

NextWave Wireless Inc.
Form 10-Q
November 14, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2006

OR

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

For the transition period from _____ **to** _____

Commission file number 333-137388

NEXTWAVE WIRELESS INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

20-5361360

(IRS Employer
Identification No.)

12670 High Bluff Drive, San Diego, California

(Address of principal executive offices)

92130

(Zip Code)

(858) 480-3100

(Registrant's telephone number, including area code)

NextWave Wireless LLC

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

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

As of November 13, 2006, there were 82,207,649 shares of the Registrant's Common Stock outstanding.

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PART I. FINANCIAL INFORMATION**ITEM 1. Financial Statements****NEXTWAVE WIRELESS LLC****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands)

	September 30, 2006 (Unaudited)	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 25,371	\$ 93,649
Short-term investments	196,801	365,582
Accounts receivable, net of allowance for doubtful accounts of \$300 and \$391, respectively	5,728	3,712
Deposits for wireless spectrum bids	142,866	5,400
Prepaid expenses and other current assets	9,494	4,175
Total current assets	380,260	472,518
Restricted investments	76,792	—
Wireless spectrum licenses, net	374,137	45,467
Goodwill	32,829	24,782
Other intangible assets, net	16,306	18,100
Property and equipment, net	16,796	11,092
Other assets	8,279	7,815
Total assets	\$ 905,399	\$ 579,774
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,369	\$ 3,406
Accrued expenses	19,465	5,152
Current portion of long-term obligations	2,681	2,200
Deferred revenue	2,867	4,103
Current tax liability	40	417
Other current liabilities and deferred credits	961	822
Total current liabilities	28,383	16,100
Deferred income tax liabilities	67,673	13
Long-term deferred credits and reserves	8,243	8,293
Long-term obligations, net of current portion	292,310	14,934
Minority interest in subsidiary	884	1,070
Commitments and contingencies		
Members' equity:		
Membership interests; 492,583 and 488,672 interests issued and outstanding as of September 30, 2006 and December 31, 2005, respectively	619,966	589,354
Accumulated other comprehensive loss	(571)	(832)
Retained deficit	(111,489)	(49,158)

Total members' equity		507,906		539,364
Total liabilities and members' equity	\$	905,399	\$	579,774

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

NEXTWAVE WIRELESS LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands) (unaudited)

	Three Months Ended		Nine Months		Inception			
	September 30,		Ended		(April 13,			
	2006		September 30,		2005)			
	2005		2006		to			
	2005		2006		September 30,			
	2005		2006		2005			
Revenues	\$	8,051	\$	1,202	\$	22,055	\$	1,350
Operating expenses:								
Cost of revenues		4,568		1,934		10,452		2,019
Engineering, research and development		11,455		5,100		34,289		8,013
General and administrative		14,896		6,603		35,528		9,890
Sales and marketing		2,992		1,185		7,144		1,185
Purchased in-process research and development		—						