Unallocated decreased $18.4 million during the first nine months of 2009 and is primarily attributable to the corporate cost reductions resulting from the global restructuring initiative we implemented in the second half of 2008, which included reductions in workforce and certain overhead and discretionary costs, and the closure of certain facilities. These decreases were partially offset by a $2.2 million arbitration settlement paid in October 2009 through the issuance of 2.5 million shares of our common stock to the former shareholders of GO Networks.

Comparison of Our First Nine Months of 2009 to Our First Nine Months of 2008 – Discontinued Operations

The results of operations of our discontinued Networks and Semiconductor segments and WiMax Telecom business are as follows:

(in millions)	Nine Months Ended September 26, 2009	Nine Months Ended September 27, 2008	Increase (Decrease)
Revenues	$4.4	$48.0	$(43.6)
Operating expenses:			
Cost of revenues	4.8	54.8	(50.0)
Engineering, research and development	2.4	103.0	(100.6)
Sales and marketing	1.1	20.9	(19.8)
General and administrative	3.4	19.0	(15.6)
Asset impairment charges	33.7	169.9	(136.2)
Restructuring charges	5.1	4.8	0.3
Total operating expenses	50.5	372.4	(321.9)
Net gain on business divestitures	3.2	—	3.2
Loss from operations	(42.9)	(324.4)	281.5
Other income and (expense), net	(0.2)	0.5	(0.7)
Loss before income taxes	(43.1)	(323.9)	280.8
Income tax benefit (provision)	0.2	(1.0)	1.2
Loss from discontinued operations	$(42.9)	$(324.9)	$282.0

Revenues

The $43.6 million decrease in revenues from discontinued operations during the first nine months of 2009 was primarily attributable to our divestiture of our IPWireless subsidiary in December 2008.

Cost of Revenues

The $50.0 million decrease in cost of revenues from discontinued operations during the first nine months of 2009 was primarily attributable to our divestiture of our IPWireless subsidiary and the discontinuation of operations at our GO Networks subsidiary in the fourth quarter of 2008.

Engineering, Research and Development

The $100.6 million decrease in engineering, research and development expenses from discontinued operations during the first nine months of 2009 is primarily attributable to our divestiture of our IPWireless subsidiary and the discontinuation of operations at our GO Networks subsidiary in the fourth quarter of 2008, and the shutdown of the operations of our semiconductor business in the first quarter of 2009. The compensation related costs incurred in relation to the employees terminated in connection with the shutdown of our semiconductor business are included in restructuring charges.

Sales and Marketing

The $19.8 million decrease in sales and marketing expenses from discontinued operations during the first nine months of 2009 is primarily attributable our divestiture of our IPWireless subsidiary and the discontinuation of operations at our GO Networks subsidiary in the fourth quarter of 2008, and the shutdown of the operations of our semiconductor business in the first quarter of 2009. The compensation related costs incurred in relation to the employees terminated in connection with the shutdown of our semiconductor business are included in restructuring charges.

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General and Administrative

The $15.6 million decrease in general and administrative expenses from discontinued operations during the first nine months of 2009, respectively, is primarily attributable to our divestiture of our IPWireless subsidiary and the discontinuation of operations at our GO Networks subsidiary in the fourth quarter of 2008, and lower operating expenses at our WiMax Telecom subsidiary resulting from cost reduction actions implemented in the first quarter of 2009.

Asset Impairment Charges

Through our continued efforts to sell our wireless spectrum licenses in Europe and Chile, during the third quarter of 2009, we determined that the carrying value of these spectrum licenses exceeded their fair value based primarily on bids received and negotiations with third parties regarding the sale of these licenses, which led to our decision not to pursue build out obligations in Europe during this time period. Accordingly, during the first nine months of 2009, we wrote-down the carrying value of our wireless spectrum licenses in Europe and Chile to their estimated fair value and recognized asset impairment charges of $22.4 million.

In connection with the implementation of our global restructuring initiative, we continue to review our long-lived assets for impairment and, during the first nine months of 2009, determined that indicators of impairment were present for the long-lived assets in our discontinued WiMax Telecom and semiconductor businesses. We performed an impairment assessment of these assets and concluded that their carrying value exceeded their fair value. Accordingly, during the first nine months of 2009, we recognized asset impairment charges of $ $9.7 million.

During the first nine months of 2009 we wrote-off the remaining net book value of the purchased customer base intangible asset of WiMax Telecom as indicators of impairment existed, and, as a result of this write-off, we recognized a non-cash asset impairment charge of $1.6 million during the first nine months of 2009.

In connection with the implementation of our global restructuring initiative in the third quarter of 2008, we recognized an impairment loss of $167.7 million during the third quarter of 2008 for goodwill, intangible asset and certain other long-lived assets related to our Networks segment

The impairment loss of $169.9 million that we recognized during the first nine months of 2008 also reflects the $2.2 million impairment loss we recognized in the second quarter of 2008 related to an office building we own in Nevada.

Restructuring Charges

In connection with the implementation of our global restructuring initiative, during the first nine months of 2009, we incurred $4.6 million of employee termination costs, and $0.6 million in contract termination costs related to our discontinued operations. The employee termination costs incurred in the first nine months of 2009 primarily resulted from the termination of 230 employees upon the shutdown of our semiconductor business.

In connection with the implementation of our global restructuring initiative in the third quarter of 2008, we terminated 151 employees in our Networks segment and incurred employee termination costs of $4.4 million and lease abandonment charges of $0.4 million during the first nine months of 2008.

Other Expense, Net

Other expense, net, during first nine months of 2009 increased from other income, net, of $0.5 million in 2008 to other expense, net, of $0.2 million, an increase in expense of $0.7 million and was primarily attributable to $0.5 million in lower net foreign currency exchange rate gains and $0.1 million in lower interest income recognized during the first nine months of 2009.

Comparison of Our Fiscal Year Ended December 27, 2008 to Our Fiscal Year Ended December 29, 2007 – Continuing Operations

Revenues

Total revenues from continuing operations for 2008 were $63.0 million, as compared to $36.3 million for 2007, an increase of $26.7 million. Total revenues for both periods consist entirely of revenues generated by our Multimedia segment. The increase in revenues was attributable to unit sales growth and increased market penetration of mobile subscriber services by our customer base, which includes wireless operators and device manufacturers.

Sales to three Multimedia customers, Verizon Wireless, NTT DoCoMo and Sony Ericsson, accounted for 38%, 17%, and 14%, respectively, of our total revenues from continuing operations during 2008. Sales to one Multimedia customer, Verizon Wireless, accounted for 64% of our total revenues from continuing operations during 2007.

Operating Expenses

(in millions)	Years Ended December 27, 2008	Years Ended December 29, 2007	Increase (Decrease)
Cost of technology licensing and service revenues	$ 18.8	$ 17.1	$ 1.7
Engineering, research and development	27.8	24.4	3.4
Sales and marketing	12.6	14.0	(1.4)
General and administrative	67.9	76.0	(8.1)
Restructuring charges	7.6	—	7.6
Asset impairment charges	6.8	—	6.8
Purchased in-process research and development	—	0.9	(0.9)
Total operating expenses	$ 141.5	$ 132.4	$ 9.1

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Cost of Technology, Licensing and Service Revenues

Cost of technology licensing and service revenues from continuing operations as a percentage of the associated revenues for 2008 was 30%, as compared to 47% for 2007. The improvement in gross margins in 2008 reflects a $15.4 million increase in technology licensing and royalty fee revenues in our Multimedia segment, which have minimal associated cost of revenue.

Included in cost of technology licensing and service revenues in 2008 and 2007 is $3.1 million and $2.6 million, respectively, of amortization of purchased intangible assets. Also included in cost of technology, licensing and service revenues in 2008 and 2007 is $0.4 million and $0.2 million, respectively, of share-based compensation expense.

Engineering, Research and Development

The $3.4 million increase in engineering, research and development expenses from continuing operations during 2008 is primarily attributable to our Multimedia segment and is due to an increase in the costs of the ongoing development of multimedia software applications, media content management platforms and content delivery services, mainly through increased engineering headcount, including contractors.

Included in engineering, research and development expenses in each of 2008 and 2007 is $0.2 million of amortization of purchased intangible assets. Also included in engineering, research and development expenses in 2008 and 2007 is $1.2 million and $1.5 million, respectively, of share-based compensation expense.

Sales and Marketing

The $1.4 million decrease in sales and marketing expenses from continuing operations during 2008 is primarily attributable to a $2.1 million decrease in corporate marketing expenses resulting from the global restructuring initiative we implemented in the second half of 2008, which included reductions in workforce and certain overhead and discretionary costs, offset by an $0.7 million increase in sales and marketing expenses in our Multimedia segment due primarily to the expansion of marketing efforts. The compensation related costs incurred in relation to the employees terminated in connection with the restructuring are included in restructuring charges.

Included in sales and marketing expenses in 2008 and 2007 is $1.1 million and $1.0 million, respectively, of amortization of purchased intangible assets. Also included in sales and marketing expenses in 2008 and 2007 is $0.3 million and $0.5 million, respectively, of share-based compensation expense.

General and Administrative

The $8.1 million decrease in general and administrative expenses from continuing operations during 2008 is primarily attributable to the corporate cost reductions resulting from the global restructuring initiative we implemented in the second half of 2008, which included reductions in workforce and certain overhead and discretionary costs. The compensation related costs incurred in relation to the employees terminated in connection with the restructuring are included in restructuring charges. The decrease is also attributable to a decline in professional fees, due to a higher level of mergers and acquisition activity in 2007, and lower employee recruitment expenses, offset by a $3.6 million increase in amortization of purchased intangible assets, primarily wireless spectrum license assets resulting from the acquisition of additional wireless spectrum licenses in North America and Europe during 2007, and increased general and administrative expenses associated with the establishment of a shared services office in Europe.

Included in general and administrative expenses in 2008 and 2007 is $9.8 million and $6.3 million, respectively, of amortization of finite-lived wireless spectrum licenses, and $0.5 million and $0.4 million, respectively, of amortization of purchased intangible assets. Also included in general and administrative expenses in 2008 and 2007 is $3.3 million and $3.4 million, respectively, of share-based compensation expense.

Restructuring Charges

In connection with the implementation of our global restructuring initiative, during 2008, our continuing operations terminated 55 employees worldwide and vacated four leased facilities. As a result, we incurred $1.8 million in employee termination costs, $1.6 million in lease liability and related facility closure costs and $4.2 million in other related costs, including contract termination costs, selling costs and legal fees.

Asset Impairment Charges

In connection with the implementation of our global restructuring initiative, we reviewed our long-lived assets for impairment and determined that indicators of impairment were present for certain long-lived assets utilized by our corporate administration functions. We performed an impairment assessment of these assets and concluded that the carrying value of certain of the assets exceeded their fair value. Accordingly, during 2008, we recognized an asset impairment charge of $6.8 million.

Purchased In-Process Research and Development

Purchased in-process research and development in 2007 consisted entirely of the assigned value of the video and audio software for handsets development project purchased through our acquisition of SDC Secure Digital Container AG (“SDC”) in January 2007. The value allocated to purchased in-process research and development was based on projects that had not reached technological feasibility and had no alternative future uses and was determined through established valuation techniques used in the high technology industry. The value of the purchased in-process research and development from the SDC acquisition was expensed at the date of acquisition.

Gain on Sale of Wireless Spectrum Licenses

During the fourth quarter of 2008, we completed the sale of certain of our owned AWS spectrum licenses in the United States to third parties for net proceeds, after deducting direct and incremental selling costs, of $145.5 million, and recognized gains on these sales totaling $70.3 million. The net proceeds from the sale were used to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

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Interest Income

Interest income from continuing operations for 2008 was $3.0 million, as compared to $15.8 million for 2007, a decrease of $12.8 million. The decrease is primarily due to the decline in our unrestricted and restricted cash, cash equivalents and marketable securities balances held by continuing operations during 2008.

Interest Expense

Interest expense from continuing operations for 2008 was $99.3 million, as compared to $46.0 million for 2007, an increase of $53.3 million. The increase in interest expense is primarily attributable to $10.5 million in consent fees paid during 2008 to withdraw the full $75.0 million from the cash reserve account related to the Senior Notes, $19.0 million in higher interest accretion of the debt discount and issuance costs related to our Senior Notes, including $11.9 million representing the debt discount and debt issuance costs related to principal redeemed using the proceeds from the sales of wireless spectrum and $6.8 million representing the 5% premium paid upon redemption, $5.7 million in interest and interest accretion of the debt discount and issuance costs related to our Second Lien Notes and $17.7 million in interest and interest accretion of the discount related to our Third Lien Notes. The remainder of the increase consists primarily of higher accretion of discounted wireless spectrum license lease liabilities acquired during 2008 and 2007 and interest on debt assumed and guaranteed by us in connection with our acquisitions during 2007.

Other Income (Expense), Net

Other expense, net, for 2008 was $2.4 million, as compared to $1.0 million for 2007, an increase of $1.4 million. The increase in other expense, net is due primarily to the change in the fair value of the embedded derivatives on our Second Lien Notes and Third Lien Notes issued in October 2008.

Provision for Income Taxes

During 2008, substantially all of our U.S. subsidiaries generated taxable losses and, therefore, no material income tax provision or benefit was recognized for these subsidiaries. However, certain of our controlled foreign corporations generated taxable income as a result of cost sharing and transfer pricing arrangements with our U.S. subsidiaries in relation to research and development expenses incurred. Our effective income tax rate for continuing operations for 2008 was (1.2)%, resulting in a $1.3 million income tax benefit on our pre-tax loss of $106.8 million. The income tax benefit consists of a $2.4 million benefit from the effect of the change in the effective income tax rate on the deferred tax liabilities associated with indefinite-lived intangible assets, offset by $0.7 million of income taxes related to our controlled foreign corporations and $0.4 million for foreign withholding tax on royalty payments received from certain PacketVideo customers.

The effective income tax rate for continuing operations for 2007 was 1.0%, resulting in a $1.3 million income tax provision in 2007 on our pre-tax loss of $127.3 million, which primarily relates to income taxes in foreign jurisdictions.

Noncontrolling Interest

Noncontrolling interest during 2007 represents the minority shareholder’s share of losses to the extent of their capital contributions in Inquam Broadband Holding Ltd. (“Inquam”). In October 2007, we acquired the remaining minority interest ownership in Inquam.

Segment Results

During 2007, after a series of acquisitions, we reorganized our businesses into four reportable segments on the basis of products, services and strategic initiatives. Our two continuing reportable segments are Multimedia and Strategic Initiatives. As described elsewhere, as a result of the implementation of our global restructuring initiative, we have divested our Networks segment, and will divest our Semiconductor segment and our WiMax Telecom business, either through sale, dissolution or closure. Accordingly, we have reported the results of operations for our entire Networks and Semiconductor segments and our WiMax Telecom business, which was included in our Strategic Initiatives segment, as discontinued operations for all periods presented.

Results for our continuing operating segments for 2008 and 2007 are as follows:

(in millions)	Multimedia	Strategic Initiatives	Other or Unallocated	Consolidated
For the Years Ended:				
December 27, 2008				
Revenues from external customers	$63.0	$—	$—	$ 63.0
Income (loss) from operations	(5.5)	55.9	(58.6)	(8.2)
Significant non-cash items included in loss from operations above:				
Depreciation and amortization expense	6.2	9.7	4.1	20.0
Restructuring charges	0.2	—	7.4	7.6
Asset impairment charges	—	—	6.8	6.8
December 29, 2007				
Revenues from external customers	$36.3	$—	$—	$ 36.3
Loss from operations	(24.8)	(10.6)	(60.7)	(96.1)
Significant non-cash items included in loss from operations above:				
Depreciation and amortization expense	5.0	6.3	3.9	15.2
Purchased in-process research and development costs	0.9	—	—	0.9

Multimedia

Revenues for the Multimedia segment increased $26.7 million during 2008 and resulted primarily from unit sales growth and increased market penetration of mobile subscriber services by our customer base, which includes wireless carriers and mobile phone and wireless device manufacturers.

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Loss from operations for the Multimedia segment decreased $19.3 million during 2008 and was primarily attributable to the $15.4 million increase in technology licensing and royalty fee revenues recognized by our Multimedia segment since these revenues have minimal associated costs.

Strategic Initiatives

During 2008, the Strategic Initiatives segment generated income from operations of $55.9 million, as compared to a loss from operations of $10.6 million for 2007. The income from operations generated in 2008 and the decrease in loss from operations during 2008 is a result of the gain on sale of wireless spectrum licenses of $70.3 million recognized during 2008, partially offset by a $3.5 million increase in amortization of purchased intangible assets, primarily wireless spectrum license assets resulting from the acquisition of additional wireless spectrum licenses in North America and Europe during 2007.

Other or Unallocated

The loss from operations classified as Other or Unallocated decreased $2.1 million during 2008. The decrease in loss from operations during 2008 is primarily attributable to the corporate cost reductions resulting from the global restructuring initiative we implemented in the second half of 2008, which included reductions in workforce and certain overhead and discretionary costs.

Comparison of Our Fiscal Year Ended December 27, 2008 to Our Fiscal Year Ended December 29, 2007 – Discontinued Operations

The results of operations of our discontinued Networks and Semiconductor segments and WiMax Telecom business are as follows:

(in millions)	Years Ended December 27, 2008	Years Ended December 29, 2007	Increase (Decrease)
Technology licensing and service revenues	$4.9	$ 1.9	$3.0
Hardware revenues	57.3	20.9	36.4
Total revenues	62.2	22.8	39.4
Operating expenses:			
Cost of technology licensing and service revenues	8.8	4.9	3.9
Cost of hardware revenues	53.0	41.2	11.8
Engineering, research and development	116.5	125.4	(8.9)
Sales and marketing	22.7	15.7	7.0
General and administrative	22.7	16.7	6.0
Asset impairment charges	40.2	—	40.2
Restructuring charges	7.8	—	7.8
Purchased in-process research and development	—	11.2	(11.2)
Total operating expenses	271.7	215.1	56.6
Loss on business divestitures	(118.4)	—	(118.4)
Loss from operations	(327.9)	(192.3)	(135.6)
Other income (expense), net	0.8	(0.9)	1.7
Loss before provision for income taxes	(327.1)	(193.2)	(133.9)
Income tax benefit (provision)	3.4	0.6	2.8
Net loss attributable to NextWave	$(323.7)	$ (192.6)	$(131.1)

Technology licensing and service revenues

The $3.0 million increase in technology licensing and service revenues from discontinued operations during 2008 was attributable to an increase in technology licensing and service revenues recognized during 2008 primarily from customer subscriptions for the WiMAX network operated by our WiMax Telecom subsidiary, which we acquired in July 2007.

Hardware Revenues

The $36.4 million increase in hardware revenues from discontinued operations was primarily attributable to our fiscal year 2008 reflecting a full year of revenues from our IPWireless subsidiary, which we acquired in May 2007.

Cost of Technology Licensing and Service Revenues

The $3.9 million increase in cost of technology licensing and service revenues from discontinued operations during 2008 was attributable to a $3.2 million increase in technology licensing and services cost of revenues primarily related to costs to operate and maintain the WiMAX network being operated by our WiMax Telecom subsidiary.

Included in cost of technology licensing and services revenues during 2008 and 2007 is $1.2 million and $1.4 million, respectively, of amortization of purchased intangible assets.

Cost of Hardware Revenues

The $11.8 million increase in cost of hardware revenues from discontinued operations during 2008 primarily reflects a full year of sales from our IPWireless subsidiary and the write-off of the remaining deferred cost of revenues of GO Networks since we do not anticipate realizing the associated deferred revenues.

We used third-party subcontractors to manufacture the products sold by our Networks segment and these costs made up the substantial majority of cost of revenues.

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Included in cost of hardware revenues in 2008 and 2007 is $9.0 million and $9.5 million, respectively, of amortization of purchased intangible assets primarily resulting from our acquisitions of IPWireless and GO Networks in 2007.

Engineering, Research and Development

The $8.9 million decrease in engineering, research and development expenses from discontinued operations during 2008 is primarily attributable to the global restructuring initiative that we implemented in the second half of 2008, which included workforce reductions, scaling back certain research and development programs and shutting down certain business units. The compensation related costs incurred in relation to the employees terminated in connection with the restructuring are included in restructuring charges.

Included in engineering, research and development expenses in 2008 and 2007 is $0.4 million and $0.8 million, respectively, of amortization of purchased intangible assets primarily resulting from our acquisitions of IPWireless and GO Networks in 2007. Also included in engineering, research and development expenses in 2008 and 2007 is $2.5 million and $7.4 million, respectively, of share-based compensation expense.

Sales and Marketing

Of the $7.0 million increase in sales and marketing expenses from discontinued operations during 2008, $1.9 million reflects a full year of sales and marketing expenses at our IPWireless subsidiary, acquired in May 2007, $2.8 million relates to our establishment of a Latin America sales and marketing operation in the second half of 2007 and $3.9 million reflects the initial establishment of a sales and marketing organization in our Semiconductor segment in the third quarter of 2007, offset by $1.6 million in decreased expenses in our Networks segment resulting from the global restructuring initiative that we implemented in the second half of 2008, which included workforce reductions. The compensation related costs incurred in relation to the employees terminated in connection with the restructuring are included in restructuring charges.

Included in sales and marketing expenses in 2008 and 2007 is $1.1 million and $1.0 million, respectively, of amortization of purchased intangible assets primarily resulting from our acquisitions of IPWireless, GO Networks and WiMax Telecom in 2007. Also included in sales and marketing expenses in 2008 and 2007 is $1.3 million and $1.9 million, respectively, of share-based compensation expense.

General and Administrative

The $6.0 million increase in general and administrative expenses from discontinued operations during 2008 primarily reflects a full year of general and administrative expenses at our IPWireless, GO Networks and WiMax Telecom subsidiaries, acquired in 2007.

Included in general and administrative expenses in 2008 and 2007 is $3.6 million and $1.2 million, respectively, of amortization of purchased intangible assets. Also included in general and administrative expenses in 2008 and 2007 is $(0.2) million and $1.0 million, respectively, of share-based compensation expense (credits).

Asset Impairment Charges

In connection with the implementation of our global restructuring initiative, we reviewed the goodwill and long-lived assets of our Networks and Semiconductor segments and our WiMax Telecom business for impairment and determined that indicators of impairment were present for the goodwill, intangible assets and certain other long-lived assets. We performed an impairment assessment of these assets and concluded that the carrying value of certain of the assets exceeded their fair value. Accordingly, during 2008, we recognized an asset impairment charge of $40.2 million related to our discontinued operations.

Restructuring Charges

In connection with the implementation of our global restructuring initiative, we terminated approximately 349 employees in our Networks segment and vacated two leased facilities. Accordingly, during 2008, we incurred employee termination costs of $6.2 million, lease abandonment charges of $0.9 million and $0.7 million in contract termination costs related to our discontinued operations.

Purchased In-Process Research and Development

Purchased in-process research and development during 2007 of $11.2 million consists of the assigned value of IPWireless's SoC3 wireless device chip development project. The value allocated to purchased in-process research and development was based on projects that had not reached technological feasibility and had no alternative future uses and were determined through established valuation techniques used in the high technology industry. The value of the purchased in-process research and development was expensed at the respective dates of acquisition.

Loss on Business Divestitures

Loss on business divestitures relates to the losses realized upon our sale of IPWireless and the liquidation through bankruptcy of our network infrastructure businesses in Israel, Canada and Denmark in the fourth quarter of 2008. The loss from the divestiture of these businesses consists of $120.3 million of previously recognized asset impairment charges and $3.7 million of previously recognized inventory write-downs, offset by $5.6 million from the deconsolidation of the remaining net liabilities of the divested businesses.

Other Income (Expense), Net

Other income, net during 2008 was $0.8 million, as compared to other expense, net of $0.9 million for 2007, an increase of $1.7 million. The increase of $1.7 million was primarily attributable to higher net foreign currency exchange rate gains recognized during 2008 due to the strengthening of the value of the U.S. dollar.

Income Tax Provision

The effective income tax rate for discontinued operations for 2008 was (1.0)%, resulting in a $3.4 million income tax benefit in 2008 on pre-tax loss from discontinued operations of $327.1 million, which primarily relates to the effect of the change in the effective income tax rate on the deferred tax liabilities associated with indefinite-lived intangible assets.

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The effective income tax rate for discontinued operations for 2007 was (0.3)%, resulting in a $0.6 million income tax benefit in 2007 on pre-tax loss from discontinued operations of $193.2 million, which primarily relates to income taxes related to our controlled foreign corporations.

LIQUIDITY AND CAPITAL RESOURCES

We have funded our operations, business combinations, strategic investments and wireless spectrum license acquisitions primarily with the $550.0 million in cash received in our initial capitalization in April 2005, the net proceeds of $295.0 million from the issuance of the Senior Notes in July 2006, the net proceeds of $351.1 million from our issuance of Series A Preferred Stock in March 2007 and the net proceeds of $101.0 million from our issuance of the Second Lien Notes in October 2008 and July 2009. Our total unrestricted cash, cash equivalents and marketable securities held by continuing operations totaled $22.2 million at September 26, 2009. We had a net working capital deficit of $105.3 million at September 26, 2009, reflecting a negative impact of $155.0 million attributable to the maturity of our Senior Notes in July 2010.

Our Senior Notes require payments of approximately $164.1 million in principal plus accrued interest in July 2010 and our Second Lien Notes require payment of approximately $135.7 million in principal plus accrued interest in December 2010. Our cash reserves and cash generated from operations are not sufficient to meet these payment obligations. We must consummate sales of our wireless spectrum assets yielding proceeds that are sufficient to retire this indebtedness or renegotiate the maturity of our secured notes and/or seek to refinance such indebtedness. Currently, we are in discussion with certain holders of our secured notes regarding the extension of the maturity of such notes. There can be no assurance that we will be able to extend the maturity of our secured notes or that asset sales or any additional financing will be achievable on acceptable terms. If we are unable to renegotiate or pay our debt at maturity, the holders of our notes could proceed against the assets pledged to secure these obligations, which include our spectrum assets and the capital stock of our material subsidiaries, which would impair our ability to continue as a going concern and could require us to file for bankruptcy protection in the U.S. Our financial statements do not include any adjustments related to the recovery of assets and classification of liabilities that might be necessary should we be unable to continue as a going concern.

In an effort to reduce our future working capital requirements and in order to comply with the terms of our Senior Notes, Second Lien Notes and Third Lien Notes, in the second half of 2008, our Board of Directors approved the implementation of a global restructuring initiative, pursuant to which we have divested, either through sale, dissolution or closure, our network infrastructure businesses and our semiconductor business. We have also taken other cost reduction actions. The actions completed as a result of our global restructuring initiative are described in more detail in Note 1 to our Condensed Consolidated Financial Statements in this prospectus under the heading Restructuring Initiative and Discontinued Operations.”

On July 2, 2009, we issued the Incremental Notes in the aggregate principal amount of $15.0 million, on the same financial and other terms applicable to our existing Second Lien Notes. The Incremental Notes were issued with an original issuance discount of 5% resulting in gross proceeds of $14.3 million. After payment of transaction related expenses, we received net proceeds of $13.5 million to be used solely in connection with the ordinary course operations of our business and not for any acquisition of assets or businesses or other uses. The purchaser of the Incremental Notes was Avenue AIV US, L.P., an affiliate of Avenue Capital Management II, L.P. ("Avenue Capital"). Robert Symington, a Senior Portfolio Manager with Avenue Capital, is a member of our Board of Directors. In July 2009, we issued warrants to purchase 7.5 million shares of our common stock at an exercise price of $0.01 per share to the purchaser of the Incremental Notes. On December 16, 2009, the Company received notice from Avenue Capital of the exercise of the warrants to purchase 45 million shares of our common stock at an exercise price of $0.01 per share. Pursuant to the notice and the terms of the respective warrant agreements, Avenue Capital requested the issuance of the shares based on an exercise price of $450,000 (the "Exercise Price"). Based on a fair market value of the warrant shares (as determined in accordance with the respective warrant agreements) of $0.527915 per share of common stock of the Company, par value $0.001 per share (the "Common Stock"), the Exercise Price was paid in kind by subtracting 852,410 shares of Common Stock from the total number of warrant shares issuable to Avenue Capital.

Our Senior Notes, Second Lien Notes and Third Lien Notes require that the net proceeds from any sales or dispositions of assets be applied towards the repayment of the notes, rather than being used to fund our ongoing operations. Additionally, the Senior Notes and Second Lien Notes require that we maintain a minimum cash balance of $5.0 million (the "Minimum Balance Condition"). Failure to comply with the Minimum Balance Condition results in an immediate event of default.

In 2010, we have capital expenditure needs associated with certain build-out or substantial service requirements. These requirements apply to our licensed wireless spectrum, which generally must be satisfied as a condition of license renewal. The renewal deadline and the substantial service build-out deadline for our domestic WCS spectrum is July 21, 2010. We also have certain build-out requirements internationally in 2011, 2012 and 2013, and failure to make those service demonstrations could also result in license forfeiture. We plan to seek and enter into third party arrangements pursuant to which in exchange for access to certain of our spectrum, such parties would commit the financial resources necessary to meet our build-out requirements. We have obtained third party arrangements which we believe will allow us to satisfy our substantial service requirements with respect to our domestic WCS spectrum, but at this time there can be no assurance that such party will be able to complete its contractual requirements. Accordingly, we will seek to identify additional capital resources to enable us to perform such build-out obligations in the event such party is not able to perform.

We believe that the completion of the asset divestiture and cost reduction actions, our current cash and cash equivalents, projected revenues and cash flows from our Multimedia segment and payment of intercompany indebtedness related to our Multimedia segment, our ability to pay payment-in-kind interest as allowed under the current agreement, in lieu of cash interest, to the holders of 68% of the aggregate remaining outstanding principal balance of our Senior Notes and our third party arrangements with respect to our domestic WCS spectrum build-out requirements will allow us to meet our estimated operational cash requirements, other than the pending maturity of our Senior Notes as discussed above, at least through September 2010. Should we be unable to achieve the revenues and/or cash flows through September 2010 as contemplated in our operating plan, if there is a failure by our counterparty to perform its contractual obligations in respect of the WCS spectrum build-out, or if we were to incur significant unanticipated expenditures, including in respect of our performance of the WCS build-out, we will seek to identify additional capital resources including through use of our remaining $10 million incremental second lien notes debt basket and will implement certain additional actions to reduce our working capital requirements including staffing reductions, the deferral of capital expenditures associated with the build-out requirements of our international wireless spectrum licenses and further reductions in foreign operations.

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Our long term operating success will depend on our ability to execute our divestiture programs in a timely manner, to obtain favorable cash flow from the growth and market penetration of our PacketVideo subsidiary, and optimally executing our wireless spectrum sale program so as to meet debt payment requirements.

The following table presents our working capital (deficit), and our cash and cash equivalents balances:

(in millions)	September 26, 2009	Increase (Decrease) for the Nine Months Ended September 26, 2009	December 27, 2008	Increase (Decrease) for the Year Ended December 27, 2008	December 29, 2007
Working capital (deficit)	$ (105.3)	$ (126.5)	$ 21.2	$ (240.8)	$ 262.0
Cash and cash equivalents	$ 22.2	$ (38.6)	$ 60.8	$ 14.5	$ 46.3
Marketable securities	—	—	—	(113.7)	113.7
Total cash, cash equivalents and marketable securities-continuing operations	22.2	(38.6)	60.8	(99.2)	160.0
Cash and cash equivalents - discontinued operations	0.8	0.1	0.7	(6.0)	6.7
Total cash, cash equivalents and marketable securities	$ 23.0	$ (38.5)	$ 61.5	$ (105.2)	$ 166.7

Uses of Cash, Cash Equivalents and Marketable Securities

The following table presents our utilization of cash, cash equivalents and marketable securities:

(in millions)	Nine Months Ended September 26, 2009 (unaudited)	Nine Months Ended September 27, 2008 (unaudited)	Years Ended December 27, 2008	Years Ended December 29, 2007
Beginning cash, cash equivalents and marketable securities	$61.5	$ 166.7	$166.7	$ 200.7
Net operating cash used by continuing operations	(49.1)	(73.2)	(94.4)	(50.5)
Proceeds from the sale of noncontrolling interest in PacketVideo	45.5	—	—	—
Proceeds from the sale of wireless spectrum licenses	26.7	35.8	145.5	—
Payments on long-term obligations, excluding wireless spectrum lease obligations	(61.4)	(2.7)	(138.5)	(1.8)
Cash paid for acquisition of wireless spectrum licenses and subsequent lease obligations	(0.9)	(4.7)	(8.0)	(57.5)
Purchases of property and equipment	(1.8)	(2.7)	(2.9)	(9.2)
Proceeds from issuance of long-term obligations, net of issuance costs	13.5	21.5	109.0	—
Proceeds from the issuance of Series A Preferred Stock, net of issuance costs	—	—	—	351.1
Decrease in restricted cash	—	17.8	52.5	—
	—	(0.3)	(0.3)	(104.1)

Net cash paid for business combinations, net of cash acquired and returned under claims				
Other, net	—	(2.2)	(3.3)	(0.4)
Net operating, investing and financing cash used by discontinued operations	(11.0)	(144.5)	(164.8)	(161.6)
Ending cash, cash equivalents and marketable securities	23.0	11.5	61.5	166.7
Less: ending cash, cash equivalents and marketable securities-discontinued operations	(0.8)	(6.1)	(0.7)	(6.7)
Ending cash, cash equivalents and marketable securities-continuing operations	$22.2	$ 5.4	$60.8	$ 160.0

Significant Investing and Financing Activities During the First Nine Months of 2009

Significant investing activities during the first nine months of 2009 by our continuing operations included the following:

- During the first nine months of 2009, we completed sales of certain of our owned AWS spectrum licenses in the United States to third parties for net proceeds, after deducting direct and incremental selling costs, of $26.7 million, and recognized gains on the sales totaling $2.3 million. The net proceeds from the sales received after July 15, 2009 were used to redeem a portion of the Senior Notes at a redemption price of 102% of the principal amount thereof plus accrued interest and net proceeds received prior to July 16, 2009 were used to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

- In July 2009 we issued additional Second Lien Notes due 2010 in the aggregate principal amount of $15.0 million, on the same financial and other terms applicable to our existing Second Lien Notes. The Incremental Notes were issued with an original issuance discount of 5% resulting in gross proceeds of $14.3 million. After payment of transaction related expenses, we received net proceeds of $13.5 million to be used solely in connection with the ordinary course operations of our business and not for any acquisition of assets or businesses or other uses.

- In July 2009 we sold a 35% noncontrolling interest in our PacketVideo subsidiary to DOCOMO for $45.5 million. The net proceeds from this transaction were used in July 2009 to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

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- In July 2009 we sold certain of our owned Semiconductor business patents and patent applications to Wi-Lan Inc., a Canadian intellectual property company, for a cash payment of $2.5 million and recognized $2.5 million as a gain from business divestitures during the nine months ended September 26, 2009.

Significant Investing Activities in 2008

Significant investing activities during 2008 by our continuing operations included the following:

- During the fourth quarter of 2008, we completed the sale of certain of our owned AWS spectrum licenses in the United States to third parties for net proceeds, after deducting direct and incremental selling costs, of $145.5 million, and recognized gains on these sales totaling $70.3 million. The net proceeds from the sale were used to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

- We paid $50.0 million of additional purchase consideration to the selling shareholders of IPWireless as a result of the achievement of certain product shipment milestones in 2007 as specified in the acquisition agreement. Of the amount paid, $4.4 million was paid in cash and $45.6 million was paid through the issuance of approximately 9.0 million net shares of our common stock. Additionally, $4.9 million in cash was returned to us as a result of the settlement of our escrow claim in relation to the acquisition.

- In April 2008, we acquired all of the outstanding equity interests of Southam Chile SA, a Chilean corporation, and Sociedad Televisora CBC Limitada, a Chilean limited liability company (collectively, "Southam Chile"), for cash, including closing costs, totaling $4.8 million, assumed liabilities of $3.8 million and additional cash payments of up to $1.7 million upon the occurrence of certain specified events prior to the third anniversary of the acquisition date.

- Capital expenditures totaling $2.9 million, which were primarily related to capitalized costs incurred in the implementation of our enterprise resource planning system at certain of our subsidiaries acquired in 2007.

Significant Financing Activities in 2008

Significant financing activities during 2008 by our continuing operations included the following:

- On October 9, 2008, we issued the Second Lien Notes in the aggregate principal amount of $105.3 million. After payment of transaction-related fees and expenses, we received net proceeds of approximately $87.5 million to be used solely in connection with the ordinary course business operations and not for any acquisition of assets or businesses or other uses. We also issued the Third Lien Notes in an aggregate principal amount of $478.3 million in exchange for all of the outstanding shares of our Series A Preferred Stock. We did not receive any proceeds from the issuance of the Third Lien Notes.

- During the fourth quarter of 2008, we completed the sale of certain of our owned AWS spectrum licenses in the United States to third parties for net proceeds, after deducting direct and incremental selling costs, of $145.5 million. The net proceeds from the sale were used to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest.

- During 2008, under the terms of the amended purchase agreement for the Senior Notes, we withdrew the full amount of the $75.0 million cash reserve account established as collateral for the Senior Notes for use in funding our business plan. In order to complete the withdrawal from the cash reserve account, we paid consent fees totaling $10.5 million during 2008.

- In August 2008, we entered into a non-recourse loan with UBS under which we were advanced $21.5 million. The loan is collateralized by 85% of the aggregate principal amount of our auction rate securities portfolio managed by UBS. Under the terms of the loan agreement, as our auction rate securities are sold, the line of credit will be immediately and automatically repaid using the proceeds from the sale. The line of credit bears interest at the prevailing 30-day LIBOR rate plus 25 basis points, which approximates the interest rate payable to us on our auction rate securities. Although the loan is payable upon demand by UBS, repayment can only occur through a liquidation of the underlying collateralized auction rate securities.

Critical Accounting Policies and Estimates

Our discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, valuation of intangible assets and investments, and litigation. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results that differ from our estimates could have a significant adverse effect on our operating results and financial position. Our accounting policies are described in more detail in Note 1 to our consolidated financial statements included elsewhere in this prospectus. We believe that the following significant accounting policies and assumptions may involve a higher degree of judgment and complexity than others.

Revenue Recognition

Our continuing and discontinued operations have derived revenues from the following sources:

- Contracts to provide multimedia software products for mobile and home electronic devices and related royalties through our PacketVideo subsidiary;

- Sales of wireless broadband and mobile broadcast network products and services by our IPWireless and GO Networks subsidiaries, which are included in discontinued operations for all periods presented. The wireless broadband and mobile broadcast network products sold by IPWireless and GO Networks often included embedded software; and

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- Customer subscriptions for the WiMAX network operated by our WiMax Telecom subsidiary, which is included in discontinued operations for all periods presented.

For arrangements that do not contain software or embedded software that is incidental to the arrangement, we recognize revenue in accordance with the revenue recognition accounting guidance, when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is reasonably assured.

For software arrangements, or in cases where the software is considered more than incidental and is essential to the functionality of the hardware or the infrastructure products, revenue is recognized pursuant to software revenue recognition and construction-type and production-type contracts accounting guidance.

Our revenue arrangements can include multiple deliverables, software or technology license, non-recurring engineering services and post-contract customer support. For these arrangements, we consider the revenue recognition - multiple-element arrangements accounting guidance. Accordingly, we evaluate each deliverable in the arrangement to determine whether it represents a separate unit of accounting. If objective and reliable evidence of fair value exists ("vendor specific objective evidence") for all units of accounting in the arrangement, revenue is allocated to each unit of accounting or element based on those relative fair values. If vendor specific objective evidence of fair value exists for all undelivered elements, but not for delivered elements, the residual method would be used to allocate the arrangement consideration. If elements cannot be treated as separate units of accounting because vendor specific objective evidence of the undelivered elements does not exist, they are combined into a single unit of accounting and the associated revenue is deferred until all combined elements have been delivered or until there is only one remaining element to be delivered. To date, we have not been able to establish vendor specific objective evidence for any of the elements included in our revenue arrangements, as the software and hardware products or services have not yet been sold separately, nor has a standard price list been established. As a result, once the software or technology is delivered and the only undelivered element is services, the entire non-contingent contract value is recognized ratably over the remaining service period. Costs directly attributable to providing these services are also deferred and amortized over the remaining service period of the respective revenues.

Services sold separately are generally billed on a time and materials basis at agreed-upon billing rates, and revenue is recognized as the services are performed.

We earn royalty revenues on licensed embedded multimedia products sold by our licensees. Generally, royalties are paid by licensees on a contingent, per unit, or fixed fee usage basis. The licensees generally report and pay the royalty in the quarter subsequent to the period of delivery or usage. We recognize royalty revenues based on royalties reported by licensees. When royalty arrangements also provide for ongoing post-contract customer support that does not meet the criteria to be recognized upon delivery of the software, the royalty is recognized ratably from the date the royalty report is received through the stated remaining term of the post-contract customer support. In limited situations, we have determined that post-contract customer support revenue can be recognized upon delivery of the software because the obligation to provide post-contract customer support is for one year or less, the estimated cost of providing the post-contract customer support during the arrangement is insignificant and unspecified upgrades or enhancements offered for the particular post-contract customer support arrangement historically have been and are expected to continue to be minimal and infrequently provided. In these instances, we have accrued all the estimated costs of providing the services upfront, which to date have been insignificant.

If we receive non-refundable advanced payments from licensees that are allocable to future contracts periods or could be creditable against other obligations of the licensee to us, the recognition of the related revenue is deferred until such future periods or until such creditable obligations lapse.

In instances where we have noted extended payment terms, revenue is recognized in the period the payment becomes due. If an arrangement includes specified upgrade rights, revenue is deferred until the specified upgrade has been delivered.

We do not generally allow for product returns and we have no history of significant product returns. Accordingly, no allowance for returns has been provided.

The timing and amount of revenue recognition depends upon a variety of factors, including the specific terms of each arrangement and the nature of our deliverables and obligations. Determination of the appropriate amount of revenue recognized involves judgments and estimates that our management believes are reasonable.

Wireless Spectrum Licenses

We capitalize as intangible assets wireless spectrum licenses that we acquire from third parties or through government auctions. For wireless spectrum licenses purchased directly from third parties or through spectrum auctions, the cost basis of the wireless spectrum asset includes the purchase price paid for the license at the time of acquisition plus legal costs incurred to acquire the license. For wireless spectrum licenses acquired through a business combination or through the acquisition of a business where the assets of the business are comprised almost entirely of wireless spectrum, the cost basis of the wireless spectrum asset is determined through an allocation of the total purchase price to the tangible and identifiable intangible assets and liabilities of the acquired business or asset(s) and includes any deferred tax liabilities determined in accordance with accounting provisions for acquired temporary differences in certain purchase transactions that are not accounted for as business combinations. For leased wireless spectrum rights, the asset and related liability are recorded at the net present value of future cash outflows using our incremental borrowing rate at the time of acquisition.

We have determined that certain of our wireless spectrum licenses meet the definition of indefinite-lived intangible assets because the licenses are either perpetual or may be renewed periodically for a nominal fee, provided that we continue to meet the service and geographic coverage provisions. We have also determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of these wireless spectrum licenses. At September 26, 2009 and December 27, 2008, indefinite-lived wireless spectrum licenses that are not subject to amortization totaled $398.0 million and $427.7 million, of which $57.8 million and $88.6 million, respectively, have been classified as held for sale.

Wireless spectrum licenses for which we have acquired lease rights from third parties are considered to have finite lives. The wireless license asset is then amortized over the contractual life of the lease. We have also acquired the rights to wireless spectrum licenses in Europe where the renewal terms are not yet well established. We amortize these assets on a straight-line basis over the initial license period. Amortization expense on wireless spectrum licenses is charged to general and administrative expense. As of September 26, 2009 and December 27, 2008, amortized wireless spectrum licenses, net of accumulated amortization, totaled $78.6 million and $127.5 million, of which $75.8 million and $24.1 million, respectively, has been classified as held for sale.

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During the nine months ended September 26, 2009, our wireless spectrum licenses, net decreased by $78.6 million, which was primarily due to the sale of AWS spectrum licenses with a cost basis of $24.4 million, a $52.2 million impairment of our domestic AWS spectrum licenses and our wireless spectrum licenses in Germany, Croatia and Chile, and $6.6 million of amortization expense, partially offset by $4.6 million due to the effect of fluctuations in exchange rates and other items.

During the year ended December 27, 2008, our wireless spectrum licenses, net decreased by $78.7 million, which was primarily due to the sale of AWS spectrum licenses with a cost basis of $75.2 million, a $13.6 million impairment of our wireless spectrum licenses in Argentina and Chile, $13.1 million of amortization expense and $10.3 million due to the effect of fluctuations in exchange rates and other items, offset by wireless spectrum license acquisitions of $33.5 million.

Valuation of Goodwill

In lieu of amortization of goodwill, we perform an annual review for impairment, or more frequently if impairment indicators arise. Goodwill is considered to be impaired if we determine that the carrying value of the goodwill exceeds its fair value.

We test goodwill for impairment annually on the first day of our fiscal fourth quarter at a reporting unit level using a two-step process. The first step of the impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, we then perform the second step of the goodwill impairment test to determine the amount of the impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. If the carrying amount of goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. We determined that our reporting units are one level below our identified operating segments because discrete financial information is available.

We determine fair value primarily under an income approach that utilizes a discounted cash flow model. The discounted cash flow model determines fair value based on the present value of projected cash flows over a specific projection period and a residual value related to future cash flows beyond the projection period. Both values are discounted to reflect the degree of risk inherent in an investment in the reporting unit and achieving the projected cash flows. A weighted average cost of capital of a market participant is used as the discount rate. The residual value is generally determined by applying a constant terminal growth rate to the estimated net cash flows at the end of the projection period. Alternatively, the present value of the residual value may be determined by applying a market multiple at the end of the projection period.

At October 2008, the substantial majority of our goodwill of continuing operations primarily resided in our PacketVideo reporting unit. For our 2008 annual impairment assessment, the discounted cash flows used to estimate fair value of the PacketVideo reporting unit were based on discrete financial forecasts of future operating results over the upcoming five years that were developed by management for planning purposes. Cash flows beyond these periods were estimated using a terminal growth rate of 5%. The future cash flows were discounted to present value using a discount rate of 18%. Based on the analysis, we concluded that our goodwill was not impaired. We cannot assure you that the underlying assumptions used to forecast the cash flows will materialize as estimated. For example, if our projections of unit sales growth and increased market penetration of mobile subscriber services by PacketVideo's customer base do not materialize, the fair value of our PacketVideo reporting unit may fall below its carrying value. Therefore, we cannot assure you that when we complete future reviews of our goodwill for impairment that a material impairment charge will not be recorded. A hypothetical 200 basis point increase in the discount rate combined and 200 basis point decrease in the terminal growth rate would not have caused the fair value of the PacketVideo reporting unit to fall below its carrying value.

As a result of the implementation of our global restructuring initiative in the third quarter of 2008, we reviewed our goodwill and indefinite-lived intangible assets for impairment and determined that indicators of impairment were present for the goodwill in our IPWireless and Cygnus reporting units, both of which are presented as discontinued operations. Accordingly, we performed a goodwill impairment assessment as prescribed by SFAS No. 142 and concluded that the carrying value of the reporting units exceeded their fair value. As a result, in the third quarter of 2008, we recognized an asset impairment charge of $117.7 million, representing the full carrying amount of the goodwill in our IPWireless and Cygnus reporting units which was our estimate of the impairment based on information available at that time.

We performed our 2008 annual impairment assessment for the goodwill of our IPWireless and Cygnus reporting units as of October 2008. As described in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus, in December 2008, we sold a controlling interest in our IPWireless subsidiary for an upfront cash payment of approximately $1.1 million. We determined the fair value of our IPWireless reporting unit based on the cash proceeds received and liabilities assumed in the sale and concluded that the carrying value of the IPWireless reporting unit exceeded its fair value. As a result, we compared the implied fair value of the IPWireless reporting unit’s goodwill with the carrying value of that goodwill and concluded that the carrying amount of goodwill exceeded the implied fair value of that goodwill. The amount of the resulting asset impairment charge of $113.0 million did not change from our initial estimate in the third quarter of 2008. Upon the sale of IPWireless in the fourth quarter of 2008, we reclassified the IPWireless goodwill asset impairment charge against the loss from business divestiture reported in discontinued operations.

We began actively marketing our Cygnus reporting unit for sale in the third quarter of 2008. Although we participated in preliminary sale and/or licensing discussions involving the Cygnus intellectual property and operations, none of those discussions advanced and our efforts to sell Cygnus were ultimately unsuccessful. As a result, Cygnus was shut down and the remaining employees were terminated in early October 2008. Since we do not anticipate generating significant future cash flows from the divestiture of the Cygnus reporting unit, we determined that the fair value of the Cygnus reporting unit was nominal. As a result, we compared the implied fair value of the Cygnus reporting unit’s goodwill with the carrying value of that goodwill and concluded that the carrying amount of goodwill exceeded the implied fair value of that goodwill. The amount of the resulting asset impairment charge of $4.7 million did not change from our initial estimate in the third quarter of 2008. Upon the deconsolidation of our Cygnus Canada subsidiary in the fourth quarter of 2008 as a result of the acceptance of the bankruptcy petition, we reclassified $2.3 million of the asset impairment charge representing the goodwill of Cygnus Canada against the loss from business divestiture reported in discontinued operations.

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Valuation of Indefinite-Lived Intangible Assets

In lieu of amortization of our indefinite-lived intangible assets, we perform an annual review for impairment, or more frequently if impairment indicators arise. Indefinite-lived intangible assets are considered to be impaired if we determine that the carrying value of the asset exceeds its fair value.

We test indefinite-lived intangible assets for impairment annually on the first day of our fiscal fourth quarter by making a determination of the fair value of the intangible asset. If the fair value of the intangible asset is less than its carrying value, an impairment loss is recognized in an amount equal to the difference. We also evaluate the remaining useful life of our intangible assets that are not subject to amortization on an annual basis to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, that asset is tested for impairment. After recognition of the impairment, if any, the asset is amortized prospectively over its estimated remaining useful life and accounted for in the same manner as other intangible assets that are subject to amortization.

For purposes of performing our 2008 annual impairment assessment of indefinite-lived wireless spectrum licenses, we have segregated our indefinite lived intangible wireless spectrum licenses into separate units of accounting based on the type of spectrum and location. We determined the fair value of our wireless spectrum licenses utilizing both a market approach and an income approach. Under the market approach, we determined fair value through an analysis of sales and offerings of comparable assets, including the sales of our AWS licenses during 2008 and FCC auctions of similar wireless spectrum. Sales and offering prices for the comparable assets are adjusted to reflect differences between our wireless spectrum licenses and the comparable assets, such as location, time and terms of sale, use and utility, trends in technology and consumer demand, and regulatory issues, that may potentially affect the value of our wireless spectrum.

Under the income approach, we determined fair value utilizing a discounted cash flow model which measures fair value based on the present value of projected cash flows over a specific projection period and a residual value related to future cash flows beyond the projection period. Both values are discounted to reflect the degree of risk inherent in an investment in the asset and achieving the projected cash flows. A weighted average cost of capital of a market participant is used as the discount rate. The residual value is generally determined by applying a constant terminal growth rate to the estimated net cash flows at the end of the projection period. The projected cash flows, market penetration rate, terminal growth rate and weighted average cost of capital used in the model assume a new entrant in the market and the associated network build-out requirements. The discounted cash flow model assumed a discount rate of 20%, which represents the weighted-average cost of capital of a market participant plus an additional discount for risks specific to our domestic wireless spectrum, and a terminal growth rate of 3%. A hypothetical 200 basis point increase in the discount rate, 300 basis point decrease in the terminal growth rate and 3-year delay in the commencement of network build-out and customer intake would not have caused the fair value of our indefinite-lived wireless spectrum licenses to fall below their carrying value.

Of our indefinite-lived wireless spectrum licenses at September 26, 2009 and December 27, 2008, $334.0 million represents the carrying value of domestic WCS spectrum licenses. Wireless devices utilizing WCS spectrum are currently susceptible to interference from SDARS. The FCC is considering a proposal to permanently authorize terrestrial repeaters for SDARS operations adjacent to the C and D blocks of the WCS band. Permanently authorizing SDARS repeaters adjacent to the WCS band could cause interference to WCS, BRS and EBS receivers although the extent of the interference from SDARS repeaters is unclear. In our determination of the fair value of our WCS spectrum licenses, we assumed a favorable outcome to this matter as we believe is the most reasonably likely result of the FCC proceedings. Were we to receive an unfavorable ruling from the FCC, the fair value of our WCS spectrum licenses would be negatively impacted and there can be no assurance that we would be able to recover their carrying value.

Based on the impairment assessment performed in October 2008, we determined that the carrying value of our wireless spectrum licenses in Argentina and Chile exceeded their fair value, based primarily on advanced negotiations with third parties regarding the sale of these assets. Accordingly, we wrote-down the carrying value of our Argentina and Chile wireless spectrum licenses to their estimated fair value and recognized an asset impairment charge of $13.6 million during the year ended December 27, 2008 which is reported in discontinued operations. Other than the wireless spectrum licenses in Argentina and Chile, we concluded that our remaining wireless spectrum licenses were not impaired. As a result of the impairment of our wireless spectrum licenses in Argentina, we reduced the associated deferred tax liabilities, determined in accordance with accounting standards for acquired temporary differences in certain purchase transactions that are not accounted for as business combinations, on a pro rata basis resulting in the recognition of a deferred income tax benefit of $4.3 million, which is reported in discontinued operations. Accordingly, the net impact to loss from discontinued operations of the impairment of our wireless spectrum licenses in Argentina and Chile was $9.3 million during the year ended December 27, 2008.

Through our continued efforts during 2009 to sell our remaining domestic spectrum licenses and our wireless spectrum licenses in Europe we determined that the carrying value of certain of these spectrum licenses exceeded their fair value based primarily on bids received and negotiations with third parties regarding the sale of these licenses, which led to our decision not to pursue build out obligations in Europe during this time period. Accordingly, during the nine months ended September 26, 2009, we wrote-down the carrying value of our domestic spectrum licenses and our wireless spectrum licenses in Europe to their estimated fair value and recognized asset impairment charges of $52.2 million. For the nine months ended September 26, 2009, $29.8 million is reported in continuing operations and $22.4 million is reported in discontinued operations.

At December 27, 2008, the aggregate carrying value of our other indefinite-lived intangible assets held by continuing operations, which consist of purchased tradenames and trademarks, was $2.4 million. For our 2008 annual impairment assessment of other indefinite-lived intangible assets, we primarily determined fair value under an income approach that utilizes a discounted cash flow model. The discounted cash flows used to estimate fair value were based on discrete financial forecasts of five years future operating results over the upcoming five years that were developed by management for planning purposes. Cash flows beyond these periods were estimated using a terminal growth rate of 5%. The future cash flows were discounted to present value using a discount rate of 18%. Based on this analysis, we concluded that our other indefinite-lived intangible assets were not impaired.

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During the nine months ended September 26, 2009 we wrote-off the remaining net book value of the purchased customer base intangible asset of WiMax Telecom since we determined that indicators of impairment existed, and, as a result of this write-off, we recognized a non-cash charge of $1.6 million during the nine months ended September 26, 2009, which is reported as an asset impairment charge in discontinued operations.

Impairment of Long-Lived Assets

We review long-lived assets to be held and used, including acquired intangible assets subject to amortization and property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the market price of an asset or asset group, a significant adverse change in the extent or manner in which an asset or asset group is being used, the loss of legal ownership or title to the asset, significant negative industry or economic trends or the presence of other indicators that would indicate that the carrying amount of an asset or asset group is not recoverable.

A long-lived asset is considered to be impaired if the estimated undiscounted future cash flows resulting from the use of the asset and its eventual disposition are not sufficient to recover the carrying value of the asset.

In connection with the implementation of our global restructuring initiative, we reviewed our long-lived assets for impairment and determined that indicators of impairment were present for the long-lived assets in our Networks and Semiconductor segments as well as certain other long-lived assets. Accordingly, we performed an assessment to determine if the carrying value of these long-lived assets was recoverable through estimated undiscounted future cash flows resulting from the use of the assets and their eventual disposition.

Included in the long-lived assets of our Networks segment, which is included in discontinued operations, is an office building we own in Nevada that we are actively marketing for sale through a national brokerage firm. In June 2008, we classified the building as an asset held for sale and ceased depreciating this asset.

For the long-lived asset recoverability assessment performed during 2008, the undiscounted cash flows used to estimate the recoverability of the asset carrying values were based on the estimated future net cash flows to be generated from the sale or licensing of the assets, less estimated costs to sell. Based on the analysis, we concluded that the carrying value of certain of our long-lived assets was not recoverable. The impaired assets primarily consist of the amortizable purchased intangible assets of our IPWireless, GO Networks and Cygnus businesses, our Nevada office building and the equipment contained therein, and leasehold improvements and fixed assets at vacated facilities. Accordingly, during 2008, we recognized an asset impairment charge of $36.0 million, of which $5.0 million was reclassified against the loss from business divestiture reported in discontinued operations, $24.2 million is reported as an asset impairment charge in discontinued operations and $6.8 million is reported as an asset impairment charge in continuing operations.

In connection with our global restructuring initiative, we continue to review our long-lived assets for impairment and, during the nine months ended September 26, 2009, determined that indicators of impairment were present for certain long-lived assets. Accordingly, based on the accounting guidance for the impairment or disposal of long-lived assets, we performed an assessment to determine if the carrying value of these long-lived assets was recoverable through estimated undiscounted future cash flows resulting from the use of the assets and their eventual disposition.

For the long-lived asset recoverability assessment performed during the nine months ended September 26, 2009, the undiscounted cash flows used to estimate the recoverability of the asset carrying values were based on the estimated future net cash flows to be generated from the sale or licensing of the assets, less estimated costs to sell. Based on the analysis, we concluded that the carrying value of certain of our long-lived assets was not recoverable. The impaired assets primarily consist of fixed assets utilized in our discontinued WiMax Telecom and Global Services businesses and research and development equipment utilized in our discontinued semiconductor business. Accordingly, during the nine months ended September 26, 2009, we recognized additional asset impairment charges of $10.0 million, of which $9.8 million is reported as asset impairment charges in discontinued operations and $0.2 million is reported as asset impairment charges in continuing operations, respectively.

There are inherent estimates and assumptions underlying the projected cash flows utilized in the recoverability assessment and management's judgment is required in the application of this information to the determination of the recovery value of the assets. No assurance can be given that the underlying estimates and assumptions will materialize as anticipated.

Valuation of Share-Based Awards

We account for the grant of employee share-based awards under share-based payments accounting provisions, whereby we estimate the fair value of our share-based stock awards on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the use of certain input variables, as follows:

Expected Volatility. Volatility is a measure of the amount the stock price will fluctuate during the expected life of an award. We determine expected volatility based primarily on our historical stock price volatility.

Risk-Free Interest Rate. Our assumption of the risk-free interest rate is based on the implied yield available on U.S. constant rate treasury securities in effect at the time of the grant with remaining terms equivalent to the respective expected terms of the share-based award.

Expected Dividend Yield. Because we have not paid any cash dividends since our inception and do not anticipate paying dividends in the foreseeable future, we assume a dividend yield of zero.

Expected Award Life. We determine the expected award life based on our historical experience and the expected award lives applied by certain of our peer companies to determine the expected life of each grant.

At the date of grant, we also estimate the likelihood that the award will ultimately vest (the "pre-vesting forfeiture rate"), and revise the estimate, if necessary, in future periods if the actual forfeiture rate differs. We determine the pre-vesting forfeiture rate of an award based on industry and employee turnover data as well as an historical pre-vesting forfeitures occurring over the previous year. Under the true-up accounting provisions for share-based payments, we recognize additional share-based compensation expense if the actual forfeiture rate is lower than estimated and a recovery of previously recognized share-based compensation expense if the actual forfeiture rate is higher than estimated.

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We believe it is important for investors to be aware of the high degree of subjectivity involved when using option pricing models to estimate share-based compensation. Option-pricing models were developed for use in estimating the value of traded options that have no vesting or hedging restrictions, are fully transferable and do not cause dilution. Because our share-based payments have characteristics significantly different from those of freely traded options, and because changes in the subjective input assumptions can materially affect our estimates of fair values, in our opinion, existing valuation models, including the Black-Scholes option-pricing model, may not provide reliable measures of the fair values of our share-based compensation. Consequently, there is a risk that our estimates of the fair values of our share-based compensation awards on the grant dates may bear little resemblance to the actual values realized upon the exercise, expiration, early termination or forfeiture of those share-based payments in the future. Certain share-based payments, such as employee stock options, may expire worthless or otherwise result in zero intrinsic value as compared to the fair values originally estimated on the grant date and reported in our financial statements. Alternatively, value may be realized from these instruments that is significantly in excess of the fair values originally estimated on the grant date and reported in our financial statements. There currently is no market-based mechanism or other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models, nor is there a means to compare and adjust the estimates to actual values. Although the fair value of employee share-based awards is determined in accordance with share-based payment accounting provisions, using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer and willing seller market transaction. If factors change and we employ different assumptions in future periods than those currently applied, the share-based compensation expense that we recognize in the future may differ significantly from what we have reported historically.

Fair Value Measurements

We adopted a new fair value measurement accounting standard in the first quarter of 2008, and, accordingly, we determine the fair value measurements of the applicable assets and liabilities based on the fair value hierarchy as described in the new standard for each of the major categories of assets and liabilities. The new standard establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The following summarizes the assets and liabilities that we measure at fair value on a recurring basis and the assets and liabilities that we measured at fair value on a nonrecurring basis during the period and their respective input levels based on the fair value hierarchy.

Auction Rate Securities. With the liquidity issues experienced in the global credit and capital markets, auction rate securities have experienced multiple failed auctions as the amount of securities submitted for sale has exceeded the amount of purchase orders, and as a result, our auction rate securities are currently not liquid. Accordingly, at December 27, 2008, we estimated the fair value of our auction rate securities using a discounted cash flow model (Level 3 inputs), which measures fair value based on the present value of projected cash flows over a specific period. The values are then discounted to reflect the degree of risk inherent in the security and achieving the projected cash flows. The discounted cash flow model used to determine the fair value of the auction rate securities utilized a discount rate of 7.0%, which represents an estimated market rate of return, and an estimated period until sale and/or successful auction of the security of 5 years. The determination of the fair value of our auction rate securities also considered, among other things, the collateralization underlying the individual securities and the creditworthiness of the counterparty. The discounted cash flow model used to measure the fair value of our auction rate securities is sensitive to fluctuations in the discount rate and estimated recover period assumptions. For instance, a 100 basis point fluctuation in the discount rate would result in an approximately $0.9 million change in fair value, and a 2 year fluctuation in the recovery period would result in an approximately $1.6 million change in fair value.

At September 26, 2009, we estimated the fair value of our auction rate securities using a discounted cash flow model which utilized a discount rate of 2.5%, which represents an estimated market rate of return, and an estimated period until sale and/or successful auction of the security of 1 year. The determination of the fair value of our auction rate securities also considered, among other things, the collateralization underlying the individual securities and the creditworthiness of the counterparty.

Auction Rate Securities Rights. Our auction rate securities rights allow us to sell our auction rate securities at par value to UBS at any time during the period of June 30, 2010 through July 2, 2012. We have elected to measure the fair value of the auction rate securities rights under SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which we believe will mitigate volatility in our reported earnings due to the inverse relationship between the fair value of the auction rate securities rights and the underlying auction rate securities. At December 27, 2008, we estimated the fair value of our auction rate securities rights using a discounted cash flow model, similar to the auction rate securities (Level 3 inputs). The discounted cash flow model utilized a discount rate of 3.4% and an estimated period until recovery of 1.5 years, which represents the period until the earliest date that we can exercise our auction rate securities rights.

At September 26, 2009, we estimated the fair value of our auction rate securities rights using a discounted cash flow model which utilized a discount rate of 1.0% and an estimated period until recovery of 1 year which represents the period until the earliest date that we can exercise our auction rate securities rights.

Embedded Derivatives. Our obligation to redeem the Second Lien Notes and Third Lien Notes upon an asset sale and a change in control constitute embedded derivatives under derivatives and hedging accounting guidance. Accordingly, we have bifurcated the estimated fair value of each embedded derivative from the fair value of the Second Lien Notes and Third Lien Notes upon issuance, and recognized subsequent changes in the fair value of the embedded derivatives against income. We measured the estimated fair value of the Second Lien Notes and Third Lien Notes embedded derivatives using a probability-weighted discounted cash flow model (Level 3 inputs). The discounted cash flow model utilizes management assumptions of the probability of occurrence of redemption of the Second Lien Notes and Third Lien Notes upon an asset sale and a change in control.

We also had obligations to pay contingent cash dividends and cash premiums upon redemption or liquidation of the Series A Preferred Stock which also constituted embedded derivatives. Through the date that we exchanged the Series A Preferred Stock for the Third Lien Notes, we measured the fair values of these derivatives at each reporting date and any changes in the estimated fair value of the embedded derivative were recorded as a charge to other income in the consolidated statements of operations. The embedded derivatives in the Series A Preferred Stock were not traded on a public exchange. Accordingly, we determined the fair value of the Series A Preferred Stock embedded derivatives utilizing a binomial lattice pricing model. Certain of the inputs in the model are observable inputs such as the yield rate, risk free rate, credit spread, stock price and stock price volatility. However, the model also utilizes significant inputs related to the likelihood of the occurrence of certain events triggering redemption that are unobservable and are based upon management’s estimates (Level 3 inputs).

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Third Lien Notes. In October 2008, we issued the Third Lien Notes in the aggregate principal amount of $478.3 million in exchange for all of the outstanding shares of our Series A Preferred Stock. We did not receive any proceeds from the issuance of the Third Lien Notes. At issuance, we measured the Third Lien Notes at their estimated fair value of using a discounted cash flow model (Level 3 inputs). The discounted cash flow model used to determine the fair value of the Third Lien Notes utilized a discount rate of 25.5%, which represents the incremental borrowing rate on our Second Lien Notes, including the value assigned to the detachable stock warrants and the consent fees paid to the purchasers of the Second Lien Notes which were deducted from the proceeds.

Litigation

On September 16, 2008, a putative class action lawsuit, captioned "Sandra Lifschitz, On Behalf of Herself and All Others Similarly Situated, Plaintiff, v. NextWave Wireless Inc., Allen Salmasi, George C. Alex and Frank Cassou, Defendants," was filed in the U.S. District Court for the Southern District of California against us and certain of our officers. The suit alleges that the defendants made false and misleading statements and/or omissions in violation of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. The suit seeks unspecified damages, interest, costs, attorneys' fees, and injunctive, equitable or other relief on behalf of a purported class of purchasers of our common stock during the period from March 30, 2007 to August 7, 2008. A second putative class action lawsuit captioned "Benjamin et al. v. NextWave Wireless Inc. et al." was filed on October 21, 2008 alleging the same claims on behalf of purchasers of our common stock during an extended class period, between November 27, 2006 through August 7, 2008. On February 24, 2009, the Court issued an Order consolidating the two cases and appointing a lead plaintiff pursuant to the Private Securities Litigation Reform Act. On May 15, 2009, the lead plaintiff filed an Amended Complaint, and on June 29, 2009, we filed a Motion to Dismiss that Amended Complaint. The Motion currently is pending with the Court. At this time, the case remains in the initial pleading stages and management is not able to offer any assessment as to the likelihood of prevailing on the merits.

We were notified on July 11, 2008 that the former stockholders of GO Networks filed a demand for arbitration in connection with the February 2008 milestone. In the demand, the stockholder representative claimed that we owed compensation to the former stockholders of GO Networks on the basis of GO Networks purportedly having partially achieved the February 2008 milestone under the acquisition agreement. The stockholder representative sought damages of $10.4 million. Further, on December 5, 2008, the stockholder representative amended his demand and added claims pertaining to the August 2008 milestone. In the claims, the stockholder representative asserted, among other claims, that we acted in bad faith in a manner that prevented the achievement of the milestone, and he sought damages of $12.8 million in connection with these additional claims. We disputed that the February 2008 milestone has been met and denied any wrongdoing with respect to the August 2008 milestone. In September 2009, the parties executed a settlement agreement and requested that the arbitration panel dismiss the matter with prejudice.

We are also currently involved in other legal proceedings in the ordinary course of our business operations. We estimate the range of liability related to pending litigation where the amount and range of loss can be estimated. We record our best estimate of a loss when the loss is considered probable. Where a liability is probable and there is a range of estimated loss with no best estimate in the range, we record the minimum estimated liability related to the claim. As additional information becomes available, we assess the potential liability related to our pending litigation and revise our estimates. As of September 26, 2009, other than the matters described above, we have not recorded any significant accruals for contingent liabilities associated with our legal proceedings based on our belief that a liability, while possible, is not probable. Further, any possible range of loss cannot be estimated at this time. Revisions to our estimate of the potential liability could materially impact future results of operations.

Income Taxes

In accordance with accounting provision for uncertainty in income taxes, we apply a recognition threshold and measurement standard for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We also determine whether the benefits of our tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. We did not have any unrecognized tax benefits as of September 26, 2009 or December 27, 2008.

Contractual Obligations

The following table summarizes our cash contractual obligations for continuing and discontinued operations at December 27, 2008, and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

	Payments Due by Fiscal Period				
(in thousands)	Total	2009	Years 2010-2011	Years 2012-2013	Years 2014 and Thereafter
Continuing Operations:					
Long-term obligations(1)	$874,904	$136,567	$218,250	$494,442	$25,645
Services and other purchase agreements	6,666	6,666	—	—	—
Operating leases	20,649	6,822	11,067	2,760	—
Accrued purchase consideration payable in cash(2)	415	415	—	—	—
	902,634	150,470	229,317	497,202	25,645
Discontinued Operations:					
Long-term obligations	4,025	92	—	2,557	1,376
Services and other purchase agreements	12,756	4,341	262	—	8,153
Operating leases	1,493	1,105	306	18	64
	18,274	5,538	568	2,575	9,593
Total	$920,908	$156,008	$229,885	$499,777	$35,238

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(1) Amounts presented do not include cash interest payments on the Senior Notes or the issuance of additional Second Lien Notes and Third Lien Notes in payment of interest. For the purposes of the contractual obligations table, we have classified $112.7 million of the remaining unpaid principal balance of the Senior Notes as due in 2009, representing the carrying value of our wireless spectrum licenses that are classified as held for sale at December 27, 2008. We have assumed that the remaining principal balance of the Senior Notes as well as the Second Lien Notes and Third Lien Notes will not be repaid until their respective maturity dates.

(2) In addition to amounts payable in cash, we have accrued for $1.2 million at December 27, 2008, in additional purchase consideration payable through the issuance of shares of our common stock to the selling shareholders of IPWireless as a result of the achievement of certain revenue milestones in 2007 as specified in the acquisition agreement. The actual number of shares to be issued will be based on the average closing price of our common stock for the 30 consecutive trading days ending with the third trading day immediately preceding the actual payment date. We anticipate that the substantial majority of the amount due will be paid in 2009.

The following table summarizes our cash contractual obligations for continuing and discontinued operations at September 26, 2009 and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

		Payments Due by Period			
(in thousands)	Total	Remainder of 2009	Years 2010-2011	Years 2012-2013	Years 2014 and Thereafter
Continuing Operations:					
Long-term obligations(1)(2)(3)	$878,818	$21,601	$309,447	$522,195	$25,575
Services and other purchase agreements	4,414	2,190	1,783	441	—
Operating leases	5,278	985	2,905	1,388	—
Other(4)	650	400	250	—	—
	889,160	25,176	314,385	524,024	25,575
Discontinued Operations:					
Long-term obligations	4,190	31	22	1,220	2,917
Services and other purchase agreements	8,153	—	—	—	8,153
Operating leases	307	78	86	86	57
	12,650	109	108	1,306	11,127
Total	$901,810	$25,285	$314,493	$525,330	$36,702

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(1) Amounts presented do not include cash interest payments on the Senior Notes or the future issuance of additional Second Lien Notes and Third Lien Notes in payment of interest. We have assumed that the remaining principal balance of the Senior Notes as well as the Second Lien Notes and Third Lien Notes will not be repaid until their respective maturity dates.

(2) As of September 26, 2009 we have accrued for $0.2 million and $0.5 million in cash payable to the former shareholders of IPWireless, as a result of the achievement of certain revenue milestones in 2007 as specified in the acquisition agreement, and to GO Networks, as a result of an arbitration settlement, respectively, of which $0.4 million each was paid subsequent to the end of our third quarter in 2009. The remaining cash payable of $0.3 million to the former shareholders of GO Networks is expected to be paid in March 2010. In addition to the amounts payable in cash, we have accrued for $3.8 million at September 26, 2009, in additional purchase consideration payable through the issuance of 6.2 million shares of our common stock to the former shareholders

of IPWireless, as a result of the achievement of certain revenue milestones in 2007 as specified in the acquisition agreement, and GO Networks, as a result of an arbitration settlement. These shares were issued in October 2009.

Off-Balance Sheet Arrangements and Related Party Transactions

As of September 26, 2009, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

On July 2, 2009, we sold a 35% interest in our PacketVideo subsidiary to DOCOMO, a customer of PacketVideo, for $45.5 million. The net proceeds from this transaction were used in July 2009 to redeem a portion of the Senior Notes at a redemption price of 105% of the principal amount thereof plus accrued interest. Under the terms of the Stock Purchase Agreement DOCOMO was granted certain rights in the event of future transfers of PacketVideo stock or assets, preemptive rights in the event of certain issuances of PacketVideo Stock, and a call option exercisable under certain conditions to purchase the remaining shares of PacketVideo at an appraised value. In addition, DOCOMO will have certain governance and consent rights applicable to the operations of PacketVideo. DOCOMO has expressed its intent to exercise its call option and the parties are currently in preliminary discussions concerning such exercise. In order to facilitate the DOCOMO investment, NextWave's noteholders provided certain waivers, including a release of PacketVideo's guaranty of NextWave indebtedness. Related party revenues from continuing operations for the three months ended September 26, 2009 were $3.8 million.

On July 2, 2009, we issued the Incremental Notes in the aggregate principal amount of $15.0 million, on the same financial and other terms applicable to our existing Second Lien Notes. The Incremental Notes were issued with an original issuance discount of 5% resulting in gross proceeds of $14.3 million. After payment of transaction related expenses, we received net proceeds of $13.5 million to be used solely in connection with the ordinary course operations of our business and not for any acquisition of assets or businesses or other uses. The purchaser of the Incremental Notes was Avenue Capital. Robert Symington, a Senior Portfolio Manager with Avenue Capital, is a member of our Board of Directors. In July 2009, we issued warrants to purchase 7.5 million shares of our common stock at an exercise price of $0.01 per share to the purchaser of the Incremental Note. The warrants are exercisable at any time from the date of issuance until June 2012. We issued the Incremental Notes as an alternative to the working capital financing contemplated by the commitment letter we previously entered into with Navation, Inc., an entity controlled by Allen Salmasi, our Chairman.

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On December 24, 2008, we sold a controlling interest in our IPWireless subsidiary to IPW Holdings, Inc. ("IPW Holdings") and an affiliate of IPW Holdings, for an upfront cash payment of approximately $1.1 million, plus future cash payments of up to $0.5 million for reimbursement of transaction-related expenses. In June 2009, we granted to IPW Holdings and an affiliate of IPW Holdings a call option to purchase our remaining noncontrolling interest in IPWireless Inc., for $0.4 million. The call option expires in June 2010 and, as consideration for granting the call option, we received a cash payment of $0.1 million. In connection with the execution of the call option agreement we also received a cash payment of $0.5 million for reimbursement of transaction-related expenses associated with our sale of a controlling interest in IPWireless in December 2008. IPW Holdings was formed by the senior management team of IPWireless, including Dr. William Jones, PhD. Dr. Jones resigned from his positions as a member of our board of directors and the chief executive officer of our NextWave Networks Products division concurrent with the closing of the sale. The terms of the sale were approved by an independent committee of our board of directors, which was advised by financial advisors in connection with the structure of the transaction and the fairness of the consideration.

Of the Second Lien Notes issued in October 2008, Second Lien Notes in the aggregate principal amount of $78.9 million were purchased by Avenue Capital. Robert Symington, a portfolio manager with Avenue Capital, is a member of our Board of Directors. The issuance of the Second Lien Notes and related transactions were approved by an independent committee of our Board of Directors. Additionally, in connection with the Second Lien Notes issuance, we issued warrants to purchase of 30.0 million shares of our common stock and paid $5.6 million in fees to Avenue AIV US, L.P.

Of our Series A Preferred Stock issued and sold in March 2007, 14%, 14% and 28% of the shares were sold respectively, to Navation, Inc., an entity owned by Allen Salmasi, our Chairman and Chief Executive Officer, Manchester Financial Group, L.P., an entity indirectly owned and controlled by Douglas F. Manchester, a member of our board of directors, and affiliates of Avenue Capital. Kevin Finn, a former officer, also purchased less than 1% of the shares. These parties also participated on a pro rata basis in the exchange of our Series A Preferred Stock for the Third Lien Notes, which was approved by an independent committee of our Board of Directors.

Recent Accounting Pronouncements

In October 2009, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") for revenue recognition related to multiple-deliverable revenue arrangements. This ASU provides amendments to the existing criteria for separating consideration in multiple-deliverable arrangements. The amendments establish a selling price hierarchy for determining the selling price of a deliverable, eliminate the residual method of allocation of arrangement consideration to all deliverables and require the use of the relative selling price method in allocation of arrangement consideration to all deliverables, require the determination of the best estimate of a selling price in a consistent manner, and significantly expand the disclosures related to the multiple-deliverable revenue arrangements. The amendments are effective for our fiscal year 2011 with early adoption permitted. We are currently evaluating the impact of adopting these amendments on our consolidated financial statements.

In October 2009, the FASB issued an ASU for software revenue recognition. This standard removes tangible products from the scope of software revenue recognition guidance and also provides guidance on determining whether software deliverables in an arrangement that includes a tangible product, such as embedded software, are within the scope of the software revenue guidance. This amendment is effective for our fiscal year 2011 with early adoption permitted. We are currently evaluating the impact of adopting this amendment on our consolidated financial statements.

In August 2009, the FASB issued an Accounting Standards Update ("ASU") that provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the valuation techniques that use the quoted price of the identical liability when traded as an asset, quoted prices for similar liabilities or similar liabilities when traded as assets, or other valuation techniques that are consistent with the accounting principles, including an income approach or a market approach. This updated accounting guidance is effective for our fourth quarter of 2009 and we are currently evaluating the impact of the adoption of this new guidance on our consolidated financial statements.

In June 2009, the FASB issued updated accounting guidance which amends current accounting guidance on the consolidation of variable interest entities, to require us to perform an analysis of our existing investments to determine whether our variable interest or interests give us a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both the power to direct the activities of significant impact on a variable interest entity and the obligation to absorb losses or receive benefits from the variable interest entity that could potentially be significant to the variable interest entity. It also amends current accounting guidance to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. The updated accounting guidance is effective for our fiscal year beginning January 3, 2010. Our adoption of the updated accounting guidance is not expected to have a material impact on our consolidated financial statements.

In June 2009, the FASB issued The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles . The FASB Accounting Standards Codification is intended to be the source of authoritative U.S. generally accepted accounting principles ("GAAP") and reporting standards as issued by the FASB. Its primary purpose is to improve clarity and use of existing standards by grouping authoritative literature under common topics. This update is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Codification does not change or alter existing GAAP and there was no significant impact on our consolidated financial position or results of operations upon the adoption.

In April 2009, the FASB amended the other-than-temporary impairment guidance to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. As permitted by the standard, we elected to early adopt the new accounting guidance in the first quarter of 2009. Our adoption of this new guidance did not have a material impact on our consolidated financial statements.

In April 2009, the FASB provided additional guidance for estimating fair values of assets and liabilities when the volume and level of activity for the asset or liability have significantly decreased and requires that companies provide interim and annual disclosures of the inputs and valuation technique(s) used to measure fair value. As permitted by the additional guidance, we elected to early adopt the additional guidance in the first quarter of 2009. Our adoption of the additional guidance did not have a material impact on our consolidated financial statements.

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In April 2009, the FASB amended disclosure requirement about the fair value of financial instruments, to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. As permitted by the standard, we elected to early adopt the new disclosure requirement in the first quarter of 2009. The new interim disclosures are included in Note 11.

In June 2008, the FASB ratified accounting for derivatives and hedging activities, which specifies that a contract that would otherwise meet the definition of a derivative, but is both (a) indexed to an entity's own stock and (b) classified in stockholders' equity in the statement of financial position would not be considered a derivative financial instrument. The new accounting guidance provides a new two-step model to be applied in determining whether a financial instrument or an embedded feature is indexed to an issuer's own stock and thus able to qualify for the scope exception. Our adoption of new accounting guidance in our first quarter of 2009 did not have a material impact on our consolidated financial statements.

In May 2008, the FASB issued new accounting guidance for accounting for convertible debt instruments that may be settled upon conversion (including partial cash settlement). The new accounting guidance, which was effective in our first quarter of 2009, requires the initial proceeds from convertible debt that may be settled in cash to be bifurcated between a liability component and an equity component. Our Third Lien Notes do not allow for cash settlement upon conversion and therefore are excluded from the scope of this new accounting guidance. Accordingly, our adoption of the new accounting guidance did not have a material impact on our consolidated financial statements.

In March 2008, the FASB issued new accounting guidance which requires enhanced qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. We do not currently transact in derivative instruments or engage in hedging activities and therefore our adoption of this new guidance in the first quarter of 2009 did not have an impact on our consolidated financial statements.

In December 2007, the FASB issued amended accounting guidance for noncontrolling interests in consolidated financial statements. The amended accounting guidance establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. The amended accounting guidance also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. Our adoption of the amended accounting guidance did not have a material impact on our consolidated financial statements.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

At September 26, 2009, our investment portfolios held by continuing and discontinued operations included unrestricted and restricted cash and investment securities that are subject to interest rate risk and will decline in value if interest rates increase. Interest income earned on our investments is affected by changes in the general level of U.S. interest rates. These income streams are generally not hedged.

Due to the relatively short duration of our investment portfolio, an immediate ten percent change in interest rates (e.g., 3.00% to 3.30%) would have no material impact on our financial condition or results of operations.

Foreign Currency Risk

In addition to our U.S. operations, we conduct business through international subsidiaries, primarily located in Europe and Asia. As a result, our financial position, results of operations and cash flows can be affected by fluctuations in foreign currency exchange rates, particularly fluctuations in the Euro, Swiss Franc and Japanese Yen exchange rates. Additionally, a portion of our sales to customers located in foreign countries, specifically certain sales by our PacketVideo subsidiary, are denominated in Euros, which subjects us to foreign currency risks related to those transactions.

We analyze our exposure to currency fluctuations and may engage in financial hedging techniques in the future to reduce the effect of these potential fluctuations. We do not currently have hedging contracts in effect.

Other Market Risk

At September 26, 2009, we held auction rate securities with an aggregate carrying value of $24.0 million. With the liquidity issues experienced in the global credit and capital markets, auction rate securities have experienced multiple failed auctions as the amount of securities submitted for sale has exceeded the amount of purchase orders, and as a result, we have been unable to liquidate our remaining auction rate securities and these securities are subject to declines in fair value as a result of their current illiquidity. To date, we have recognized net losses of $1.2 million representing our estimate of the decline in the fair value of our auction rate securities through September 26, 2009. The risk associated with the illiquidity of our auction rate securities is mitigated by our participation in UBS's auction securities rights offering, which allow us to sell our auction rate securities at par value to UBS at any time during the period of June 30, 2010 through July 2, 2012.

Directors and Executive Officers

Board of Directors

Our Board of Directors currently consists of 7 directors, each of whom is described below. Our directors serve staggered three-year terms. The term of the Class I directors will expire on the date of our 2010 annual meeting of stockholders, the term of the Class II directors will expire at our 2011 annual meeting of stockholders, and the term of the Class III directors shall expire at our 2012 annual meeting of stockholders, each subject to the valid election and qualification of their respective successors.

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Name and present position, if any, with the Company	Age, period served as a director, other business experience
Jack Rosen Class II director	Mr. Rosen, 62, has served as a director of the Company since its inception. Mr. Rosen is chief executive of several commercial and residential real estate firms and the current Chairman of the American Jewish Congress. In addition, Mr. Rosen oversees a wide array of healthcare, cosmetic and telecommunications business ventures throughout the U.S., Europe and Asia. Active in international government and political affairs, Mr. Rosen has participated in numerous commissions and councils for President Bush and former President Clinton. Mr. Rosen is currently a member of the Council on Foreign Relations.
Carl Vogel Class II director	Mr. Vogel, 52, is currently a member of the Board of Directors and a Senior Advisor to Dish Network Corporation, a publicly traded company in the multi-channel video business serving in excess of 13 million customers throughout the United States. He is also a partner at SCP Worldwide, a sports, media and entertainment company that owns and operates a variety of companies including the National Hockey League’s St. Louis Blues and Major League Soccer’s Real Salt Lake. Mr. Vogel served as President of Dish Network from September 2006 to February of 2008 and served as Vice Chairman from June 2005 until March 2009. From 2001 until 2005, Mr. Vogel served as the President and CEO of Charter Communications Inc., a publicly-traded company providing cable television and broadband services to approximately six million customers. Between 1997 and 2001, Mr. Vogel held various senior executive positions in companies affiliated with Liberty Media Corporation. Mr. Vogel is also currently serving on the Board of Directors and Audit Committees of Shaw Communications, Inc., a publicly traded diversified communications company providing broadband cable and direct-to-home satellite services in Canada and Universal Electronics Inc. a publicly traded company providing wireless control technology for the connected home.
James C. Brailean, Ph.D. CEO, COO and President Class I director	Dr. Brailean, 47, has served as a director of the Company since May 2007. Effective on May 4, 2009, Mr. Brailean was appointed as our Chief Executive Officer, Chief Operating Officer and President. Dr. Brailean was co-founder of our subsidiary PacketVideo Corporation. Under Dr. Brailean's leadership, PacketVideo has become a leading independent supplier of embedded multimedia solutions for mobile phones and other devices in the world. A scientist who led the development of the MPEG-4 standards for transmission of video and audio over wireless networks, Dr. Brailean holds 16 key U.S. patents that enable advanced multimedia communications. Dr. Brailean received his doctorate in electrical engineering from Northwestern University. He holds a Master's of Science degree in Electrical Engineering from the University of Southern California and a Bachelor's of Science degree in Electrical Engineering from the University of Michigan. Dr. Brailean serves on the Board of Directors of DivX, Inc., a NASDAQ-listed digital media company.
William H. Webster Class I director	Judge Webster, 85, has served as a director of the Company since its inception. From 1991 through 2008, Judge Webster served as a senior partner in Milbank, Tweed, Hadley & McCloy LLP's Washington office. Judge Webster is now a retired partner and continues to specialize in arbitration, mediation and internal investigation. Prior to joining Milbank, Judge Webster began a long and illustrious career in public service. Judge Webster was U.S. Attorney for the Eastern District of Missouri, then a

	member of the Missouri Board of Law Examiners. In 1970, he was appointed a judge of the U.S. District Court for the Eastern District of Missouri, and then elevated to the U.S. Court of Appeals for the Eighth Circuit. Judge Webster resigned the judgeship to head the Federal Bureau of Investigation for nine years. In 1987, he was sworn in as Director of the Central Intelligence Agency. He led the CIA until his retirement from public office in 1991. Judge Webster has received numerous awards for public service and law enforcement and holds honorary degrees from several colleges and universities. Judge Webster currently serves as Chairman of the Homeland Security Advisory Council.
Allen Salmasi Chairman Class III director	Mr. Salmasi, 54, is currently Chairman of the Board of Directors. Mr. Salmasi served as our Chief Executive Officer and President from the inception of our Company in 2005 through May 4, 2009, when he assumed a Chairman role with a special mandate for maximizing the value of our wireless spectrum assets. Previously, Mr. Salmasi served as Chairman and CEO of NextWave Telecom, Inc. ("NextWave Telecom") which he founded in 1995 and subsequently sold to Verizon Wireless in 2005. Prior to NextWave Telecom, Mr. Salmasi was a member of the Board of Directors, President of the Wireless Telecommunications Division, and Chief Strategic Officer of QUALCOMM Inc. He joined QUALCOMM in 1988 as a result of the merger of QUALCOMM and Omninet Corporation, which Mr. Salmasi founded in 1984. Mr. Salmasi initiated and led the development of CDMA technologies, standards and the associated businesses at QUALCOMM until 1995. At Omninet, he conceived and led the development of the first OmniTRACS system, which provides two-way messaging and position reporting services to mobile users.
Douglas F. Manchester Class III director	Mr. Manchester, 67, has served as a director of the Company since its inception. He is also chairman of Manchester Financial Group, LP. Mr. Manchester is one of San Diego's leading private developers. His development projects include hotels, high-rise office buildings, residential properties, industrial parks and championship golf courses and resorts.
Robert T. Symington Class III director	Mr. Symington, 45, has served as a director of the Company since its inception. Mr. Symington has served as a Portfolio Manager at Avenue Capital Group since 2004. Mr. Symington, through his prior management positions at M.D. Sass Investor Services and Resurgence Asset Management, was an early investor in NextWave Telecom.

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Executive Officers

The following persons currently serve as our executive officers in the capacities indicated below. Our executive officers are responsible for the management of our operations, subject to the oversight of the Board of Directors.

Chairman	Allen Salmasi
Chief Executive Officer, Chief Operating Officer and President	Dr. James Brailean
Executive Vice President, Chief Financial Officer	Francis J. Harding
Executive Vice President, Chief Legal Counsel and Secretary	Frank A. Cassou

Biographical information for our executive officers who do not serve on the Board of Directors is presented below.

Name	Position
Frank A. Cassou	Frank A. Cassou, 51, is Executive Vice President, Corporate Development and Chief Legal Counsel and Secretary of the Company. Mr. Cassou held similar positions at NextWave Telecom Inc., which he joined in 1996. Prior to joining the Company, Mr. Cassou was a partner at the law firm of Cooley Godward LLP, where he practiced corporate law representing telecommunications and technology companies. He was outside corporate counsel to QUALCOMM Inc. from June 1991 through February 1996, representing the company in its public financing and acquisition transactions, licensing agreements and the formation of strategic partnerships.
Francis J. Harding	Francis J. Harding, 64, has served as Chief Financial Officer of the Company since May 2009 and as Chief Accounting Officer from August 2005 to May 2009. Mr. Harding has served 18 years in senior financial management roles for international wireless carriers and wireless technology development companies. Prior to joining the Company, Mr. Harding served as Vice President, Network Finance and Vice President, Finance for Leap Wireless International. He previously served ten years at QUALCOMM, Inc., where he held senior positions, including Vice President, Corporate Controller, Vice President Finance, CDMA and Vice President Finance, International. Formerly, Mr. Harding served as Executive Vice President and CFO of Monitor Technologies, Inc., in addition to senior financial roles at LORAL Corporation. Mr. Harding earned a bachelor degree in mathematics from the University of Massachusetts and an MBA from Alliant International University.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics (the "Code"), that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. Copies of our Code are available without charge upon requests directed to Investor Relations, 10350 Science Center Drive, Suite 210, San Diego, California 92121, and from our website at www.nextwave.com. Any amendments to, or waivers under, our Code which are required to be disclosed by the rules promulgated by the SEC will be disclosed on the Company's website at www.nextwave.com.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Based solely upon a review of the copies of such forms furnished to us and written representations from our executive officers, directors and greater than 10% beneficial stockholders, we believe that during the year ended December 27, 2008, all persons subject to the reporting requirements of Section 16(a) filed the required reports on a timely basis.

The information contained in this prospectus with respect to the charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, the description of the Audit Committee and the independence of the non-management members of the Board of Directors shall not be deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference in a filing.

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Executive Compensation and Corporation Governance

Introduction

NextWave Wireless Inc. is a holding company for mobile multimedia businesses and a significant wireless spectrum portfolio. As a result of our global restructuring initiative, our continuing operations are focused on two key segments: Multimedia, consisting of the operations of our wholly owned subsidiary PacketVideo, and Strategic Initiatives, focused on the management of our wireless spectrum interests.

In the second half of 2008, we commenced the implementation of our global restructuring initiative in an effort to reduce our working capital requirements, narrow our business focus and reorganize our operating units. Key results of this initiative include a 41% reduction in our global workforce, the divestiture of our IPWireless network infrastructure business, the discontinuation of operations at our GO Networks, Cygnus, Global Services and NextWave Networks Products Support infrastructure businesses, and the closing of several facilities throughout the world. Additionally, in the first quarter of 2009, we wound down our semiconductor operations and terminated approximately 220 employees. We anticipate that further implementation of our global restructuring initiative will result in additional headcount reductions and operating unit divestitures or discontinuations, including the divestiture of our WiMax Telecom business and the sale of certain assets of our semiconductor business.

Our compensation decisions during 2008 and 2009 have been driven by our need to cut costs and restructure our business in order to continue as a going concern. As we complete our restructuring activities, we will consider compensation programs which are responsive to our goals of further developing our Multimedia business and maximizing the value of our significant portfolio of wireless spectrum assets. In order to successfully complete our restructuring activities and maximize the value of our remaining businesses, our executives must be capable of fulfilling our complex restructuring and cost-minimizing strategies, identifying new opportunities for our Multimedia business and determining and executing on the best alternatives for maximizing the value of our spectrum assets.

Our Multimedia business operates in a highly complex and competitive business environment, which is being constantly reshaped by sweeping technological advances, rapidly changing market requirements, and the emergence of new competitors. To thrive in this environment, we must continuously develop and refine new products and technologies, devise new business models, and demonstrate an ability to quickly identify and capitalize on new business opportunities. To achieve these objectives, our Multimedia business will continue to need a highly talented and seasoned team of technical and business professionals. talented engineers and other employees with the skills and experience to develop and commercialize mobile broadband products and technologies. Many of the direct competitors of our Multimedia business are well-established, international leaders in the wireless communications industry that have significantly greater financial, technical development, and marketing resources than we do. As a result, the compensation packages that we must use to attract and retain skilled employees will be influenced by the compensation practices of these other organizations.

As we emerge from a period of transition due to our global restructuring efforts, our challenge will be to develop a compensation program that is relevant to our continuing businesses and will enable us to retain, motivate, and appropriately reward our executives and other key employees to successfully execute our business strategy and maximize stockholder value.

Compensation Philosophy and Policies

During 2008, we compensated our executives through a mix of base salary, annual incentive awards, and long-term incentive compensation (in the form of equity awards) that is designed to be competitive with comparable companies in the Semiconductor, Software, Telecommunications, and Infrastructure industries operating within our geographic regions with whom we compete for executive talent. In allocating compensation among these components, we believe that the compensation of our executives, the individuals who have the greatest ability to influence our performance, should be predominately performance-based.

The market for experienced executives is highly competitive in the various industries in which we operate, and includes several well-established, international organizations, as well as our direct business competitors. Consequently, we have historically monitored the compensation practices of these companies, as well as those within our industries generally, to ensure that our executive compensation program reflects current market trends. In fiscal 2008, as in past years, our Human Resources department prepared compensation market data for our management and the Compensation Committee of our Board of Directors to use, based on information that it compiled from publicly-available proxy statements and survey data for comparable industry positions. Our Human Resources department screens the survey data to confirm that the information is appropriate given our size, type, and mix of businesses, and the industries in which we compete for executive talent.

It is important to note that the compensation market data prepared by our Human Resources department provides only a reference point for our management in formulating compensation proposals and the Compensation Committee in making executive pay decisions. In particular, the Compensation Committee uses this information solely to validate the range of competitive pay for our executives. It is not used to determine an executive’s total compensation or any individual compensation component. The Compensation Committee’s decisions about an executive’s compensation relative to the market considers the scope, complexity, and responsibility of the executive’s position in relation to positions in the sources of data. The Compensation Committee exercises its judgment in interpreting the compensation market data. As a result, an executive’s actual compensation relative to the compensation market data is a result of the Compensation Committee's assessment of our financial results, current business condition, and the individual performance factors described below. In the future, as we continue to grow, we expect to conduct periodic benchmarking reviews to ensure that our executive compensation, both in terms of targeted total compensation, as well as the mix and amounts of individual compensation components, is competitive within the industries in which we compete for executive talent.

For 2008, we set the total cash compensation for our executives (that is, the sum of base salary plus target annual incentive award opportunities) at levels that we believe are comparable to and competitive with the companies with whom we compete for executive talent. Consequently, the targeted total cash compensation for Mr. Salmasi, our CEO, was set at $1,184,123, consisting of his then-base salary of $777,000 and a target annual incentive award opportunity equal to 100% of his base salary. The Compensation Committee believed that, at this level, Mr. Salmasi’s targeted total cash compensation was in line with the prevailing market practices and the importance of his individual contributions to the Company. In the case of the other Named Executive Officers, their targeted total cash compensation ranged from approximately $450,000 to approximately $800,000. The Compensation Committee believed that the targeted total cash compensation of Messrs. Alex, Cassou, Salony and Drs. Brailean and Jones was consistent with that of comparable positions at other companies as reflected in the compensation market data and their individual contributions and roles during the 2008 fiscal year. For fiscal 2008, Mr. Cassou had a target annual incentive award opportunity equal to 75% of his base salary while Mr. Alex and Drs. Brailean and Jones had target annual incentive award opportunities equal to 50% of their base salaries. The targeted total cash compensation of Drs. Brailean and Jones was increased in fiscal 2008 to reflect their new positions and responsibilities as Chief Executive Officer – NextWave Mobile Products and Chief Executive Officer – NextWave Network Products, respectively. We believe that these total cash compensation opportunities were consistent with our overall compensation philosophy prior to the commencement of our global restructuring activities in 2008.

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We have followed a flexible approach to compensation that involves establishing salary grades and target annual incentive award opportunities for all of our employees, including our executives, and evaluating performance after fiscal year-end to determine actual incentive award payments. For the past three years, fiscal 2005 through 2007, our annual incentive awards have been determined after the end of our fiscal year based on the size of a fixed bonus pool which is then allocated among our employees, including our executives, based on their salary grade and an assessment of corporate and individual performance in accordance with our CEO's recommendations (except with respect to his own award). In connection with our global restructuring activities, we determined that we would not pay any annual incentive awards for fiscal 2008 performance.

Equity awards have historically formed an important component of our compensation program. We have granted equity awards to all new hires, including new executives, based on their salary grade to provide them with an appropriate long-term incentive compensation opportunity. Our founding executives received such baseline awards upon our emergence from the Chapter 11 reorganization in April 2005 as a new wireless technology company. Drs. Brailean and Jones received baseline awards following our acquisitions of PacketVideo in July 2005 and IPWireless in May 2007, respectively. In addition, a significant portion of the annual incentive awards paid in respect of performance for the short fiscal 2005 period, fiscal 2006 and fiscal 2008 were paid in equity, reflecting our desire to tie compensation more closely to our long-term performance and to conserve our cash resources for the growth of our business.

Oversight of Executive Compensation Program

The Compensation Committee administers our executive compensation program. The Compensation Committee determines and approves targeted total cash compensation, as well as each individual compensation component, based on its review and evaluation of the proposals and recommendations presented by our CEO (except with respect to his own compensation). Our CEO is typically present at Committee meetings where executive compensation and corporate and individual performance are discussed and evaluated (except where his own compensation and performance are discussed). Only Compensation Committee members are allowed to vote on decisions regarding executive compensation.

In determining targeted total compensation, the Compensation Committee reviews each component and the mix of compensation that comprises each executive's total compensation package. This process includes comparing the compensation market data prepared by our Human Resources department to our executives as a group, or individually in the case of our CEO. To support our compensation objectives, the Compensation Committee may make adjustments to our executives' compensation components to bring them closer to that of the companies with whom we compete for executive talent. For example, we do not offer our employees retirement benefits and therefore almost none of our executives' total compensation is attributed to retirement pay. We believe that this is an appropriate departure from the practices of many of the larger companies with whom we compete for executive talent because we provide a larger allocation of equity compensation, which provides significant long-term income potential. In addition to adjusting the allocation among compensation components for our executives, or the CEO, as the case may be, individual pay may differ for any executive based on individual performance, tenure, and a subjective assessment of future potential. Adjustments also may be made to base salary or incentive compensation based on internal equity among our executives.

For a more complete description of the responsibilities of the Compensation Committee, see "CORPORATE GOVERNANCE – Board Committees – Compensation Committee" included in this prospectus, and the Compensation Committee's charter, which is posted on our website at www.nextwave.com.

Compensation Components

In fiscal 2008, the primary components of our executive compensation program were:

- base salary
- annual incentives
- equity compensation
- other benefits

Base Salary

We use base salary to fairly and competitively compensate our executives, including the Named Executive Officers, for the jobs we ask them to perform. We view base salary as the most stable component of our executive compensation program, as this amount is not at risk.

We believe that the base salaries of our executives should be targeted at or above the median of base salaries for executives in similar positions with similar responsibilities at comparable companies, consistent with our compensation philosophy. Because of our emphasis on performance-based compensation for executives, base salary adjustments are generally made only when we believe there is a significant deviation from the market or an increase in responsibility. The Compensation Committee reviews the base salary levels of our executives each year to determine whether an adjustment is warranted or necessary.

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Fiscal 2008 Decisions. The Compensation Committee reviewed the base salaries of our executives for fiscal 2008, including the Named Executive Officers, in March 2008. At that time, base salaries were adjusted to reflect the increases that the Compensation Committee deemed necessary to maintain our executives' salaries at a competitive level. In making these adjustments, the Compensation Committee took into account the scope of the executive's responsibilities, his experience, and his prior performance, and balanced these factors against the compensation market data. In adjusting each executive's base salary, the Compensation Committee also considered internal equity among our executives.

Specifically, Mr. Salmasi's annual base salary was increased to $819,000, Mr. Alex's annual base salary was increased to $378,560, Mr. Cassou's annual base salary was increased to $500,760, Dr. Brailean's annual base salary was increased to $390,000, Mr. Salony's annual base salary was increased to $313,313 and Dr. Jones's annual base salary was increased to $390,000. While the increases for Messrs. Salmasi, Alex, and Cassou were primarily intended to keep their base salaries at or near the market median, the increases for Drs. Brailean and Jones were largely in recognition of the increased responsibilities and duties of their new positions as Chief Executive Officer – NextWave Mobile Products and Chief Executive Officer – Next Wave Network Products, respectively.

Fiscal 2009 Decisions. Subsequently, in connection with our global restructuring initiative, the Compensation Committee revisited the base salaries of our executives, including the Named Executive Officers. At that time, both Mr. Salmasi and Salony's salaries were reduced by 50% to $409,500 and $192,808 respectively.

The base salaries paid to the Named Executive Officers during fiscal 2008 are reported in the Summary Compensation Table included in this prospectus.

Annual Incentives

The Compensation Committee has the authority to make discretionary annual incentive awards to our executives, including the Named Executive Officers, after the end of the fiscal year, once the financial results for the year are available. While we do not have a formal bonus plan for making these awards, typically we follow the same general process for making the awards each year. Using the target annual incentive award opportunities and the Company's financial and operational performance for the completed fiscal year, our CEO establishes a proposed total bonus pool amount and tentative award allocations among our employees, including our executives (except with respect to his own award). The proposed total bonus pool amount and the tentative award allocations are subject to the approval of the Compensation Committee. These awards are intended to reward our employees and executives for achieving strategic and operational objectives during the year. Our CEO also evaluates the performance of each of our executives in order to formulate award recommendations for the Compensation Committee.

Fiscal 2008 Decisions. The target annual incentive award opportunities for our executives, including the Named Executive Officers, determined in fiscal 2008 for fiscal 2007 performance were established as a percentage of their base salaries. Mr. Salmasi's target annual incentive award opportunity was 100% of his base salary; Mr. Cassou had a target annual incentive award opportunity equal to 75% of his base salary while Mr. Alex, Mr. Salony and Drs. Brailean and Jones had target annual incentive award opportunities equal to 50% of their base salaries. Following discussion and review of recommendations provided by Mr. Salmasi, in March 2008 the Compensation Committee determined that each executive had performed during fiscal 2007 in a manner that warranted the payment of an annual incentive award. In reaching this decision, the Compensation Committee considered the milestones that the Company had achieved in fiscal 2007, including product development achievements and its acquisitions and financing activities, as well as its integration of IPWireless into the Company. In recognition of the stage of development of the Company's business, bonuses were paid at less than the full target incentive award levels. The Compensation Committee conducted an independent evaluation of Mr. Salmasi's performance for fiscal 2007.

The form of payment for our annual incentive awards is subject to the discretion of the Compensation Committee. The Compensation Committee elected to pay out the annual incentive awards for fiscal 2007 performance in the form of fully-vested shares of the Company's common stock and cash. The stock portion of the award was 60%, while the cash portion of the award represented the remaining 40%.

The annual incentive awards made to the Named Executive Officers in fiscal 2008 for fiscal 2007 performance are reported in the Summary Compensation Table included in this prospectus. Additional information about these awards is reported in the Grants of Plan-Based Awards Table included in this prospectus.

Fiscal 2009 Decisions. The target annual incentive award opportunities for our executives, including the Named Executive Officers, determined in fiscal 2009 for fiscal 2008 performance were established as a percentage of their base salaries exactly as in prior years. Due to our global restructuring initiatives and our overall need to reduce operating costs, the decision was made not to pay the annual incentive awards for fiscal 2008 performance.

Equity Compensation

We use equity compensation to promote an ownership culture that encourages long-term decision-making and building shareholder value. Through our equity compensation plan, we provide designated employees, including our executives, with equity incentives that help align their interests with those of our shareholders. Our practice has been to grant equity awards to new hires in an amount appropriate to their job level and responsibilities. Additional equity awards have been granted in connection with promotions (to make the total long term equity incentive held by such individual commensurate with other individuals in their new pay grade) and in lieu of annual cash incentive awards.

We believe that the opportunity to acquire equity creates and maintains an environment that motivates our employees to stay with the organization and provides a key incentive to them to promote our long-term success and build shareholder value. By providing employees a direct stake in our economic success, equity compensation assures a closer identification of their interests with those of the Company and our shareholders, stimulate their efforts on our behalf, and strengthen their desire to remain with us.

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Although the accounting treatment for stock options changed for the Company in 2006 as a result of the implementation of SFAS 123(R), making them an expense item for financial reporting purposes, given our current financial position, as well as the compensation practices used in our industry, we continue to use stock options as the primary means of providing equity to our employees.

Fiscal 2008 Decisions. In fiscal 2008, we did not make equity awards to our executives, including the Named Executive Officers (other than in connection with the payment of the annual incentive awards for fiscal 2007 performance). In the future, we may consider making one-time or annual ongoing equity awards to our executives to remain competitive, support our ownership culture and increase retention.

The equity awards made to the Named Executive Officers in fiscal 2008 relating to the payment of annual incentive awards for fiscal 2007 performance are reported in the Summary Compensation Table included in this prospectus. Additional information about these awards, including the number of shares subject to each award and the award's grant date fair value, is reported in the Grants of Plan-Based Awards Table included in this prospectus.

Fiscal 2009 Decisions. On May 19, 2009, the Compensation Committee met to consider equity incentive compensation for officers and employees of the Company. The Compensation Committee considered the Company's substantial completion of its global restructuring efforts, the desire to provide officers and employees a continued equity incentive to best align their interests with Company stockholders, and the extent to which the Company's existing options are substantially underwater (with a weighted average exercise price of $6.42, as compared to the closing price of a share of Company common stock on NASDAQ of $0.33 on May 19). After considering these factors, and various alternatives, the Compensation Committee approved the grant of new options to purchase an aggregate of 6,378,516 shares of the Company's common stock at an exercise price of $0.33 per share (the "New Stock Options") pursuant to the NextWave Wireless Inc. 2005 Stock Incentive Plan (the "2005 Plan"). Each officer and employee received a New Stock Option to purchase a number of shares equal to the aggregate number of shares currently subject to options held by such employee, with commensurate vesting terms. The New Stock Options will expire on May 18, 2019, if not previously exercised or forfeited.

The New Stock Options awarded to the Company's current executive officers are as follows: James C. Brailean, Chief Executive Officer, President and Chief Operating Officer of the Company, 366,666 shares, of which 343,749 are exercisable and 22,917 are unexercisable as of the Grant Date; Francis J. Harding, Chief Financial Officer of the Company, 187,500 shares, of which 172,163 are exercisable and 15,337 are unexercisable as of the Grant Date; Frank A. Cassou, Executive Vice President and Chief Legal Counsel of the Company, 387,783 shares, all of which are exercisable as of the Grant Date; and Allen Salmasi, Chairman of the Company, 528,082 shares, all of which are exercisable as of the Grant Date. The unexercisable portion of the option awarded to Dr. Brailean will vest in equal installments over 2 months. The unexercisable portion of the option awarded to Mr. Harding will vest in equal installments over 24 months.

Also on May 19, 2009, the Committee approved the grant of certain new hire and other pending stock options (the "Stock Options") to purchase an aggregate of 228,950 shares of the Company's common stock pursuant to the 2005 Plan. The Stock Options were awarded to new or recently promoted employees of the Company and its subsidiaries. The Stock Options have an exercise price of $0.33 per share and will vest over a four-year period commensurate with past practice, including credit for length of service prior to the date of the grant.

Acquisition-Related Payments

Dr. Jones. In connection with the Company's acquisition of IPWireless in May 2007, the shareholders of IPWireless, including Dr. Jones, agreed that a portion of the acquisition consideration would be payable only if earned upon the achievement of certain revenue milestones relating to IPWireless's public safety business and TDtv business during the fiscal 2007 to fiscal 2009 timeframe as specified in the merger agreement for the transaction (the "Earn-out Payments"). Some of this consideration was potentially payable during fiscal 2007, with other amounts potentially payable in fiscal 2008, 2009, and 2010. As provided in the merger agreement, if earned, a specified amount of this additional consideration would be payable in cash or shares of the Company's common stock at its election, and a lesser specified amount of this additional consideration would be payable in cash or shares of the Company's common stock at the election of the representative of the IPWireless shareholders. In addition, some of this additional consideration would be placed in escrow for 12 months from the closing date of the acquisition in order to compensate us for any indemnifiable losses the Company may incur as a result of any breach of the representations and warranties or covenants of IPWireless contained in the merger agreement.

As previously disclosed by the Company, some of the specified revenue milestones were achieved during fiscal 2007 and, accordingly, Dr. Jones received a payment in fiscal 2008 determined in accordance with the formulas contained in the merger agreement. Additionally in July 2008, our $13.3 million escrow claim was settled resulting in the return to us of cash of $4.9 million and approximately 1.5 million shares of our common stock. The remaining purchase consideration held in escrow was distributed to the former shareholders of IPWireless in accordance with the terms of the acquisition. Dr. Jones received $170,600 in NextWave shares as settlement of this escrow.

Equity Award Grant Practices

Our practice has been to determine the level of equity compensation that we want to provide to an employee and then to grant an option for the number of shares of the Company's common stock with an exercise price equal to the closing sale price of the common stock on the grant date (or on the last preceding trading date if the shares are not traded on the option grant date). We generally make stock option grants at each meeting of the Compensation Committee to newly-hired employees, as well as to existing employees who have recently been promoted to new positions.

Generally, it is our policy to make grants of stock options for new hires on the dates of scheduled Compensation Committee meetings after the date of hire. The proximity of any awards to earnings announcements or other market events is coincidental to the schedule established for Compensation Committee meetings. We try to make stock option grants at times when they will not be influenced by scheduled releases of information. We do not grant options that are "in-the-money" or that have exercise prices that are below market value on the date of grant.

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Other Benefits

Historically, we have not provided retirement benefits to our executives, including the Named Executive Officers. However, we offer all of our U.S. employees, including the Named Executive Officers, the opportunity to participate in our tax-qualified defined contribution plan, a Section 401(k) savings plan. This plan serves as the primary vehicle for our employees to accumulate retirement benefits. Currently, we do not match any employee contributions (including contributions of the Named Executive Officers) made to the Section 401(k) plan. We believe that the total amount of retirement benefits made available to our executives, including the Named Executive Officers, under this plan, when added to our equity awards, is consistent with the level of total compensation that we seek to provide to our executives.

We provide medical, disability and life insurance benefits to our executives, including the Named Executive Officers, on the same terms and conditions as are generally available to all of our salaried employees.

Except as noted in the following sentence, we do not provide perquisites or other personal benefits to our executives, including the Named Executive Officers. Mr. Alex received an annual vehicle allowance. This benefit was provided to offset his extraordinary commuting costs given the distance of his residence from our former location in Connecticut, where Mr. Alex maintained his office during 2008. Mr. Salony received an annual housing and vehicle allowance. This benefit was provided to offset the extraordinary commuting costs given the distance of his residence from our location in Las Vegas, Nevada, where Mr. Salony maintained his office in 2008.

Employment, Severance and Change-in-Control Agreements

Our executives, including the Named Executive Officers (other than Dr. Jones, the former Chief Executive Officer of NextWave Network Products), are not parties to employment, severance or change in control agreements. Following the May 2007 acquisition of IPWireless, we assumed the obligations under pre-existing employment agreements between IPWireless and Dr. Jones in order to retain his services as an executive of the Company. These employment arrangements provide for Dr. Jones to receive certain compensation and benefits in the event of termination of his employment under certain circumstances. The employment agreements remain an obligation of IPWireless, which is no longer a consolidated subsidiary of the Company following the acquisition of 75% of the equity interests in IPWireless by a newly formed entity controlled by Dr. Jones and other members of IPWireless senior management in December 2008.

Specifically, the employment agreement with Dr. Jones provides for specified severance payments and benefits in the event of the termination of his employment by the Company without cause, including (a) a lump cash payment in an amount equal to his annual base salary, subject to applicable tax withholding requirements, (b) the extension of his post-termination stock option exercise period for one year following the date of his termination of employment and (c) a continued right to receive payment, if applicable, under the IPWireless EIP.

For more information about this arrangement, see the discussion of Potential Payments Upon Termination or Change in Control and the accompanying narrative of this prospectus.

Both the NextWave Wireless Inc. 2005 Stock Incentive Plan (the “2005 Stock Incentive Plan”) and the NextWave Wireless 2007 New Employee Stock Incentive Plan (the “2007 New Employee Stock Incentive Plan”) provide for immediate and full vesting of all outstanding stock options upon a change in control of the Company (as defined in the plans). This provision applies to all of the outstanding stock options held by our executives, including the Named Executive Officers. We believe that this arrangement is important as a recruitment and retention device, as most of the companies with which we compete for executive talent have similar agreements in place for their senior employees.

Rule 10b5-1 Trading Plans

Our executives, including the Named Executive Officers, may implement a trading plan under Exchange Act Rule 10b5-1 subject to pre-clearing the plan with the Company's Vice President—Investor Relations. Such plans may be implemented as long as they are entered into (i) when the executive is not in possession of material nonpublic information about the Company and (ii) during one of the Company's an open trading periods.

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code prevents the Company from taking a tax deduction for certain non-performance-based compensation in excess of $1 million in any fiscal year paid to the chief executive officer and the three other most highly compensated named executive officers (excluding the chief financial officer). While we generally seek to ensure the deductibility of the incentive compensation paid to our executives, the Compensation Committee retains the flexibility necessary to provide cash and equity compensation in line with competitive practice, our compensation philosophy and the best interests of stockholders even if these amounts are not fully tax deductible.

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2008 Summary Compensation Table

The following table sets forth information with respect to the compensation of our Named Executive Officers for services in all capacities to us and our subsidiaries.

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($)(2)	Option Awards ($)(3)	All Other Compensation ($)(4)	Total ($)
Allen Salmasi President, CEO & Chairman of the Board of Directors (5)	2008	$ 777,000	$ 0	$ 0	$ 0	$ 17,123	$ 1,184,123
	2007	$ 770,769	$ 390,000	$ 0	$ 0	$ 16,522	$ 1,177,291
	2006	$ 723,692	375,000	$ 461,000	$ 179,945	$ 17,238	$ 1,756,875
George C. Alex EVP, Chief Financial Officer (6)	2008	$ 374,640	$ 0	$ 0	$ 0	$ 32,123	$ 491,574
	2007	$ 359,692	$ 84,812	$ 0	$ 0	$ 31,582	$ 476,086
	2006	$ 330,304	$ 87,500	$ 0	$ 77,155	$ 32,238	$ 527,197
James C. Brailean Chief Executive Officer, NextWave Mobile Products (7)	2008	$ 363,575	$ 0	$ 0	$ 0	$ 12,125	$ 452,178
	2007	$ 279,197	$ 676,478	$ 0	$ 0	$ 13,152	$ 968,827
	2006	--	--	--	--	--	--
Frank A. Cassou EVP, Chief Legal Counsel & Secretary	2008	$ 491,940	$ 0	$ 0	$ 0	$ 17,123	$ 705,342
	2007	$ 462,462	$ 196,279	$ 0	$ 0	$ 16,582	$ 658,741
	2006	$ 435,839	$ 168,750	$ 184,400	$ 87,941	$ 17,238	$ 894,168
R. Andrew Salony EVP, Chief Administrative Officer (8)	2008	$ 309,296	$ 0	$ 0	$ 0	$ 62,083	$ 440,904
	2007	-	-	-	-	-	-
	2006	--	--	--	--	--	--
William J. Jones Former Chief Executive Officer, NextWave Network Products (9)	2008	$ 361,672	-	$ 0	225,190	$ 36,167	
	2007	$ 198,024	$ 84,659	$ 389,043	$ 113,283	$ 1,503,675	$ 2,288,684
	2006	--	--	--	--	--	--

1.

The amounts reported in this column for Messrs. Salmasi, Alex, and Cassou and Dr. Brailean for fiscal 2007 represent the discretionary annual incentive award earned by each executive for fiscal 2007 performance that was paid in fiscal 2008. Each executive received 40% of his incentive award payment in cash with the balance payable in fully vested shares of the Company's common stock.

The amount reported in this column for Dr. Brailean for fiscal 2007 also reflects the payment of a $600,000 retention bonus that was offered to Dr. Brailean in July 2005 in consideration of his continued employment with PacketVideo following the acquisition of PacketVideo by the Company.

2. The amount reported for Dr. Jones for fiscal 2007 represents the grant date fair value of the stock bonus award granted to him pursuant to the IPWireless Stock Bonus Plan as described in this prospectus. Pursuant to SEC rules, the amounts reported exclude the impact of estimated forfeitures related to service-based vesting conditions. See the Grants of Plan-Based Awards Table included in this prospectus for additional information on the stock awards granted in fiscal 2007. Note that the amounts reported in this column reflect the Company's accounting cost for these awards, and do not correspond to the actual economic value that will be received by the Named Executive Officers from the awards.

3. The amounts reported in this column represent the portion of the grant date fair value of the stock options granted to the Named Executive Officers during fiscal 2008 and in prior years that was recognized for financial reporting purposes with respect to fiscal 2007 and fiscal 2008 in accordance with SFAS 123(R). The amount reported for Dr. Jones represents the stock options granted to him pursuant to the NextWave Wireless 2005 Employee Stock Plan and the NextWave Wireless 2007 New Employee Stock Incentive Plan, an employment inducement plan. Pursuant to SEC rules, the amounts reported exclude the impact of estimated forfeitures related to service-based vesting conditions. The assumptions made in calculating the grant date fair value amounts for the stock options granted in fiscal 2008 and in prior years are incorporated herein by reference to the discussion of those assumptions in footnote 13 to the Company's financial statements as contained in the Company's Annual Report on Form 10-K filed with the SEC on April 2, 2009. See the Grants of Plan-Based Awards Table included in this prospectus for additional information on the stock options granted in fiscal 2008. Note that the amounts reported in this column reflect the Company's accounting cost for these options, and do not correspond to the actual economic value that will be received by the Named Executive Officers from the options.

4. The amounts reported in this column for fiscal 2008 comprise the following items: Mr. Salmasi, $17,123 for health, disability, and life insurance premiums; Dr. Brailean, $12,125 for health, disability, and life insurance premiums; Mr. Cassou, $17,123 for health, disability, and life insurance premiums; Mr. Alex, $15,000 for a vehicle allowance and $17,123 for health, disability, and life insurance premiums; Mr. Salony, $52,480 for a housing and vehicle allowance and $9,602 for health, disability and life insurance premiums. Dr. Jones, $36,167, which represents the reimbursement of 10,000 per year for the cost of procuring his own health, disability, and life insurance premiums.

The amounts reported in this column for fiscal 2007 specifically for Dr. Jones comprise the following. $20,377 which represents the reimbursement of BPS 10,000 per year for the cost of procuring his own health, disability and life insurance premiums, $1,463,286 in connection with the IPWireless EIP (which was paid in cash in the amount of $217,040 and in 198,463 shares of the Company's common stock), and $20,011 for his Fiscal 2007 Earn-Out Payment. Of the amount paid in connection with the IPWireless EIP, $362,765 is being held in escrow for 12 months from the closing date of the acquisition in order to compensate us for any indemnifiable losses the Company may incur as a result of any breach of the representations and warranties or covenants of IPWireless contained in the merger agreement. In July of 2008, after the settlement of $13.3 million claim, the remaining balance of the escrow was released to the former shareholders of IPWireless in accordance with the terms of the acquisition, $170,600 of escrow was released and paid to Dr. Jones.

5. On May 4, 2009, Mr. Salmasi assumed the role of Chairman with a special mandate relating to the maximization of the value of the Company's wireless spectrum assets.

6. On May 4, 2009, Mr. Alex resigned as Executive Vice President – Chief Executive Officer in connection with the consolidation of corporate-level functions due to Company's global restructuring activities.

7. On May 4, 2009, Dr. Brailean assumed the role of Chief Executive Officer, Chief Operating Officer and President.

8. Mr. Salony is currently employed by the Company but is no longer Executive Vice President, Chief Administrative Officer in connection with the consolidation of corporate-level functions due to the Company's global restructuring activities.

9. The amounts reported for Dr. Jones for fiscal 2007 represent his total compensation for the period from May 11, 2007, when he joined the Company, through December 29, 2007. For purposes of this table, the amounts reported for Dr. Jones have been converted into US Dollars at the 2008 and 2007 yearly average foreign currency exchange rate of 1.855 and 2.0019 respectively.

2008 Grants of Plan-Based Awards Table

The following table sets forth, for the fiscal year ended December 27, 2008, information concerning the equity awards granted to each of the Named Executive Officers in fiscal 2008 under any plan. There were no non-equity incentive plan compensation awards granted to any of the Named Executive Officers in fiscal 2008. Additional equity awards were granted in fiscal 2009, which awards are not described in the following table. Information regarding such awards appears above under "Equity Compensation – Fiscal 2009 Decisions."

	Estimated future payouts under non-equity incentive plan awards	Estimated future payouts under equity incentive plan awards	All other stock awards: Number of shares of stock	All other option awards: Number of securities underlying	Exercise or base price of option	Grant date fair value of stock and

Name	Grant date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	or units (#)	options (#)	awards ($/Sh)	option awards
Allen Salmasi	4/25/08							36,111			$ 390,000
George C. Alex	4/25/08							7,852			$ 84,812
Frank A. Cassou	4/25/08							18,173			$ 196,279
James C. Brailean	4/25/08							7,081			$ 76,478
R. Andrew Salony	4/25/08							6,437			$ 69,526
William J. Jones	3/20/08							69,571		$ 5.59	$ 864,539
	3/28/08							90,563		$ 5.01	$ 453,963
	3/28/08								80,000	$ 4.79	$ 254,400
	4/25/08							7,708			$ 84,659
	7/17/08							32,780		$ 5.20	$ 170,600

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1. The 4/25/08 awards issued represent stock awards made in lieu of their annual cash incentive awards. The other stock awards issued to Dr. Jones were made in conjunction with the acquisition of IPWireless under the IPWireless EIP. The options issued to him were issued under the 2005 Employee Stock Incentive Plan.

The assumptions made in calculating the grant date fair value amounts for the plan-based awards granted in fiscal 2008 are incorporated herein by reference to the discussion of those assumptions in footnote 13 to the Company's financial statements as contained in the Company's Annual Report on Form 10-K filed with the SEC on April 2, 2009.

Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table

Some of the elements of compensation, including equity awards, reported in the Summary Compensation Table and the Grants of Plan-Based Awards Table above for Dr. Jones are a result of the employment agreements between Dr. Jones and IPWireless, which was acquired by the Company in May 2007. The employment agreements remain an obligation of IPWireless, which is no longer a consolidated subsidiary of the Company following the acquisition of 75% of the equity interests in IPWireless by a newly formed entity controlled by Dr. Jones and other members of IPWireless senior management in December 2008. The following narrative summarizes the material terms of these employment agreements. None of the other Named Executive Officers have employment agreements with the Company.

The material terms of Dr. Jones's employment agreement are as follows:

Compensation and Benefits. During the term of the agreements, Dr. Jones is eligible to receive the following compensation and benefits:

Base Salary. An annual base salary of 158,610, which is payable in monthly installments. Dr. Jones's base salary was 158,610 as of December 29, 2007.

Annual Incentive. An annual performance-based incentive award of up to 50% of his base salary, based on IPWireless's achievement of certain enumerated performance objectives, and Dr. Jones's achievement of certain individual performance objectives.

Additional Benefits. An additional payment equal to 10% of his base salary reimburse him for the cost of procuring his own insurance benefits. Such benefits are paid directly by IPWireless to Dr. Jones.

Stock Options. Stock options to purchase shares of IPWireless' common stock may be granted at the discretion of the Board of Directors.

Employee Incentive Plan Entitlement. IPWireless had an existing Employee Incentive Plan, pursuant to which participants were eligible to receive an incentive bonus upon the consummation of a change in control of IPWireless. In connection with the acquisition of IPWireless by NextWave, a portion of the total merger consideration payable was allocated to participants in the IPWireless EIP, including Dr. Jones. Subject to the achievement by IPWireless of certain revenue benchmarks, Dr. Jones may be entitled to receive up to a maximum of $3,998,559 through 2010 as a result of his participation in the IPWireless EIP.

IPWireless Stock Bonus Plan Entitlement. In connection with the acquisition of IPWireless, NextWave established the IPWireless Stock Bonus Plan as an inducement for employees of IPWireless to join NextWave and continue with the business following the acquisition of IPWireless. Dr. Jones and the other participants in the IPWireless Stock Bonus Plan waived their rights to any further payments under the plan in connection with the December 2008 transaction in which NextWave disposed of 75% of the equity interests of IPWireless.

Termination. Under specified circumstances, he or IPWireless may terminate his employment prior to the end of the term of the agreement. These circumstances, and any payments and benefits triggered by the termination, are described under Potential Payments Upon Termination or Change in Control of this prospectus.

2008 Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth information as to the number and value of equity awards held by each of the Named Executive Officers as of the end of fiscal 2008, measured in terms of the last reported sale price for shares of the Company's common stock on December 27, 2008 ($0.08 per share) as reported by NASDAQ. Additional equity awards were granted in fiscal 2009, which awards are not described in the following table. Information regarding such awards appears above under "Equity Compensation – Fiscal 2009 Decisions."

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Name	Number of Securities Underlying Unexercised Options (#) Exercisable (1)