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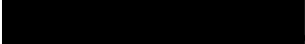
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CLERK US DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

 On Behalf of Herself
and All Others Similarly Situated,

Plaintiff,

vs.

NEXTWAVE WIRELESS INC., ALLEN
SALMASI, GEORGE C. ALEX and FRANK
A. CASSOU,

Defendants.

No. '08 CV 1697 LAB WMc
CLASS ACTION
COMPLAINT FOR VIOLATION OF THE
FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

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1 **INTRODUCTION**

2 1. This is a securities class action on behalf of all persons who purchased or otherwise
3 acquired the common stock of NextWave Wireless Inc. ("NextWave" or the "Company") between
4 March 30, 2007 and August 7, 2008 (the "Class Period"), against NextWave and certain of its
5 officers and/or directors for violations of the Securities Exchange Act of 1934 ("1934 Act").

6 2. NextWave is a mobile broadband and multimedia technology company that develops,
7 produces and markets mobile multimedia and wireless broadband products, including fourth
8 generation ("4G") wireless broadband semiconductors, device-embedded software for mobile
9 handsets, mobile television systems and mobile broadband network equipment. NextWave is
10 headquartered in San Diego, California.

11 3. During the Class Period, defendants issued materially false and misleading statements
12 regarding the Company's business and financial results. As a result of defendants' false statements,
13 NextWave stock traded at artificially inflated prices during the Class Period.

14 4. On August 7, 2008, after the market closed, Nextwave issued its second quarter 2008
15 financial results, announcing it only had \$71.1 million in cash and similar instruments available as of
16 June 30, 2008 and, unless it raised money, its cash would run out at the beginning of October 2008.
17 As a result, the Company was seeking financing that would give the Company enough money to
18 operate through June 2009.

19 5. On this news, NextWave's stock plummeted \$1.90 per share to close at \$0.95 per
20 share, a one-day decline of 67% on volume of 12.5 million shares, over 50 times the average three-
21 month volume.

22 6. The true facts, which were known by the defendants but concealed from the investing
23 public during the Class Period, were as follows:

24 (a) NextWave did not have adequate sources of liquidity to continue operations as
25 it executed its growth strategy and continued making aggressive worldwide acquisitions;

26 (b) NextWave did not have the wherewithal to launch its new WiMAX
27 semiconductor products in the first six months of 2008;

28

1 (c) NextWave, because of the material facts alleged in subparagraphs (a) and (b),
2 did not have the financial resources or ability to continue as a going concern (*i.e.*, its ability to
3 continue functioning as a business entity for the following 12 months without the intention or threat
4 of liquidation), particularly as NextWave's increased revenues garnered through its acquisition spree
5 did not provide sufficient additional liquidity in view of the increased costs of the worldwide
6 operations, coupled with the costs of new product development;

7 (d) NextWave's growth and acquisition strategy was not financially successful
8 and did not provide the basis for continued growth or financial success because it was straining
9 NextWave's fragile liquidity position and NextWave did not have the financial resources to continue
10 to operate its world-wide operations through the end of 2008;

11 (e) NextWave failed to timely disclose that it had invested all of its marketable
12 securities in extremely high-risk and illiquid auction rate securities and had misrepresented these
13 investments as marketable securities on its balance sheet included in its financial statements
14 disseminated in its Forms 10-K and 10-Q and press releases, referenced above;

15 (f) Defendants had no reasonable basis to make favorable statements that the
16 Company's WiMAX semiconductor products would be available for commercial sale in the first half
17 of 2008 when the facts available to defendants concerning the development and marketing of the
18 Company's WiMAX semiconductor products indicated that they would not be available for
19 commercial sale until at least the first half of 2009 and that the delay in sale of the WiMAX products
20 would put further pressure on the Company's liquidity position; and

21 (g) NextWave's ability to continue as a going concern was seriously in question
22 by reason of the facts alleged in subparagraphs (a)-(f) above.

23 7. As a result of defendants' false statements, NextWave's stock traded at inflated levels
24 during the Class Period. However, after the above revelations seeped into the market, the
25 Company's shares were hammered by massive sales, sending them down more than 90% from their
26 Class Period high.

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1 the Company's reports and press releases alleged herein to be misleading prior to or shortly after
2 their issuance and had the ability and opportunity to prevent their issuance or cause them to be
3 corrected. Because of their positions with the Company, and their access to material non-public
4 information available to them but not to the public, the Individual Defendants knew that the adverse
5 facts specified herein had not been disclosed to and were being concealed from the public and that
6 the positive representations being made were then materially false and misleading. The Individual
7 Defendants are liable for the false statements pleaded herein.

8 **FRAUDULENT SCHEME AND COURSE OF BUSINESS**

9 16. Defendants are liable for: (i) making false statements; or (ii) failing to disclose
10 adverse facts known to them about NextWave. Defendants' fraudulent scheme and course of
11 business that operated as a fraud or deceit on purchasers of NextWave common stock was a success,
12 as it: (i) deceived the investing public regarding NextWave's prospects and business; (ii) artificially
13 inflated the price of NextWave common stock; and (iii) caused plaintiff and other members of the
14 Class to purchase NextWave common stock at inflated prices.

15 **BACKGROUND**

16 17. NextWave engages in the development, production, and marketing of mobile
17 multimedia and wireless broadband products. NextWave operates in three segments:
18 Semiconductor, Multimedia, and Networks. The Semiconductor segment offers WiMAX and long
19 term evolution baseband chipsets, and multi-band radio frequency integrated circuits. The
20 Multimedia segment provides device-embedded multimedia software, media content management
21 platforms, and content delivery services. The Networks segment develops 3GPP UMTS and
22 WiMAX based wireless broadband and mobile broadcast products and services, as well as carrier-
23 grade mobile Wi-Fi products and services. The Company also markets various TD-CDMA end-user
24 devices to network operators, including desktop modems and PCMCIA cards. It has strategic
25 partnerships with Huawei and Elektrotbit. The Company also has a strategic agreement with Alcatel-
26 Lucent to develop WiMAX broadcast solutions for mobile operators, as well as has a technology
27 collaboration with Global Mobile Corp. to provide end-to-end mobile WiMAX solutions.
28 NextWave primarily operates in the United States, Asia-Pacific and Europe.

1 18. NextWave was engaged in an aggressive acquisition program of growth,
2 characterized by acquisition, new network deployments and new product launches. Defendant
3 Salmasi explained their strategy in NextWave's April 2, 2007 press release announcing NextWave's
4 full year 2006 financial results, stating that "[t]he financial results achieved by the company are
5 consistent with our expectations and reflect the successful growth strategy we implemented when we
6 formed NextWave Wireless in April 2005."

7 19. Pursuant to that strategy, defendants, as stated in the April 2, 2007 press release,
8 completed several "strategic acquisitions to enhance NextWave's product portfolio and global
9 development capabilities." In the first quarter of 2007, defendants completed the acquisitions of
10 Switzerland-based SDC Secure Digital Container AG and GO Networks, Inc. SDC AG was
11 acquired by PacketVideo, NextWave's principal subsidiary responsible for substantially all of
12 NextWave's revenues. Defendants touted the benefits of the SDC AG acquisition in NextWave's
13 May 14, 2007 earnings release for the first quarter of 2007, stating that it "strengthen[ed] its position
14 in the global music market." The Go Networks, Inc. acquisition was also touted in the same press
15 release because it "offers carrier-class mobile Wi-Fi network systems to commercial and municipal
16 service providers worldwide." In its May 14, 2007 press release, defendants announced the
17 acquisition of IPWireless, Inc., a California company with research facilities in the United Kingdom,
18 which was touted as a "leading supplier of TD-CDMA network equipment and subscriber
19 terminals." In NextWave's SEC Form 10-Q for the second quarter of 2007, filed on August 14,
20 2007, defendants stated that NextWave's new WiMAX semiconductor products, which it was
21 developing, would be available for commercial sale in the first half of 2008.

22 20. Unbeknownst to the market, however, because of defendants' false and misleading
23 statements concerning NextWave's true financial and operating condition, NextWave did not have
24 adequate sources of liquidity to continue operations as NextWave executed its growth strategy and
25 continued making aggressive worldwide acquisitions, did not have the wherewithal to launch its new
26 WiMAX semiconductor products in the first six months of 2008, and, as a result, its very ability to
27 continue as a going concern was put at substantial risk, particularly as NextWave's increased
28 revenues garnered through its acquisition spree did not provide sufficient additional liquidity in view

1 of the increased costs of the far-flung worldwide operations, coupled with the costs of new product
2 development. Consequently, at the same time as defendants were touting NextWave's successful
3 execution of its growth strategy throughout the Class Period, they not only misrepresented the
4 financial benefits of that strategy but also failed to disclose NextWave's fragile liquidity position and
5 its ability to continue as a going concern.

6 **DEFENDANTS' FALSE AND MISLEADING**
7 **STATEMENTS ISSUED DURING THE CLASS PERIOD**

8 21. On March 30, 2007, defendants filed NextWave's Form 10-K for year-end 2006,
9 signed by defendants Salmasi and Alex ("2006 10-K"). In the 2006 10-K, defendants stated that
10 "we believe that our current revenues, cash and short-term investments and financing activities will
11 be sufficient to fund our operating activities at least through 2008."

12 22. Defendants included in the 2006 10-K the certifications required by Section 906 of
13 the Sarbanes-Oxley Act of 2002 ("SOX"), signed by defendants Salmasi and Alex on March 30,
14 2007, each certifying that the "information included in [the 2006 10-K] fairly present[s] in all
15 material respects the financial condition [and] results of operations" of the Company.

16 23. On April 2, 2007, NextWave issued a press release entitled "NextWave Wireless
17 Announces Full Year Financial Results – Revenues Exceed \$24 Million in First Full Year of
18 Operation," in a release which stated in part:

19 NextWave Wireless Inc., a global provider of mobile broadband and wireless
20 multimedia products and technologies to enable Wireless 2.0, the next generation of
21 mobile communications, today announced financial results for the full year ended
22 December 30, 2006. Financial highlights for the year included revenues of \$24.3
23 million from the Company's PacketVideo subsidiary, which reflects the recently
24 announced restatement, net loss per share of \$(1.28) on a diluted GAAP basis, the
25 issuance of Senior Secured Notes resulting in gross proceeds of \$297.5 million, the
26 expansion of the company's licensed spectrum footprint in the United States to
27 approximately 248.9 million persons, or POPs, and the completion of several
28 strategic acquisitions to enhance NextWave's product portfolio and global
development capabilities.

"The financial results achieved by the company are consistent with our
expectations and reflect the successful growth strategy we implemented when we
formed NextWave Wireless in April 2005," said Allen Salmasi, chairman and chief
executive officer of NextWave Wireless Inc. "Our business activities will continue
to be focused on providing our partners and customers with the leading-edge wireless
broadband products and technologies they need to deliver next-generation mobile
broadband solutions to businesses and consumers."

* * *

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2 "In the twenty months since our inception in April 2005, we have
3 successfully built a solid foundation for corporate growth and we remain optimistic
4 about what 2007 holds for our company. We expect to expand our commercial
5 product offerings, expand our domestic and international licensed spectrum footprint,
6 augment our engineering team, and execute on strategic acquisitions to allow us to
7 take full advantage of what we see as exciting growth opportunities in the mobile
8 broadband and wireless multimedia marketplace," Mr. Salmasi added.

* * *

9 Revenue for the year ended December 31, 2006 was \$24.3 million compared
10 to \$4.1 million for the period from inception to December 31, 2005, an increase of
11 \$20.2 million. Since inception in April 2005, substantially all revenues have been
12 generated by NextWave's PacketVideo subsidiary, which NextWave acquired in July
13 2005. NextWave's PacketVideo subsidiary supplies device-embedded multimedia
14 software to many of the largest wireless service providers and manufacturers of high-
15 end mobile phones in the world. PacketVideo's software enables a mobile handset to
16 stream, download, and play video and music, receive live TV, or engage in two-way
17 video telephony. The revenue increase is resultant from unit sales growth and market
18 penetration of mobile devices with multimedia capabilities by PacketVideo's
19 customer base, which includes wireless operators and device manufacturers, in
20 addition to increased technology development contracts, wherein an increasing
21 number of wireless devices were designed to use PacketVideo customized software.

22 Loss from operations for 2006 was \$98.5 million, compared to \$55.7 million
23 for the period from inception to December 31, 2005, an increase of \$42.8 million.
24 This increase was primarily resultant from increased cost of revenues of \$7.5 million
25 due to revenue growth, increases in engineering, research and development costs of
26 \$35.5 million, general and administrative costs of \$36.2 million and sales and
27 marketing costs of \$7.0 million, offset by reductions in business realignments costs of
28 \$ 20.2 million and \$3.1 million of purchased in-process research and development
costs. Included in the loss from operations for 2006 of \$98.5 million were non-cash
expenses items totaling \$14.3 million, consisting of \$6.1 million for depreciation,
\$5.8 million for amortization of intangible assets, \$5.2 million for stock-based
compensation, \$3.5 million for purchased in-process research and development
related to acquisitions, and \$0.8 million of other expenses which were offset with a
non-cash reduction in prior year accrual of \$7.1 million for business realignment
costs.

Net loss for 2006 was \$105.0 million, compared to \$46.0 million for the prior
year, an increase of \$59.0 million. This increase primarily resulted from an increased
loss from operations of \$42.8, and increase in net interest expense of \$18.2 million.

24. On May 14, 2007, the Company reported its first quarter fiscal year 2007 financial
results, in a release which stated in part:

NextWave Wireless Inc., a global provider of mobile broadband and wireless
multimedia products and technologies to enable Wireless 2.0, the next generation of
mobile communications, today announced financial results for the first quarter of
2007 ended March 31, 2007. . . .

1 Revenues were \$7.7 million for the first quarter of 2007 and were derived
2 primarily from our PacketVideo subsidiary, which supplies device-embedded
3 multimedia software to many of the largest wireless carriers and handset
4 manufacturers in the world. Our first quarter revenues represent a 98% increase over
revenues of \$3.9 million for the first quarter of 2006 and are primarily the result of
unit sales growth and market penetration of mobile subscriber services by
PacketVideo's customer base.

5 Loss from operations was \$(41.1) million for the first quarter of 2007,
6 representing an increase of \$22.0 million, when compared to the loss from operations
7 of \$(19.1) million for the first quarter of 2006. Loss from operations increased
8 primarily due to an increase in operating expenses related to the expansion of our
9 research and development teams and related support organizations, through organic
growth and acquisitions. At present, 653 full time employees and 238 contractor
personnel are engaged in developing and marketing our mobile broadband and
wireless multimedia products and technologies.

10 Net interest expense for the first quarter of 2007 was \$9.1 million, compared
11 to net interest income of \$2.9 million for the first quarter of 2006. The increase in
12 interest expense was primarily driven by interest expense related to the issuance of
\$350 million of 7% Senior Secured Notes in July 2006. The issuance of the Notes
provided gross proceeds of \$297.5 million which, net of expenses, was utilized for
the acquisition of wireless broadband spectrum.

13 Net loss available to common shares for the first quarter of 2007 was \$(49.6)
14 million, or \$(0.59) per share, compared to a net loss of \$(15.4) million, or \$(0.19) per
share, for the first quarter of 2006.

15 During the first quarter of 2007, NextWave Wireless completed the
16 acquisitions of SDC Secure Digital Container AG and GO Networks, Inc., and
17 completed the issuance of its Series A Senior Convertible Preferred Stock. In
18 January 2007, the Company's PacketVideo subsidiary strengthened its position in the
19 global mobile music market by acquiring Switzerland-based SDC AG which
20 provides mobile operators around the world with Java DRM music software clients
21 capable of supporting full-track download and subscription music services on mass-
22 market handsets. Go Networks, Inc., acquired in February 2007, offers carrier-class
mobile Wi-Fi network systems to commercial and municipal service providers
worldwide. In March 2007, NextWave Wireless issued and sold 355,000 shares of
our Series A Senior Convertible Preferred Stock for net proceeds of \$351.1 million,
the proceeds of which will be used to fund operations, accelerate the development of
new wireless technologies, expand the company's business, and enable future
strategic acquisitions.

23 On May 14, 2007, NextWave Wireless announced that it completed the
24 acquisition of IPWireless, Inc., a privately-held company headquartered in San
25 Bruno, California, with research and development facilities in the United Kingdom.
26 IPWireless is a leading supplier of TD-CDMA network equipment and subscriber
27 terminals and has been a leading force in the development of 3GPP TDD UMTS
standards which serves as the foundation for its next-generation TDTvTM mobile TV
technology and its wireless broadband public-safety network solutions. IPWireless'
TD-CDMA mobile broadband technology was recently selected by New York City
as part of the deployment of a citywide, public-safety wireless network.

28 "Our financial results are consistent with our expectations and reflect the
important strategic and product development milestones we achieved during the first

1 quarter of the year,” said Allen Salmasi, chairman and chief executive officer of
2 NextWave Wireless Inc. “Our business activities will continue to be focused on
3 providing customers with the leading-edge, cost-effective wireless broadband
4 products and technologies they need to deliver next-generation mobile broadband
5 solutions to businesses and consumers.”

6 25. On May 15, 2007, the Company filed its Form 10-Q for the first quarter of 2007 (“Q1
7 2007 10-Q”), signed by defendant Alex, which included the financial results previously reported in
8 the May 14, 2007 press release. Defendants stated in the Q1 2007 10-Q that “[w]e believe that our
9 current revenues, cash and short-term investments and financing activities will be sufficient to fund
10 our operating activities and contractual commitments at least through 2008.” Defendants stated that
11 95% of NextWave’s unrestricted short-term investments were invested in municipal securities.

12 26. Defendants included in the Q1 2007 10-Q the certifications required by Section 906
13 of SOX, signed by defendants Salmasi and Alex on May 11, 2007, each certifying that the
14 “information included in [the Q3 2007 10-Q] fairly present[s] in all material respects the financial
15 condition [and] results of operations” of the Company.

16 27. On August 14, 2007, the Company filed its Q2 2007 10-Q, signed by defendant Alex.
17 Defendants again stated in the Q2 2007 10-Q that “[w]e believe that our revenues, existing cash and
18 short-term investments and financing activities will be sufficient to fund our operating activities and
19 contractual commitments at least through 2008.” Defendants further stated in the Q2 2007 10-Q that
20 the Company’s WiMAX semiconductor products would initially be available for commercial sale in
21 the first half of 2008 and that the revenue generated from the sale of the WiMAX products would
22 alleviate some of NextWave’s working capital requirements. Defendants stated that 95% of
23 NextWave’s unrestricted short-term investments were invested in municipal securities.

24 28. Defendants included in the Q2 2007 10-Q the certifications required by Section 906
25 of SOX, signed by defendants Salmasi and Alex on August 14, 2007, each certifying that the
26 “information included in [the Q2 2007 10-Q] fairly present[s] in all material respects the financial
27 condition [and] results of operations” of the Company.

28 29. On August 15, 2007, NextWave reported its second quarter fiscal year 2007 financial
results, in a release which stated in part:

1 NextWave Wireless Inc. a global provider of mobile broadband and wireless
2 multimedia products and technologies to enable Wireless 2.0, the next generation of
3 mobile communications, filed its Quarterly Report on Form 10-Q for the second
fiscal quarter of 2007 with the Securities and Exchange Commission and today
announced financial results for the second quarter, which ended June 30, 2007. . . .

4 Revenues were \$12.8 million for the second quarter of 2007, a \$6.5 million
5 increase over the second quarter in 2006 and a \$5.1 million increase over the first
6 quarter in 2007. These quarterly increases are primarily related to revenue derived
from IPWireless, Inc. that was acquired by NextWave Wireless in the second quarter
of 2007.

7 Loss from operations was \$(59.5) million for the second quarter of 2007,
8 representing an increase of \$33.5 million, when compared to the loss from operations
9 for the first quarter of 2006 and an increase of \$18.4 million over the first quarter of
10 2007. Loss from operations, sequentially and year-over-year increased primarily due
11 to an increase in operating expenses related to the expansion of our research and
development teams and related support organizations, through organic growth and
acquisitions. At present, 895 full time employees and 276 contractor personnel are
engaged in developing and marketing our mobile broadband and wireless multimedia
products and technologies.

12 Net interest expense for the second quarter of 2007 was \$6.0 million, an \$8.8
13 million increase over the second quarter of 2006 and a \$3.1 million decrease from the
14 first quarter of 2007. The increase in interest expense was primarily driven by
interest expense related to the issuance of \$350 million of 7% Senior Secured Notes
in July 2006.

15 Net loss available to common shares for the second quarter of 2007 was
16 \$(72.1) million, or \$(0.81) per share, compared to a net loss available to common
17 shares of \$(22.7) million, or \$(0.28) per share for the second quarter of 2006 and a
net loss available to common shares of \$(49.6) million, or \$(0.59) per share, for the
first quarter of 2007.

18 During the second quarter of 2007, NextWave Wireless completed its
19 acquisition of IPWireless, Inc., a privately-held company headquartered in San
Bruno, California, with research and development facilities in the United Kingdom.
20 IPWireless is a global supplier of TD-CDMA network equipment and subscriber
terminals and has been a leading force in the development of 3GPP TDD UMTS
21 standards which serves as the foundation for its next-generation TDTV™ mobile TV
technology and its wireless broadband public-safety network solutions. IPWireless'
22 TD-CDMA mobile broadband technology was recently selected by New York City
as part of the deployment of a citywide, public-safety wireless network. In the second
23 quarter of 2007, to meet increased customer demand for its User Equipment (UE),
IPWireless transferred its UE manufacturing to a high-volume production facility in
China and in June 2007 began shipping its V5 commercial base station which
24 supports the latest generation of TD-CDMA and can be upgraded to support mobile
WiMAX or 3GPP LTE technologies.

25 In June 2007, NextWave Broadband announced the roadmap for its family of
26 WiMAX baseband and multi-band RFIC chipsets designed to provide wireless
device and network equipment manufacturers with an advanced platform to develop
27 next-generation WiMAX mobile terminal and infrastructure products. Samples of
the company's first-generation WiMAX baseband system-on-a-chip (SOC) and
28 matched multi-band RFIC are currently available for reference design development

1 activities by device manufacturers. Initial availability of the company's second-
2 generation chips, designed for high-volume commercial production, is planned for
the first half of 2008.

3 To further augment its global spectrum portfolio, on June 18, 2007,
4 NextWave, through its Inquam Broadband GmbH subsidiary, acquired a 65%
controlling interest in Zurich based WiMAX Telecom AG which has wireless
5 broadband spectrum concessions in Austria, Slovakia, and Croatia.

6 "The acquisition of IPWireless and WiMAX Telecom, and the successful
7 fabrication of our first-generation WiMAX chipset, which is one of the first paired
multi-band chipsets to enable global roaming for WiMAX users, were some of the
8 important milestones achieved during the second quarter of 2007," said Allen
9 Salmasi, chairman and chief executive officer of NextWave Wireless Inc. "Our team
remains focused on accelerating revenue growth, on developing the advanced, end-
to-end wireless technologies and solutions our customers require, and on further
strengthening NextWave's position in the global wireless marketplace."

10 30. On November 13, 2007, the Company filed its Form 10-Q for the third quarter of
11 2007 ("Q3 2007 10-Q"), signed by defendant Alex on November 13, 2007. Defendants stated in the
12 Q3 2007 10-Q that "[b]ased upon our current plans, we believe that our existing cash, cash
13 equivalents, working capital and strategic financing alternatives, together with the incremental gross
14 margins forecasted from our newly acquired Go Networks and IPWireless wireless broadband
15 network businesses, along with incremental margins from revenue growth in our PacketVideo
16 multimedia software business, will be sufficient to cover our estimated liquidity needs for at least the
17 next twelve months." Defendants further stated in the Q3 2007 10-Q that the Company's WiMAX
18 semiconductor products would initially be available for commercial sale in the first half of 2008 and
19 that the revenue generated from the sale of the WiMAX products would alleviate some of
20 NextWave's working capital requirements. The financial statements included in the Q3 2007 10-Q
21 reported that NextWave had \$179 million in municipal securities on its balance sheet, which
22 represented 85% of its total unrestricted marketable securities.

23 31. Defendants included in the Q3 2007 10-Q the certifications required by Section 906
24 of SOX, signed by defendants Salmasi and Alex on November 13, 2007, each certifying that the
25 "information included in [the Q3 2007 10-Q] fairly present[s] in all material respects the financial
26 condition [and] results of operations" of the Company.

27 32. On November 14, 2007, NextWave reported its third quarter fiscal 2007 financial
28 results, in a release which stated in part:

1 NextWave Wireless Inc., a global provider of wireless broadband and mobile
2 multimedia products, filed its Quarterly Report on Form 10-Q for the third fiscal
quarter which ended September 29, 2007. . . .

3 NextWave reported that its third quarter revenues increased 166 percent
4 compared to third quarter 2006. Revenues were \$17.8 million for the third quarter of
5 2007, an \$11.1 million increase over the third quarter in 2006 and a \$4.9 million
6 increase over the second quarter in 2007. The robust increase in quarterly revenue
7 was driven by the continued growth in mobile device software royalties generated by
the company's PacketVideo subsidiary and by increased sales of wireless broadband
network equipment and subscriber devices by the company's IPWireless, Inc.
subsidiary which was acquired in the second quarter of 2007.

8 "We are very pleased with the rapid revenue growth achieved by our
9 PacketVideo and IPWireless subsidiaries this quarter and the transition from early-
10 stage development to pre-commercialization status of our WiMAX chipset business,"
said Allen Salmasi, chairman and chief executive officer of NextWave Wireless Inc.
"These achievements are the direct result of the investments we have made in our
people, our business, and our technologies."

11 NextWave reported that its loss from operations was \$91.7 million for the
12 third quarter of 2007, representing an increase of \$65.3 million, when compared to
13 the loss from operations for the third quarter of 2006 and an increase of \$32.2 million
14 over the second quarter of 2007. Approximately forty percent, or \$36.9 million, of
15 the loss was attributable to the accounting for the acquisition of the GO Networks
16 and IPWireless businesses during the first half of the year, and from the integration
of the operations of those businesses. NextWave expects to realize improved
contributions from these businesses in the future resulting from the achievement of
operating efficiencies, improved margin contributions and the one-time nature of
approximately \$11.2 million of these charges.

17 Loss from operations during the third quarter of 2007, as compared to the
18 third quarter of 2006, increased primarily due to increased operating expenses of
19 \$76.4 million, of which \$18.3 million were non-cash expenses arising from the
20 accounting for purchased in-process R&D and the amortization of intangible assets
21 as a result of the acquisition of GO Networks and IPWireless and new spectrum
22 properties. Approximately \$31 million of the increase in operating loss was
23 attributable to increases in R&D, of which \$17.5 million was due to the growth of the
semiconductor engineering team at NextWave Broadband and activities related to the
commercialization of the company's family of WiMAX chipsets and \$10.9 million
was attributable to the addition of the IPWireless and GO Networks operations
earlier in the year. The addition of the IPWireless and GO Networks operations in
the first half of 2007 also accounted for additional increases in operating expenses of
\$16.2 million attributable to increases of \$11.1 million in cost of revenues and \$5.1
million in sales, marketing, and G&A expenses.

24 Excluding cost of revenues for the quarter of \$17.3 million, total operating
25 expenses for the third quarter were \$92.2 million, of which thirty-three percent, or
26 \$30.3 million, were attributable to non-cash expenses, including \$8.7 million for the
27 amortization of intangible assets related to acquisitions, \$6.9 million for non-cash
share based and other compensation expense, \$3.5 million for depreciation and \$11.2
28 million for In-Process Research and Development (IPR&D) expense related to the
acquisition of IPWireless, Inc.

1 Net interest expense for the third quarter of 2007 was \$7.2 million, a \$1.6
2 million increase over the third quarter of 2006 and a \$1.2 million increase from the
3 second quarter of 2007. The increase in interest expense over the second quarter and
4 compared to the third quarter of 2006 was driven primarily by interest expense
5 related to the issuance of \$350 million of 7% Senior Secured Notes in July 2006, and
6 available cash balance during the third quarter.

7 Net loss available to common shares for the third quarter of 2007 was
8 \$(107.8) million, or \$(1.17) per share, compared to a net loss available to common
9 shares of \$(31.8) million, or \$(0.39) per share for the third quarter of 2006 and a net
10 loss available to common shares of \$(72.1) million, or \$(0.81) per share, for the
11 second quarter of 2007.

12 During the third quarter of 2007, NextWave Broadband announced the
13 release of its NW1000 Series WiMAX chipset; the first generation in a family of
14 WiMAX baseband and multi-band RFIC chipsets designed to provide wireless
15 device and network equipment manufacturers with an advanced platform to develop
16 next-generation WiMAX mobile terminal and infrastructure products. The
17 company's second-generation chips, designed for high-volume, full-commercial
18 production is planned for the first half of 2008.

19 Consistent with its strategy to acquire and make available licensed spectrum
20 to network operators who deploy the company's wireless broadband products and
21 technologies, NextWave, through its Inquam Broadband GmbH subsidiary,
22 completed its acquisition of a 65% controlling interest in Zurich-based WiMAX
23 Telecom AG which has wireless broadband spectrum concessions in Austria,
24 Slovakia, and Croatia.

25 In July 2007, NextWave announced the launch of its Latin American business
26 operation, NextWave Wireless – Latin America. The new business unit was
27 established to deliver NextWave's broad array of industry-leading mobile broadband
28 and wireless technology solutions to customers throughout the Latin American
region.

Recently, on November 5, 2007, PacketVideo announced that it has joined
the Open Handset Alliance as a founding member, along with more than 30 other
industry leaders including Google. PacketVideo is responsible for supplying the
multimedia sub-system, providing for essential media features for media device
development, of the OpenCORE™ software for the Alliance's Android platform.
PacketVideo expects to market a broad suite of innovative applications, features, and
services designed to enhance its contributed OpenCORE™ software.

“Our third quarter results are consistent with our expectations and will further
strengthen our position for future growth. We're looking forward to a successful
commercial launch of our low-power, 65 nanometer, WiMAX baseband and RFIC
products in 2008 including a fully-integrated Wi-Fi and WiMAX chipset with
matched multi-band RFIC that supports global roaming and unique broadcast
capabilities. To accelerate the commercial introduction of our WiMAX chipsets and
technologies, we have also undertaken joint development activities with world-class
device vendors,” Salmasi added. “We also remain very excited about the prospects
of our TDtv™ mobile broadcast technology which has already been successfully
tested by some of the largest carriers in Europe. IPWireless and PacketVideo are
currently working with major device manufacturers to incorporate our TDtv chipsets,
embedded multimedia software and other technologies into a wide range of exciting
3G devices.”

1 33. On March 13, 2008, the Company filed its Form 10-K for year end 2007 ("2007 10-
2 K"), signed by defendants Salmasi and Alex. The 2007 10-K stated that "[b]ased on the operating
3 plan for the year ended December 27, 2008 approved by our board of directors, management
4 believes our existing cash, cash equivalent and marketable securities, the release of the \$75 million
5 of restricted cash . . . and cash forecasted to be generated by operations will be sufficient to meet our
6 estimated working capital." The 10-K further provided that the Company's WiMAX semiconductor
7 products would initially be available for commercial sale in the first half of 2008. Revenue
8 generated from the sale of the WiMAX products would alleviate some of NextWave's working
9 capital requirements.

10 34. Defendants disclosed in the 2007 10-K that at December 29, 2007, the close of fiscal
11 2007, \$102.2 million, or 90%, of NextWave's marketable securities were invested in auction rate
12 securities, which are highly risky and speculative bonds, the liquidity of which is subject to the
13 weekly auctions for those securities which were artificially maintained by the investment houses and
14 banks that sponsored the issuance of the auction rate securities.

15 35. Defendants included in the 2007 10-K the certifications required by Section 906 of
16 SOX, signed by defendants Salmasi and Alex on March 13, 2008, each certifying that the
17 "information included in [the 2007 10-K] fairly present[s] in all material respects the financial
18 condition [and] results of operations" of the Company.

19 36. On March 14, 2008, NextWave reported its fourth quarter and fiscal year 2007
20 financial results, in a release which stated in part:

21 NextWave Wireless Inc., a global provider of mobile broadband and multimedia
22 products and technologies, today announced that it has filed its Annual Report on
23 Form 10K for the fiscal year which ended December 29, 2007. Reported revenue for
fiscal 2007 was \$59.1 million, representing a 143 percent revenue growth over
reported 2006 revenue of \$24.3 million.

24 "Our accelerated 2007 revenue growth was driven by our success in
25 developing and delivering cutting-edge mobile broadband and multimedia products
26 and technologies to our worldwide customers. We are very pleased that sales of all
27 of our major products, including our industry-leading embedded software and mobile
28 broadband network systems, experienced excellent revenue growth and topped
\$106.6 million in shipped revenue in 2007," said Allen Salmasi, chairman and chief
executive officer of NextWave Wireless Inc. "2007 was an exceptional year for our
company on many levels. We grew revenues and expanded our global customer
base; completed key strategic alliances and acquisitions; added to our world class

1 technical and managerial team; and introduced multiple breakthrough technologies
2 and products, including the mobile TV, 4G semiconductor, mobile multimedia
3 platforms, and WiMAX and LTE network products that we announced in the first
4 quarter of 2008.”

* * *

5 “It is clear that our investments since formation have propelled the company
6 into a leader in mobile TV and broadband multimedia technologies. We are now
7 delivering complete end-to-end technology platforms and products to our customers
8 around the world, creating a new generation of personalized and advertising
9 supported mobile multimedia over broadband devices and services,” added Mr.
10 Salmasi. “As a result of the significant investments we made during 2007, we have
11 charged into 2008 with a broad suite of new and innovative mobile multimedia and
12 wireless broadband products. During the first quarter of 2008, we have already made
13 significant product, customer and partnership announcements - Orange and T-Mobile
14 will launch a commercial pilot of our UMTS-based TDTV broadcast solution in
15 London this summer; our MXTV broadcast solution already implemented in our
16 WiMAX chipsets and network products, and made available through partnerships
17 with leading network equipment suppliers Alcatel-Lucent and Huawei, offering up to
18 45 high quality broadcast channels on personal handsets or other handheld
19 multimedia capable devices in every 10 MHz of spectrum; over-the-air
20 demonstrations of first commercial quality WiMAX smartphone and Personal Media
21 Player (PMP) reference designs delivering high quality VoIP and multimedia
22 applications; the recently announced matchbox-sized mobile broadcast receiver that
23 enables viewing of most of the major mobile broadcast technologies on a wide range
24 of existing mobile devices; and a new highly advanced base station platform that
25 provides for a migration path and/or simultaneous operations of WiMAX and LTE
26 technologies in the same base station, thus future-proofing our customers’
27 technology decisions and significant investments into 4G network infrastructure
28 today.”

17 Full Year Selected Financial Results

18 Revenue

19 Revenues were \$59.1 million for the fiscal year 2007, a \$34.8 million
20 increase over fiscal 2006. The substantial increase in annual revenue was driven by
21 the continued growth in mobile device software royalties generated by the
22 Company’s PacketVideo subsidiary and by \$20.4 million in sales of wireless
23 broadband network equipment and subscriber devices by the Company’s IPWireless,
24 subsidiary which was acquired in the second quarter of 2007. Additionally, the
25 Company reported \$47.5 million year-over-year growth, or a 374 percent increase, in
26 deferred revenue which generally represents shipped product and royalties for which
27 payment is received but is not immediately eligible for US GAAP revenue
28 recognition due to the accounting principles associated with multi-element
arrangements.

25 Cash

26 NextWave’s cash, cash equivalents and marketable securities totaled \$166.7
27 million at the end of fiscal 2007, compared to \$200.7 million at the end of fiscal
28 2006. As of December 29, 2007, NextWave maintained an additional \$75.0 million
in a restricted collateral account associated with the 7% Senior Secured Notes. In
March 2008, Senior Note Holders agreed to release these restricted funds for general

1 corporate purposes in exchange for the payment of a consent fee of up to \$10.5
2 million if the Company elects to access the entire \$75.0 million.

3 In March 2007, the Company raised net proceeds of \$351.1 million in a
4 Series A Senior Convertible Preferred Stock offering and used \$385.1 million of cash
5 in 2007, ending with a balance of \$166.7 million at December 29, 2007. The
6 primary usage of cash in 2007 was \$199.4 million for operations; \$104.0 million for
7 mergers and acquisition activities; \$54.5 million for wireless spectrum purchases;
8 \$29.9 million for capital expenditures for facilities, test equipment and test labs
9 related to expanding research and development activities; \$8.8 million in net interest
10 expense; \$1.1 million of other expenses, along with an approximately \$12.6 decrease
11 in working capital.

12 Loss From Operations

13 NextWave reported that its loss from operations in 2007 was (\$288.4)
14 million, an increase of \$189.9 million from the prior year. The 2007 loss from
15 operations includes \$89.1 million of non-cash expenses. These non-cash expenses
16 include \$34.8 million employee compensation expenses for share-based
17 compensation and performance bonuses; \$24.3 million intangible asset amortization
18 expenses and \$12.1 million of in-process research and development expenses related
19 to its M&A programs; \$12.0 million of depreciation; and \$5.9 million of other non-
20 cash operating expenses.

21 Excluding these non-cash operating expenses of \$89.1 million, the cash-based
22 loss from operations for fiscal 2007 was (\$199.4) million, an increase of \$116.6
23 million over fiscal 2006. Of this cash-based operating loss in fiscal 2007, \$54.0
24 million or 27 percent was attributed to the 2007 acquired operations of GO Networks
25 and IPWireless, which serve global wireless broadband network markets, and
26 WiMAX Telecom, a wireless operator serving wireless broadband subscribers in
27 Austria, Slovakia and Croatia. The Company expects to realize improved
28 contributions from these businesses in the future, as a result of increased market
penetration for wireless broadband networks, the achievement of operating
efficiencies, and improved margin contributions. Excluding these 2007 acquisitions,
cash-based loss from operations was (\$145.4) million for fiscal 2007 compared to
(\$82.8) million in fiscal 2006 an increase of \$62.4 million.

Excluding these non-cash expenses of \$89.1 million, cash loss from
operations during fiscal 2007, as compared to fiscal 2006, increased primarily as a
result of increased operating expenses of \$151.4 million, an increase of 142 percent
year-over-year. Approximately \$37.1 million of this increase in operating expenses
was attributable to cost of sales; \$76.5 million to an increase in research and
development; \$14.2 million to an increase in sales and marketing, and \$23.6 million
attributable to an increase in general and administrative expenses. Excluding GO
Networks, IPWireless, and WiMAX Telecom, overall cash-based operating expenses
increased \$74.4 million or 70 percent, year-over-year. Approximately, \$50.5 million
of this increase was related to the addition of research and development staff in
NextWave's semiconductor group; activities related to the commercialization of the
Company's family of WiMAX chipsets; a \$4.3 million increase in sales and
marketing across the multimedia and semiconductor groups; a \$16.6 million increase
in general and administrative expenses across all businesses units, particularly
investment in R&D talent as well as systems to support revenue growth; public
company expenses related to SOX compliance; international acquisition integration;
overall operations; and a \$3.0 million increase attributable to cost of sales.

1 Interest Expense and Net Loss

2 Net cash-based interest expense for fiscal year 2007 was \$24.9 million, a
3 \$12.5 million increase over fiscal 2006. Total reported net interest expense in 2007
4 was \$ 30.3 million. This increase in interest expense was driven primarily by interest
5 expense related to the issuance of \$351.1 million of 7% Senior Secured Notes in July
6 2006.

7 Net loss available to common shares for fiscal 2007 was (\$341.1) million, or
8 (\$3.81) per share, compared to a net loss available to common shares of (\$105.0)
9 million, or (\$1.28) per share for fiscal 2006.

10 37. On May 8, 2008, the Company reported its first quarter fiscal 2008 financial results,
11 in a release which stated in part:

12 NextWave Wireless Inc., a global provider of wireless broadband and mobile
13 multimedia products, filed its Quarterly Report on Form 10-Q for the first fiscal
14 quarter which ended March 29, 2008. . . .

15 NextWave reported GAAP revenues of \$26 million for the first quarter of
16 2008, a \$5.2 million or 25 percent increase over the fourth quarter of 2007. The
17 significant increase in quarterly revenue was driven by increased sales of
18 NextWave's wireless broadband network equipment and subscriber devices and by
19 the continued growth in mobile device software royalties generated by the
20 Company's PacketVideo subsidiary. Additionally, the Company reported \$3.5
21 million quarter-over-quarter growth, or a 6 percent increase, in both short term and
22 long term deferred revenue which generally represents billed product and royalties
23 for which payment is received but is not immediately eligible for US GAAP revenue
24 recognition due to the accounting principles associated with multi-element
25 arrangements. Accordingly, billed revenues for the quarter were \$29.5 million.

26 "We continue to see growing demand for PacketVideo's industry-leading
27 multimedia software and our advanced mobile broadband network solutions," said
28 Allen Salmasi, chairman and chief executive officer of NextWave Wireless Inc. "In
addition, we expect to begin generating revenues from our recently announced
second-generation WiMAX chipsets and network products, our breakthrough
MXtv™ and TDtv™ mobile television systems, and PacketVideo's Telly™ pocket
mobile broadcast receiver later this year."

NextWave reported that its loss from operations for the first quarter of 2008
was (\$79.6) million, a decrease of \$16.6 million or 17 percent over the fourth quarter
of 2007. The first quarter of 2008 loss from operations includes \$21.3 million of
non-cash expenses. These non-cash expenses include \$8.8 million of intangible asset
amortization expenses, \$8.5 million in employee compensation expenses for share-
based compensation and performance bonuses, and \$4.0 million of depreciation and
other non-cash operating expenses. Excluding these non-cash operating expenses of
\$21.3 million, the cash-based loss from operations for the first quarter of 2008 was
(\$58.3) million, compared to (\$66.5) million for the fourth quarter of 2007, a
decrease of \$8.2 million. This decrease was primarily due to increased revenues of
\$5.2 million and decreased operating expenses of \$3.0 million.

"Driving revenues and developing cutting-edge mobile technologies while
maintaining a tight focus on costs remains our top priority," Salmasi added. "Our
decision earlier this year to eliminate operational redundancies and streamline our

1 global operation into two business units is just one example of our commitment to
2 aggressively manage costs.”

3 Total reported net interest expense in the first quarter of 2008 was \$13.1
4 million compared to \$8.1 million in the fourth quarter of 2007. Net loss available to
5 common shares for the first quarter 2008 was (\$102.2) million, or (\$1.09) per share,
6 compared to a net loss available to common shares of (\$111.7) million, or (\$1.21) per
7 share for the fourth quarter of 2007.

8 NextWave’s cash, cash equivalents, marketable securities, and restricted cash
9 totaled \$142.5 million at the end of the first quarter of 2008, compared to \$241.9
10 million at the end of the fourth quarter of 2007. As of December 29, 2007,
11 NextWave maintained \$75.0 million in a restricted collateral account associated with
12 the 7% Senior Secured Notes. In March 2008, the Company amended the original
13 purchase agreement for the Notes and the Company may now withdraw up to the full
14 amount of the \$75.0 million cash reserve account and is permitted to incur an
15 additional \$25.0 million of indebtedness for the purposes of funding a working
16 capital line of credit and an additional \$100.0 million of second lien indebtedness
17 subject to specified subordination terms, appropriate inter-creditor arrangements, and
18 the payment of consent fees aggregating \$10.5 million.

19 The Company utilized \$99.4 million of cash in the first quarter of 2008 of
20 which \$58.3 million was used in operations; \$13.4 million was used for spectrum
21 lease payments, spectrum purchases, and capital expenditures; \$13.2 million in
22 working capital and other operating expenses; \$10.1 million was used to pay net
23 interest expense; and \$4.4 million was paid to the selling shareholders of IPWireless
24 (acquired in the second quarter of 2007) as a result of the achievement of certain
25 product shipment milestones in 2007.

26 On April 23, 2008, the Company retained Deutsche Bank and UBS
27 Investment Bank to explore the sale of its wireless spectrum holdings in the United
28 States. The Company intends to use the proceeds from any sale of its spectrum
assets to strengthen its balance sheet, retire debt, and continue the development and
commercialization of its wireless broadband products. As of March 29, 2008, the
aggregate carrying value of the Company’s wireless spectrum license assets in the
United States was \$457.4 million, net of deferred tax liabilities. The carrying value
of these spectrum assets reflects the Company’s original acquisition cost and does
not provide an indication of fair market value or expected sales proceeds. There is
no assurance that the sale of any spectrum licenses will occur and any proposed sale
is subject to final approval by the Company’s Board of Directors as well as the
Federal Communications Commission.

38. On May 8, 2008, the Company filed its Form 10-Q for the first quarter of 2008 (“Q1
2008 10-Q”), signed by defendant Alex on May 7, 2008, which included the same financial results
previously reported. Defendants stated in the Q1 2008 10-Q that “[m]anagement believes our
existing cash and cash equivalents, along with the release of \$50.0 million of restricted cash based
on our payment of consent fees in March and April 2008 in accordance with amended purchase
agreement for the Notes . . . and the cash forecasted to be generated by operations, as well as a
combination of the following potential sources of cash will be sufficient to meet our estimated

1 working capital and capital expenditures requirements through at least March 2009.” The 10-K
2 further provided that the Company’s WiMAX semiconductor products would initially be available
3 for commercial sale in the first half of 2008. Revenue generated from the sale of the WiMAX
4 products would alleviate some of NextWave’s working capital requirements.

5 39. Defendants included in the Q1 2008 10-Q the certifications required by Section 906
6 of SOX, signed by defendants Salmasi and Alex on May 7, 2008, each certifying that the
7 “information included in [the Q1 2008 10-Q] fairly present[s] in all material respects the financial
8 condition [and] results of operations” of the Company.

9 40. Then, on August 7, 2008, after the market closed, NextWave issued a press release
10 entitled “NextWave Wireless Announces Second Quarter 2008 Financial Results,” which stated in
11 part:

12 NextWave Wireless Inc., a global provider of wireless broadband and mobile
13 multimedia products, filed its Quarterly Report on Form 10-Q for the second fiscal
14 quarter which ended June 28, 2008. . . .

15 NextWave reported revenues of \$31.8 million for the second quarter of 2008,
16 a \$5.8 million or 22 percent increase over the first quarter of 2008. The significant
17 increase in quarterly revenue was driven by increased sales of NextWave’s wireless
18 broadband network equipment and subscriber devices and by the continued growth in
19 mobile device software revenues generated by the Company’s PacketVideo
20 subsidiary.

21 For the first six months of 2008, revenues were \$57.8 million compared to
22 \$20.6 million for the first six months of 2007, an increase of \$37.2 million or 181
23 percent. The increase in revenues year-over-year is primarily related to the
24 acquisition of IPWireless, Inc. in May 2007 and continued sales growth and market
25 penetration in mobile subscriber services by PacketVideo.

26 “The 22 percent revenue growth we achieved this quarter reflects the
27 investments we have made in developing industry-leading mobile multimedia and
28 wireless broadband technologies,” said Allen Salmasi, chairman and chief executive
officer of NextWave Wireless Inc. “However, we are feeling the effects of a slowing
global economy on our business. ***This has resulted in lower than anticipated sales
of our 3GPP and Wi-Fi based network products and a delay in WiMAX network
deployments that will continue to impact projected sales of our WiMAX
semiconductor products.***”

NextWave reported a loss from operations of \$65.7 million for the second
quarter of 2008, a decrease of \$13.9 million or 17 percent over the first quarter of
2008. The second quarter 2008 loss from operations includes \$14.3 million of non-
cash expenses. These non-cash expenses include \$8.4 million of wireless spectrum
and intangible asset amortization expenses and \$5.9 million of depreciation and other
non-cash operating expenses. Excluding these non-cash operating expenses of \$14.3
million, the cash-based loss from operations for the second quarter of 2008 was

1 \$51.4 million, compared to \$58.3 million for the first quarter of 2008, a decrease of
2 \$6.9 million primarily due to an increase in revenues and a reduction in operating
expenses.

3 Total reported net interest expense in the second quarter of 2008 was \$18.4
4 million compared to \$13.1 million in the first quarter of 2008, an increase of \$5.3
5 million. This increase was primarily due to \$7.0 million in financing consent fees
related to the withdrawal of \$50.0 million from the cash reserve account related to
the Senior Notes compared to \$3.5 million being paid in the first quarter.

6 Net loss available to common shares for the second quarter 2008 was \$91.8
7 million, or \$0.89 per share, compared to a net loss available to common shares of
8 \$102.2 million, or \$1.09 per share for the first quarter of 2008. The decrease in net
loss available to common shares is due to increased revenues and a reduction in
operating expenses, offset by an increase in interest expense.

9 For the first six months of 2008, net loss available to common shares was
10 \$194.0 million, or \$1.97 per share, compared to \$121.7 million, or \$1.41 per share
11 for the first six months of 2007. The increase in net loss year over year is primarily
related to acquisitions that were not present in the first half of 2007 as well as an
increase in development spending.

12 Since the filing of the Company's Quarterly Report on Form 10-Q for the
13 quarterly period ended March 29, 2008, several factors have negatively impacted the
14 Company's current and future operations and potential sources of funding. These
15 factors include adverse worldwide economic conditions, which the Company
16 believes have adversely affected manufacturers of telecommunications equipment
and technology and caused the NextWave Network Products group to experience
lower than projected contract bookings and sales. The Company believes these
conditions have also led to a delay in global WiMAX network deployments that will
continue to impact the timing and volume of projected commercial sales of its
WiMAX semiconductor products. In addition, the Company's efforts to sell certain
of its U.S. spectrum assets on favorable terms has been delayed by current market
conditions, as well as regulatory and other market activities involving potential
buyers.

19 *NextWave's cash, cash equivalents, marketable securities, and restricted*
20 *cash totaled \$71.1 million at the end of the second quarter of 2008, compared to*
21 *\$142.5 million at the end of the first quarter of 2008. The Company utilized \$71.4*
22 *million of cash in the second quarter of 2008 of which \$51.4 million was used in*
operations; \$7.8 million was used for spectrum lease payments, spectrum
purchases, and capital expenditures; \$7.0 million was paid in financing consent
fees; and \$5.2 million was used in working capital and other activities.

23 *The Company currently believes its existing cash and cash equivalents,*
24 *along with the \$4.9 million received in July 2008 from the settlement of its escrow*
25 *claim related to the acquisition of IPWireless, Inc., and the \$21.5 million received*
26 *in August 2008 from a collateralized borrowing against the Company's auction*
27 *rate securities will be sufficient to meet its estimated working capital requirements*
28 *into September 2008. If the Company does not obtain further financing in*
September 2008, it would not be able to meet its financial obligations at the
beginning of the fourth quarter of 2008, will not be able to continue its operations
in the normal course of business and may be forced to restructure its obligations. If
the Company successfully obtains financing, it will continue to seek buyers for its

1 U.S. spectrum assets as previously disclosed, and will explore additional options for
2 further cost reductions.

3 "In order to meet our estimated working capital requirements through June
4 2009, we are in the process of negotiating the terms for \$100 to \$200 million of
5 additional financing," added Salmasi. "We are working on a \$100 million private
6 placement of junior preferred stock to be completed in September 2008, subject to
7 the execution of definitive agreements and board approvals. In addition, we are also
8 exploring the possibility of obtaining up to \$100 million in second lien debt
9 financing."

10 In July 2008, as part of a global cost reduction initiative, the Company
11 announced plans to consolidate its network product engineering and development
12 activities at its facility in the United Kingdom. This consolidation is expected to
13 reduce the Company's worldwide workforce by approximately 132 employees. The
14 Company is reviewing other cost reduction measures, including additional
15 operational consolidations, in response to current and anticipated marketplace
16 conditions.

17 On July 23, 2008, the Company announced that it had signed agreements with
18 four parties to sell a portion of its AWS license portfolio, representing 63% of its
19 total AWS MHz-pops, for a total of \$150.1 million. Pursuant to the terms of
20 NextWave's Senior Notes, \$75 million of the proceeds from the sale will be
21 deposited into a restricted cash collateral account and \$75 million will be used to
22 redeem a portion of the Notes. NextWave's remaining U.S. spectrum assets include
23 2.8 billion MHz-pops of 2.3 GHz WCS spectrum, 972 million MHz-pops of 2.5 GHz
24 BRS/EBS spectrum, and 348 million MHz pops of AWS spectrum. In addition, the
25 Company has 5.9 billion MHz-pops of spectrum in Europe, Canada, and South
26 America. In April 2008, NextWave announced that it had retained Deutsche Bank
27 and UBS Investment Bank to explore the sale of its U.S. spectrum assets. The
28 Company has also retained Canaccord Adams to explore the sale of its Canadian
spectrum assets. The Company's efforts towards monetization of its remaining
domestic and international spectrum through the investment banks and direct
discussions with interested parties will remain on-going.

41. On this news, NextWave's stock plummeted \$1.90 per share to close at \$0.95 per
share, a one-day decline of 67% on volume of 12.5 million shares, over 50 times the average three-
month volume.

42. Defendants' statements in NextWave's SEC Forms 10-K and 10-Q and in its press
releases quoted above in ¶¶21-39 were false and misleading when made and failed to disclose
material facts as follows:

(a) NextWave did not have adequate sources of liquidity to continue operations as
it executed its growth strategy and continued making aggressive worldwide acquisitions;

(b) NextWave did not have the wherewithal to launch its new WiMAX
semiconductor products in the first six months of 2008;

1 (c) NextWave, because of the material facts alleged in subparagraphs (a) and (b),
2 did not have the financial resources or ability to continue as a going concern (*i.e.*, its ability to
3 continue functioning as a business entity for the following 12 months without the intention or threat
4 of liquidation), particularly as NextWave's increased revenues garnered through its acquisition spree
5 did not provide sufficient additional liquidity in view of the increased costs of the worldwide
6 operations, coupled with the costs of new product development;

7 (d) NextWave's growth and acquisition strategy was not financially successful
8 and did not provide the basis for continued growth or financial success because it was straining
9 NextWave's fragile liquidity position and NextWave did not have the financial resources to continue
10 to operate its world-wide operations through the end of 2008;

11 (e) NextWave failed to timely disclose that it had invested all of its marketable
12 securities in extremely high-risk and illiquid auction rate securities and had misrepresented these
13 investments as marketable securities on its balance sheet included in its financial statements
14 disseminated in its Forms 10-K and 10-Q and press releases, referenced above;

15 (f) Defendants had no reasonable basis to make favorable statements that the
16 Company's WiMAX semiconductor products would be available for commercial sale in the first half
17 of 2008 when the facts available to defendants concerning the development and marketing of the
18 Company's WiMAX semiconductor products indicated that they would not be available for
19 commercial sale until at least the first half of 2009 and that the delay in sale of the WiMAX products
20 would put further pressure on the Company's liquidity position; and

21 (g) NextWave's ability to continue as a going concern was seriously in question
22 by reason of the facts alleged in subparagraphs (a)-(f) above.

23 43. As a result of defendants' false statements, NextWave's stock traded at inflated levels
24 during the Class Period. However, after the above revelations seeped into the market, the
25 Company's shares were hammered by massive sales, sending them down more than 90% from their
26 Class Period high.

- 1 (a) whether the 1934 Act was violated by defendants;
- 2 (b) whether defendants omitted and/or misrepresented material facts;
- 3 (c) whether defendants' statements omitted material facts necessary to make the
- 4 statements made, in light of the circumstances under which they were made, not misleading;
- 5 (d) whether defendants knew or deliberately disregarded that their statements
- 6 were false and misleading;
- 7 (e) whether the price of NextWave's common stock was artificially inflated; and
- 8 (f) the extent of damage sustained by Class members and the appropriate measure
- 9 of damages.

10 52. Plaintiff's claims are typical of those of the Class because plaintiff and the Class
11 sustained damages from defendants' wrongful conduct.

12 53. Plaintiff will adequately protect the interests of the Class and has retained counsel
13 who are experienced in class action securities litigation. Plaintiff has no interests which conflict
14 with those of the Class.

15 54. A class action is superior to other available methods for the fair and efficient
16 adjudication of this controversy.

17 **COUNT I**

18 **For Violation of §10(b) of the 1934 Act and Rule 10b-5**
19 **Against All Defendants**

20 55. Plaintiff incorporates ¶¶1-54 by reference.

21 56. During the Class Period, defendants disseminated or approved the false statements
22 specified above, which they knew or deliberately disregarded were misleading in that they contained
23 misrepresentations and failed to disclose material facts necessary in order to make the statements
24 made, in light of the circumstances under which they were made, not misleading.

25 57. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- 26 (a) employed devices, schemes and artifices to defraud;

1 (b) made untrue statements of material facts or omitted to state material facts
2 necessary in order to make the statements made, in light of the circumstances under which they were
3 made, not misleading; or

4 (c) engaged in acts, practices and a course of business that operated as a fraud or
5 deceit upon plaintiff and others similarly situated in connection with their purchases of NextWave
6 common stock during the Class Period.

7 58. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of
8 the market, they paid artificially inflated prices for NextWave common stock. Plaintiff and the Class
9 would not have purchased NextWave common stock at the prices they paid, or at all, if they had
10 been aware that the market prices had been artificially and falsely inflated by defendants' misleading
11 statements.

12 **COUNT II**

13 **For Violation of §20(a) of the 1934 Act**
14 **Against All Defendants**

15 59. Plaintiff incorporates ¶¶1-58 by reference.

16 60. The Individual Defendants acted as controlling persons of NextWave within the
17 meaning of §20(a) of the 1934 Act. By reason of their positions with the Company, and their
18 ownership of NextWave stock, the Individual Defendants had the power and authority to cause
19 NextWave to engage in the wrongful conduct complained of herein. NextWave controlled the
20 Individual Defendants and all of its employees. By reason of such conduct, defendants are liable
21 pursuant to §20(a) of the 1934 Act.

22 **PRAYER FOR RELIEF**

23 WHEREFORE, plaintiff prays for judgment as follows:

- 24 A. Declaring this action to be a proper class action pursuant to Fed. R. Civ. P. 23;
- 25 B. Awarding plaintiff and the members of the Class damages, including interest;
- 26 C. Awarding plaintiff reasonable costs and attorneys' fees; and
- 27 D. Awarding such equitable/injunctive or other relief as the Court may deem just and
28 proper.

JURY DEMAND

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Plaintiff demands a trial by jury.

DATED: September 16, 2008

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