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14 UNITED STATES DISTRICT COURT
15 SOUTHERN DISTRICT OF CALIFORNIA

16 ALEXE BENJAMIN, Individually and On) No.
17 Behalf of All Others Similarly Situated,)
18 Plaintiff,) CLASS ACTION
19 vs.) COMPLAINT FOR VIOLATION OF THE
FEDERAL SECURITIES LAWS
20 NEXTWAVE WIRELESS INC., ALLEN)
SALMASI, GEORGE C. ALEX and FRANK)
21 A. CASSOU,)
22 Defendants.)

23 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 November 27, 2006 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 had only \$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;

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; and

23 (h) NextWave failed to properly account for its software revenue.

24 7. As a result of defendants' false statements, NextWave's stock traded at inflated levels
25 during the Class Period. However, after the above revelations seeped into the market, the
26 Company's shares were hammered by massive sales, sending them down 92% from their Class
27 Period high.

28

1 **JURISDICTION AND VENUE**

2 8. Jurisdiction is conferred by §27 of the 1934 Act. The claims asserted herein arise
3 under §§10(b) and 20(a) of the 1934 Act and SEC Rule 10b-5.

4 9. (a) Venue is proper in this District pursuant to §27 of the 1934 Act. Many of the
5 false and misleading statements were made in or issued from this District.

6 (b) NextWave’s principal executive offices are located at 12670 High Bluff
7 Drive, San Diego, California.

8 **PARTIES**

9 10. Plaintiff Alexe Benjamin purchased NextWave common stock as described in the
10 attached certification and was damaged thereby.

11 11. Defendant NextWave engages in the development, production, and marketing of
12 mobile multimedia and wireless broadband products. NextWave operates in three segments:
13 Semiconductor, Multimedia, and Networks.

14 12. Defendant Allen Salmasi (“Salmasi”) is the founder of NextWave. Defendant
15 Salmasi is, and at all relevant times was, Chairman of the Board, President and Chief Executive
16 Officer (“CEO”) of NextWave. During the Class Period, Salmasi was responsible for the
17 Company’s false financial and public statements.

18 13. Defendant George C. Alex (“Alex”) is, and at all relevant times was, Chief Financial
19 Officer (“CFO”) of NextWave. During the Class Period, Alex was responsible for the Company’s
20 false financial and public statements.

21 14. Defendant Frank A. Cassou (“Cassou”) is, and at all relevant times was, Executive
22 Vice President and Chief Legal Counsel of NextWave. During the Class Period, Cassou was
23 responsible for the Company’s false financial and public statements. During the Class Period,
24 Cassou sold 750,000 shares of NextWave stock for proceeds of \$4.75 million.

25 15. Defendants Salmasi, Alex and Cassou (the “Individual Defendants”), because of their
26 positions with the Company, possessed the power and authority to control the contents of
27 NextWave’s quarterly reports, press releases and presentations to securities analysts, money and
28 portfolio managers and institutional investors, *i.e.*, the market. They were provided with copies of

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 Elektrobit. 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 it executed its growth strategy and continued
25 making aggressive worldwide acquisitions, and 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 21. On November 14, 2006, NextWave filed its Form 10-Q for the third quarter of 2006
7 ("Q3 2006 10-Q"), signed by defendant Alex. The Company reported revenue for the third quarter
8 of 2006 of \$8.1 million compared to revenue of \$1.2 million for the third quarter of 2005. The net
9 loss reported for the third quarter of 2006 was \$31.3 million compared to a net loss of \$16.7 million
10 in the third quarter of 2005. The Company further reported revenue for the nine months ending
11 September 30, 2006 of \$22.1 million compared to revenue of \$1.4 million for the period from April
12 13, 2005 to September 30, 2005.¹ The net loss reported for the first nine months of 2006 was \$65.5
13 million compared to a net loss of \$19.6 million for the time period in 2005.

14 22. Defendants included in the Q3 2006 10-Q the certifications required by Section 906
15 of the Sarbanes-Oxley Act of 2002 ("SOX"), signed by defendants Salmasi and Alex on November
16 14, 2006, each certifying that the "information included in [the Q3 2006 10-Q] fairly present[s] in all
17 material respects the financial condition [and] results of operations" of the Company.

18 **DEFENDANTS' FALSE AND MISLEADING**
19 **STATEMENTS ISSUED DURING THE CLASS PERIOD**

20 23. On November 27, 2006, the Company's stock was listed and began trading.

21 24. On March 23, 2007, NextWave issued a press release entitled "NextWave Wireless to
22 Restate Quarterly Results for 2006; Restate to Have No Impact on Cash," which stated in part:

23 NextWave Wireless Inc. today announced that upon the recommendation of
24 management, the Audit Committee of the Board of Directors of NextWave Wireless
25 Inc. (the "Company") determined that the Company's un-audited financial statements
26 for the quarterly periods ended March 31, 2006, June 30, 2006 and September 30,
27 2006 should no longer be relied upon as a result of a required correction in its
28 revenue recognition under certain software contracts of its PacketVideo Corporation

27 ¹ On April 13, 2005, NextWave formally emerged from bankruptcy.

1 ("PacketVideo") subsidiary and the incorrect deferral of certain software
2 development costs at PacketVideo.

3 PacketVideo recognized revenue from certain software arrangements that
4 provide for ongoing maintenance and support in the incorrect reporting periods. The
5 contracts subject to the restatement typically include engineering and development
6 work, royalty revenue and post-contract customer support ("PCS"). The total revenue
7 recognized over the term of the arrangements will remain unchanged. The Company
8 will make an adjustment to the timing of the recognition of revenue, and the related
9 costs, under software contracts which contain PCS. The Company will recognize the
10 revenue and associated costs over the entire PCS period. In addition, the Company
11 will also adjust the quarterly expenses to expense previously deferred costs,
12 classified as pre-contract development costs, into engineering, research and
13 development.

14 "This restatement is not expected to have any impact on cash or cash flows,"
15 said NextWave's Executive Vice President and Chief Financial Officer George Alex.
16 "Moreover, this deferral of revenue is not expected to impact the total amount of
17 revenue to be recognized over the contractual period."

18 The reduction to revenue for the quarterly periods ended March 31, 2006,
19 June 30, 2006 and September 30, 2006 is expected to be approximately \$1.8 million,
20 \$2.0 million and \$1.4 million, respectively. The Company expects to recognize a
21 portion of these deferred revenues in the fourth quarter of 2006 and recognize the
22 predominant portion of the deferred revenues in 2007 and 2008, with the majority
23 being recognized in 2007.

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

28 26. Defendants included in the 2006 10-K the certifications required by Section 906 of
SOX, signed by defendants Salmasi and Alex on March 30, 2007, each certifying that the
"information included in [the 2006 10-K] fairly present[s] in all material respects the financial
condition [and] results of operations" of the Company.

27 27. On April 2, 2007, NextWave issued a press release entitled "NextWave Wireless
28 Announces Full Year Financial Results – Revenues Exceed \$24 Million in First Full Year of
Operation," 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 full year ended
December 30, 2006. Financial highlights for the year included revenues of \$24.3
million from the Company's PacketVideo subsidiary, which reflects the recently
announced restatement, net loss per share of \$(1.28) on a diluted GAAP basis, the

1 issuance of Senior Secured Notes resulting in gross proceeds of \$297.5 million, the
2 expansion of the company's licensed spectrum footprint in the United States to
3 approximately 248.9 million persons, or POPs, and the completion of several
4 strategic acquisitions to enhance NextWave's product portfolio and global
5 development capabilities.

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

13 * * *

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

21 * * *

22 Revenue for the year ended December 31, 2006 was \$24.3 million compared
23 to \$4.1 million for the period from inception to December 31, 2005, an increase of
24 \$20.2 million. Since inception in April 2005, substantially all revenues have been
25 generated by NextWave's PacketVideo subsidiary, which NextWave acquired in July
26 2005. NextWave's PacketVideo subsidiary supplies device-embedded multimedia
27 software to many of the largest wireless service providers and manufacturers of high-
28 end mobile phones in the world. PacketVideo's software enables a mobile handset to
stream, download, and play video and music, receive live TV, or engage in two-way
video telephony. The revenue increase is resultant from unit sales growth and market
penetration of mobile devices with multimedia capabilities by PacketVideo's
customer base, which includes wireless operators and device manufacturers, in
addition to increased technology development contracts, wherein an increasing
number of wireless devices were designed to use PacketVideo customized software.

Loss from operations for 2006 was \$98.5 million, compared to \$55.7 million
for the period from inception to December 31, 2005, an increase of \$42.8 million.
This increase was primarily resultant from increased cost of revenues of \$7.5 million
due to revenue growth, increases in engineering, research and development costs of
\$35.5 million, general and administrative costs of \$36.2 million and sales and
marketing costs of \$7.0 million, offset by reductions in business realignments costs of
\$ 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.

1 Net loss for 2006 was \$105.0 million, compared to \$46.0 million for the prior
2 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.

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

5 NextWave Wireless Inc., a global provider of mobile broadband and wireless
6 multimedia products and technologies to enable Wireless 2.0, the next generation of
mobile communications, today announced financial results for the first quarter of
7 2007 ended March 31, 2007. . . .

8 Revenues were \$7.7 million for the first quarter of 2007 and were derived
9 primarily from our PacketVideo subsidiary, which supplies device-embedded
multimedia software to many of the largest wireless carriers and handset
10 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
11 unit sales growth and market penetration of mobile subscriber services by
PacketVideo's customer base.

12 Loss from operations was \$(41.1) million for the first quarter of 2007,
13 representing an increase of \$22.0 million, when compared to the loss from operations
of \$(19.1) million for the first quarter of 2006. Loss from operations increased
14 primarily due to an increase in operating expenses related to the expansion of our
research and development teams and related support organizations, through organic
15 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.

16 Net interest expense for the first quarter of 2007 was \$9.1 million, compared
17 to net interest income of \$2.9 million for the first quarter of 2006. The increase in
interest expense was primarily driven by interest expense related to the issuance of
18 \$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
19 the acquisition of wireless broadband spectrum.

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

22 During the first quarter of 2007, NextWave Wireless completed the
acquisitions of SDC Secure Digital Container AG and GO Networks, Inc., and
23 completed the issuance of its Series A Senior Convertible Preferred Stock. In
January 2007, the Company's PacketVideo subsidiary strengthened its position in the
24 global mobile music market by acquiring Switzerland-based SDC AG which
provides mobile operators around the world with Java DRM music software clients
25 capable of supporting full-track download and subscription music services on mass-
market handsets. Go Networks, Inc., acquired in February 2007, offers carrier-class
26 mobile Wi-Fi network systems to commercial and municipal service providers
worldwide. In March 2007, NextWave Wireless issued and sold 355,000 shares of
27 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
28 new wireless technologies, expand the company's business, and enable future
strategic acquisitions.

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

6 “Our financial results are consistent with our expectations and reflect the
7 important strategic and product development milestones we achieved during the first
8 quarter of the year,” said Allen Salmasi, chairman and chief executive officer of
9 NextWave Wireless Inc. “Our business activities will continue to be focused on
10 providing customers with the leading-edge, cost-effective wireless broadband
11 products and technologies they need to deliver next-generation mobile broadband
12 solutions to businesses and consumers.”

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

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

20 31. On August 14, 2007, the Company filed its Form 10-Q for the second quarter of 2007
21 (“Q2 2007 10-Q”), signed by defendant Alex. Defendants again stated in the Q2 2007 10-Q that
22 “[w]e believe that our revenues, existing cash and short-term investments and financing activities
23 will be sufficient to fund our operating activities and contractual commitments at least through
24 2008.” Defendants further stated in the Q2 2007 10-Q that the Company’s WiMAX semiconductor
25 products would initially be available for commercial sale in the first half of 2008 and that the
26 revenue generated from the sale of the WiMAX products would alleviate some of NextWave’s
27 working capital requirements. Defendants stated that 95% of NextWave’s unrestricted short-term
28 investments were invested in municipal securities.

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

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

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

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

17 Loss from operations was \$(59.5) million for the second quarter of 2007,
18 representing an increase of \$33.5 million, when compared to the loss from operations
19 for the first quarter of 2006 and an increase of \$18.4 million over the first quarter of
20 2007. Loss from operations, sequentially and year-over-year increased primarily due
21 to an increase in operating expenses related to the expansion of our research and
22 development teams and related support organizations, through organic growth and
23 acquisitions. At present, 895 full time employees and 276 contractor personnel are
24 engaged in developing and marketing our mobile broadband and wireless multimedia
25 products and technologies.

26 Net interest expense for the second quarter of 2007 was \$6.0 million, an \$8.8
27 million increase over the second quarter of 2006 and a \$3.1 million decrease from the
28 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.

Net loss available to common shares for the second quarter of 2007 was
\$(72.1) million, or \$(0.81) per share, compared to a net loss available to common
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.

During the second quarter of 2007, NextWave Wireless completed its
acquisition of IPWireless, Inc., a privately-held company headquartered in San
Bruno, California, with research and development facilities in the United Kingdom.
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
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. In the second

1 quarter of 2007, to meet increased customer demand for its User Equipment (UE),
2 IPWireless transferred its UE manufacturing to a high-volume production facility in
3 China and in June 2007 began shipping its V5 commercial base station which
4 supports the latest generation of TD-CDMA and can be upgraded to support mobile
5 WiMAX or 3GPP LTE technologies.

6 In June 2007, NextWave Broadband announced the roadmap for its family of
7 WiMAX baseband and multi-band RFIC chipsets designed to provide wireless
8 device and network equipment manufacturers with an advanced platform to develop
9 next-generation WiMAX mobile terminal and infrastructure products. Samples of
10 the company's first-generation WiMAX baseband system-on-a-chip (SOC) and
11 matched multi-band RFIC are currently available for reference design development
12 activities by device manufacturers. Initial availability of the company's second-
13 generation chips, designed for high-volume commercial production, is planned for
14 the first half of 2008.

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

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

27 34. On November 13, 2007, the Company filed its Form 10-Q for the third quarter of
28 2007 ("Q3 2007 10-Q"), signed by defendant Alex on November 13, 2007. Defendants stated in the
Q3 2007 10-Q that "[b]ased upon our current plans, we believe that our existing cash, cash
equivalents, working capital and strategic financing alternatives, together with the incremental gross
margins forecasted from our newly acquired Go Networks and IPWireless wireless broadband
network businesses, along with incremental margins from revenue growth in our PacketVideo
multimedia software business, will be sufficient to cover our estimated liquidity needs for at least the
next twelve months." Defendants further stated in the Q3 2007 10-Q that the Company's WiMAX
semiconductor products would initially be available for commercial sale in the first half of 2008 and
that the revenue generated from the sale of the WiMAX products would alleviate some of
NextWave's working capital requirements. The financial statements included in the Q3 2007 10-Q
reported that NextWave had \$179 million in municipal securities on its balance sheet, which
represented 85% of its total unrestricted marketable securities.

1 35. Defendants included in the Q3 2007 10-Q the certifications required by Section 906
2 of SOX, signed by defendants Salmasi and Alex on November 13, 2007, each certifying that the
3 “information included in [the Q3 2007 10-Q] fairly present[s] in all material respects the financial
4 condition [and] results of operations” of the Company.

5 36. On November 14, 2007, NextWave reported its third quarter fiscal 2007 financial
6 results, in a release which stated in part:

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

10 NextWave reported that its third quarter revenues increased 166 percent
11 compared to third quarter 2006. Revenues were \$17.8 million for the third quarter of
12 2007, an \$11.1 million increase over the third quarter in 2006 and a \$4.9 million
13 increase over the second quarter in 2007. The robust increase in quarterly revenue
14 was driven by the continued growth in mobile device software royalties generated by
15 the company’s PacketVideo subsidiary and by increased sales of wireless broadband
16 network equipment and subscriber devices by the company’s IPWireless, Inc.
17 subsidiary which was acquired in the second quarter of 2007.

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

24 NextWave reported that its loss from operations was \$91.7 million for the
25 third quarter of 2007, representing an increase of \$65.3 million, when compared to
26 the loss from operations for the third quarter of 2006 and an increase of \$32.2 million
27 over the second quarter of 2007. Approximately forty percent, or \$36.9 million, of
28 the loss was attributable to the accounting for the acquisition of the GO Networks
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.

Loss from operations during the third quarter of 2007, as compared to the
third quarter of 2006, increased primarily due to increased operating expenses of
\$76.4 million, of which \$18.3 million were non-cash expenses arising from the
accounting for purchased in-process R&D and the amortization of intangible assets
as a result of the acquisition of GO Networks and IPWireless and new spectrum
properties. Approximately \$31 million of the increase in operating loss was
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

1 \$16.2 million attributable to increases of \$11.1 million in cost of revenues and \$5.1
2 million in sales, marketing, and G&A expenses.

3 Excluding cost of revenues for the quarter of \$17.3 million, total operating
4 expenses for the third quarter were \$92.2 million, of which thirty-three percent, or
5 \$30.3 million, were attributable to non-cash expenses, including \$8.7 million for the
6 amortization of intangible assets related to acquisitions, \$6.9 million for non-cash
7 share based and other compensation expense, \$3.5 million for depreciation and \$11.2
8 million for In-Process Research and Development (IPR&D) expense related to the
9 acquisition of IPWireless, Inc.

10 Net interest expense for the third quarter of 2007 was \$7.2 million, a \$1.6
11 million increase over the third quarter of 2006 and a \$1.2 million increase from the
12 second quarter of 2007. The increase in interest expense over the second quarter and
13 compared to the third quarter of 2006 was driven primarily by interest expense
14 related to the issuance of \$350 million of 7% Senior Secured Notes in July 2006, and
15 available cash balance during the third quarter.

16 Net loss available to common shares for the third quarter of 2007 was
17 \$(107.8) million, or \$(1.17) per share, compared to a net loss available to common
18 shares of \$(31.8) million, or \$(0.39) per share for the third quarter of 2006 and a net
19 loss available to common shares of \$(72.1) million, or \$(0.81) per share, for the
20 second quarter of 2007.

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

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

In July 2007, NextWave announced the launch of its Latin American business
operation, NextWave Wireless – Latin America. The new business unit was
established to deliver NextWave's broad array of industry-leading mobile broadband
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

1 commercial launch of our low-power, 65 nanometer, WiMAX baseband and RFIC
2 products in 2008 including a fully-integrated Wi-Fi and WiMAX chipset with
3 matched multi-band RFIC that supports global roaming and unique broadcast
4 capabilities. To accelerate the commercial introduction of our WiMAX chipsets and
5 technologies, we have also undertaken joint development activities with world-class
6 device vendors,” Salmasi added. “We also remain very excited about the prospects
7 of our TDtv™ mobile broadcast technology which has already been successfully
8 tested by some of the largest carriers in Europe. IPWireless and PacketVideo are
9 currently working with major device manufacturers to incorporate our TDtv chipsets,
10 embedded multimedia software and other technologies into a wide range of exciting
11 3G devices.”

12 37. On March 13, 2008, the Company filed its Form 10-K for year end 2007 (“2007
13 10-K”), signed by defendants Salmasi and Alex. The 2007 10-K stated that “[b]ased on the
14 operating plan for the year ended December 27, 2008 approved by our board of directors,
15 management believes our existing cash, cash equivalent and marketable securities, the release of the
16 \$75 million of restricted cash . . . and cash forecasted to be generated by operations will be sufficient
17 to meet our estimated working capital.” The 10-K further provided that the Company’s WiMAX
18 semiconductor products would initially be available for commercial sale in the first half of 2008.
19 Revenue generated from the sale of the WiMAX products would alleviate some of NextWave’s
20 working capital requirements.

21 38. Defendants disclosed in the 2007 10-K that at December 29, 2007, the close of fiscal
22 2007, \$102.2 million, or 90%, of NextWave’s marketable securities were invested in auction rate
23 securities, which are highly risky and speculative bonds, the liquidity of which is subject to the
24 weekly auctions for those securities which were artificially maintained by the investment houses and
25 banks that sponsored the issuance of the auction rate securities.

26 39. Defendants included in the 2007 10-K the certifications required by Section 906 of
27 SOX, signed by defendants Salmasi and Alex on March 13, 2008, each certifying that the
28 “information included in [the 2007 10-K] fairly present[s] in all material respects the financial
condition [and] results of operations” of the Company.

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

NextWave Wireless Inc., a global provider of mobile broadband and multimedia
products and technologies, today announced that it has filed its Annual Report on
Form 10K for the fiscal year which ended December 29, 2007. Reported revenue for

1 fiscal 2007 was \$59.1 million, representing a 143 percent revenue growth over
2 reported 2006 revenue of \$24.3 million.

3 “Our accelerated 2007 revenue growth was driven by our success in
4 developing and delivering cutting-edge mobile broadband and multimedia products
5 and technologies to our worldwide customers. We are very pleased that sales of all
6 of our major products, including our industry-leading embedded software and mobile
7 broadband network systems, experienced excellent revenue growth and topped
8 \$106.6 million in shipped revenue in 2007,” said Allen Salmasi, chairman and chief
9 executive officer of NextWave Wireless Inc. “2007 was an exceptional year for our
10 company on many levels. We grew revenues and expanded our global customer
11 base; completed key strategic alliances and acquisitions; added to our world class
12 technical and managerial team; and introduced multiple breakthrough technologies
13 and products, including the mobile TV, 4G semiconductor, mobile multimedia
14 platforms, and WiMAX and LTE network products that we announced in the first
15 quarter of 2008.”

16 * * *

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

23 Full Year Selected Financial Results

24 Revenue

25 Revenues were \$59.1 million for the fiscal year 2007, a \$34.8 million
26 increase over fiscal 2006. The substantial increase in annual revenue was driven by
27 the continued growth in mobile device software royalties generated by the
28 Company’s PacketVideo subsidiary and by \$20.4 million in sales of wireless
broadband network equipment and subscriber devices by the Company’s IPWireless,
subsidiary which was acquired in the second quarter of 2007. Additionally, the
Company reported \$47.5 million year-over-year growth, or a 374 percent increase, in

1 deferred revenue which generally represents shipped product and royalties for which
2 payment is received but is not immediately eligible for US GAAP revenue
3 recognition due to the accounting principles associated with multi-element
4 arrangements.

5 Cash

6 NextWave's cash, cash equivalents and marketable securities totaled \$166.7
7 million at the end of fiscal 2007, compared to \$200.7 million at the end of fiscal
8 2006. As of December 29, 2007, NextWave maintained an additional \$75.0 million
9 in a restricted collateral account associated with the 7% Senior Secured Notes. In
10 March 2008, Senior Note Holders agreed to release these restricted funds for general
11 corporate purposes in exchange for the payment of a consent fee of up to \$10.5
12 million if the Company elects to access the entire \$75.0 million.

13 In March 2007, the Company raised net proceeds of \$351.1 million in a
14 Series A Senior Convertible Preferred Stock offering and used \$385.1 million of cash
15 in 2007, ending with a balance of \$166.7 million at December 29, 2007. The
16 primary usage of cash in 2007 was \$199.4 million for operations; \$104.0 million for
17 mergers and acquisition activities; \$54.5 million for wireless spectrum purchases;
18 \$29.9 million for capital expenditures for facilities, test equipment and test labs
19 related to expanding research and development activities; \$8.8 million in net interest
20 expense; \$1.1 million of other expenses, along with an approximately \$12.6 decrease
21 in working capital.

22 Loss From Operations

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

Excluding these non-cash operating expenses of \$89.1 million, the cash-based
loss from operations for fiscal 2007 was (\$199.4) million, an increase of \$116.6
million over fiscal 2006. Of this cash-based operating loss in fiscal 2007, \$54.0
million or 27 percent was attributed to the 2007 acquired operations of GO Networks
and IPWireless, which serve global wireless broadband network markets, and
WiMAX Telecom, a wireless operator serving wireless broadband subscribers in
Austria, Slovakia and Croatia. The Company expects to realize improved
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

1 attributable to an increase in general and administrative expenses. Excluding GO
2 Networks, IPWireless, and WiMAX Telecom, overall cash-based operating expenses
3 increased \$74.4 million or 70 percent, year-over-year. Approximately, \$50.5 million
4 of this increase was related to the addition of research and development staff in
5 NextWave's semiconductor group; activities related to the commercialization of the
6 Company's family of WiMAX chipsets; a \$4.3 million increase in sales and
7 marketing across the multimedia and semiconductor groups; a \$16.6 million increase
8 in general and administrative expenses across all businesses units, particularly
9 investment in R&D talent as well as systems to support revenue growth; public
10 company expenses related to SOX compliance; international acquisition integration;
11 overall operations; and a \$3.0 million increase attributable to cost of sales.

12 Interest Expense and Net Loss

13 Net cash-based interest expense for fiscal year 2007 was \$24.9 million, a
14 \$12.5 million increase over fiscal 2006. Total reported net interest expense in 2007
15 was \$30.3 million. This increase in interest expense was driven primarily by interest
16 expense related to the issuance of \$351.1 million of 7% Senior Secured Notes in July
17 2006.

18 Net loss available to common shares for fiscal 2007 was (\$341.1) million, or
19 (\$3.81) per share, compared to a net loss available to common shares of (\$105.0)
20 million, or (\$1.28) per share for fiscal 2006.

21 41. On May 8, 2008, the Company reported its first quarter fiscal 2008 financial results,
22 in a release which stated in part:

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

26 NextWave reported GAAP revenues of \$26 million for the first quarter of
27 2008, a \$5.2 million or 25 percent increase over the fourth quarter of 2007. The
28 significant increase in quarterly revenue was driven by increased sales of
NextWave's wireless broadband network equipment and subscriber devices and by
the continued growth in mobile device software royalties generated by the
Company's PacketVideo subsidiary. Additionally, the Company reported \$3.5
million quarter-over-quarter growth, or a 6 percent increase, in both short term and
long term deferred revenue which generally represents billed product and royalties
for which payment is received but is not immediately eligible for US GAAP revenue
recognition due to the accounting principles associated with multi-element
arrangements. Accordingly, billed revenues for the quarter were \$29.5 million.

“We continue to see growing demand for PacketVideo's industry-leading
multimedia software and our advanced mobile broadband network solutions,” said
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

1 non-cash expenses. These non-cash expenses include \$8.8 million of intangible asset
2 amortization expenses, \$8.5 million in employee compensation expenses for share-
3 based compensation and performance bonuses, and \$4.0 million of depreciation and
4 other non-cash operating expenses. Excluding these non-cash operating expenses of
5 \$21.3 million, the cash-based loss from operations for the first quarter of 2008 was
6 (\$58.3) million, compared to (\$66.5) million for the fourth quarter of 2007, a
7 decrease of \$8.2 million. This decrease was primarily due to increased revenues of
8 \$5.2 million and decreased operating expenses of \$3.0 million.

9 “Driving revenues and developing cutting-edge mobile technologies while
10 maintaining a tight focus on costs remains our top priority,” Salmasi added. “Our
11 decision earlier this year to eliminate operational redundancies and streamline our
12 global operation into two business units is just one example of our commitment to
13 aggressively manage costs.”

14 Total reported net interest expense in the first quarter of 2008 was \$13.1
15 million compared to \$8.1 million in the fourth quarter of 2007. Net loss available to
16 common shares for the first quarter 2008 was (\$102.2) million, or (\$1.09) per share,
17 compared to a net loss available to common shares of (\$111.7) million, or (\$1.21) per
18 share for the fourth quarter of 2007.

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

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

On April 23, 2008, the Company retained Deutsche Bank and UBS
Investment Bank to explore the sale of its wireless spectrum holdings in the United
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.

1 42. On May 8, 2008, the Company filed its Form 10-Q for the first quarter of 2008 (“Q1
2 2008 10-Q”), signed by defendant Alex on May 7, 2008, which included the same financial results
3 previously reported. Defendants stated in the Q1 2008 10-Q that “[m]anagement believes our
4 existing cash and cash equivalents, along with the release of \$50.0 million of restricted cash based
5 on our payment of consent fees in March and April 2008 in accordance with amended purchase
6 agreement for the Notes . . . and the cash forecasted to be generated by operations, as well as a
7 combination of the following potential sources of cash will be sufficient to meet our estimated
8 working capital and capital expenditures requirements through at least March 2009.” The 10-Q
9 further provided that the Company’s WiMAX semiconductor products would initially be available
10 for commercial sale in the first half of 2008. Revenue generated from the sale of the WiMAX
11 products would alleviate some of NextWave’s working capital requirements.

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

16 44. Then, on August 7, 2008, after the market closed, NextWave issued a press release
17 entitled “NextWave Wireless Announces Second Quarter 2008 Financial Results,” which stated in
18 part:

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

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

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

28 “The 22 percent revenue growth we achieved this quarter reflects the
investments we have made in developing industry-leading mobile multimedia and

1 wireless broadband technologies,” said Allen Salmasi, chairman and chief executive
2 officer of NextWave Wireless Inc. “However, we are feeling the effects of a slowing
3 global economy on our business. ***This has resulted in lower than anticipated sales
4 of our 3GPP and Wi-Fi based network products and a delay in WiMAX network
5 deployments that will continue to impact projected sales of our WiMAX
6 semiconductor products.***”

7 NextWave reported a loss from operations of \$65.7 million for the second
8 quarter of 2008, a decrease of \$13.9 million or 17 percent over the first quarter of
9 2008. The second quarter 2008 loss from operations includes \$14.3 million of non-
10 cash expenses. These non-cash expenses include \$8.4 million of wireless spectrum
11 and intangible asset amortization expenses and \$5.9 million of depreciation and other
12 non-cash operating expenses. Excluding these non-cash operating expenses of \$14.3
13 million, the cash-based loss from operations for the second quarter of 2008 was
14 \$51.4 million, compared to \$58.3 million for the first quarter of 2008, a decrease of
15 \$6.9 million primarily due to an increase in revenues and a reduction in operating
16 expenses.

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

22 Net loss available to common shares for the second quarter 2008 was \$91.8
23 million, or \$0.89 per share, compared to a net loss available to common shares of
24 \$102.2 million, or \$1.09 per share for the first quarter of 2008. The decrease in net
25 loss available to common shares is due to increased revenues and a reduction in
26 operating expenses, offset by an increase in interest expense.

27 For the first six months of 2008, net loss available to common shares was
28 \$194.0 million, or \$1.97 per share, compared to \$121.7 million, or \$1.41 per share
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.

Since the filing of the Company’s Quarterly Report on Form 10-Q for the
quarterly period ended March 29, 2008, several factors have negatively impacted the
Company’s current and future operations and potential sources of funding. These
factors include adverse worldwide economic conditions, which the Company
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.

***NextWave’s cash, cash equivalents, marketable securities, and restricted
cash totaled \$71.1 million at the end of the second quarter of 2008, compared to
\$142.5 million at the end of the first quarter of 2008. The Company utilized \$71.4
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***

1 *purchases, and capital expenditures; \$7.0 million was paid in financing consent*
2 *fees; and \$5.2 million was used in working capital and other activities.*

3 *The Company currently believes its existing cash and cash equivalents,*
4 *along with the \$4.9 million received in July 2008 from the settlement of its escrow*
5 *claim related to the acquisition of IPWireless, Inc., and the \$21.5 million received*
6 *in August 2008 from a collateralized borrowing against the Company's auction*
7 *rate securities will be sufficient to meet its estimated working capital requirements*
8 *into September 2008. If the Company does not obtain further financing in*
9 *September 2008, it would not be able to meet its financial obligations at the*
10 *beginning of the fourth quarter of 2008, will not be able to continue its operations*
11 *in the normal course of business and may be forced to restructure its obligations. If*
12 *the Company successfully obtains financing, it will continue to seek buyers for its*
13 *U.S. spectrum assets as previously disclosed, and will explore additional options for*
14 *further cost reductions.*

15 “In order to meet our estimated working capital requirements through June
16 2009, we are in the process of negotiating the terms for \$100 to \$200 million of
17 additional financing,” added Salmasi. “We are working on a \$100 million private
18 placement of junior preferred stock to be completed in September 2008, subject to
19 the execution of definitive agreements and board approvals. In addition, we are also
20 exploring the possibility of obtaining up to \$100 million in second lien debt
21 financing.”

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

29 On July 23, 2008, the Company announced that it had signed agreements with
30 four parties to sell a portion of its AWS license portfolio, representing 63% of its
31 total AWS MHz-pops, for a total of \$150.1 million. Pursuant to the terms of
32 NextWave's Senior Notes, \$75 million of the proceeds from the sale will be
33 deposited into a restricted cash collateral account and \$75 million will be used to
34 redeem a portion of the Notes. NextWave's remaining U.S. spectrum assets include
35 2.8 billion MHz-pops of 2.3 GHz WCS spectrum, 972 million MHz-pops of 2.5 GHz
36 BRS/EBS spectrum, and 348 million MHz pops of AWS spectrum. In addition, the
37 Company has 5.9 billion MHz-pops of spectrum in Europe, Canada, and South
38 America. In April 2008, NextWave announced that it had retained Deutsche Bank
39 and UBS Investment Bank to explore the sale of its U.S. spectrum assets. The
40 Company has also retained Canaccord Adams to explore the sale of its Canadian
41 spectrum assets. The Company's efforts towards monetization of its remaining
42 domestic and international spectrum through the investment banks and direct
43 discussions with interested parties will remain on-going.

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

1 46. Defendants' statements in NextWave's SEC Forms 10-K and 10-Q and in its press
2 releases quoted above in ¶¶23-43 were false and misleading when made and failed to disclose
3 material facts as follows:

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

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

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

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

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

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

28

1 (g) NextWave's ability to continue as a going concern was seriously in question
2 by reason of the facts alleged in subparagraphs (a)-(f) above; and

3 (h) NextWave failed to properly account for its software revenue.

4 47. As a result of defendants' false statements, NextWave's stock traded at inflated levels
5 during the Class Period. However, after the above revelations seeped into the market, the
6 Company's shares were hammered by massive sales, sending them down 92% from their Class
7 Period high.

8 **LOSS CAUSATION/ECONOMIC LOSS**

9 48. By misrepresenting demand for NextWave's products, the defendants presented a
10 misleading picture of NextWave's business and prospects. Thus, instead of truthfully disclosing
11 during the Class Period that NextWave's business was not as healthy as represented, defendants
12 misrepresented the demand for NextWave's products and its actual business prospects going
13 forward.

14 49. These claims of profitability caused and maintained the artificial inflation in
15 NextWave's stock price throughout the Class Period and until the truth was revealed to the market.

16 50. Defendants' false and misleading statements had the intended effect and caused
17 NextWave stock to trade at artificially inflated levels throughout the Class Period, reaching as high
18 as \$12.75 per share in January 2007.

19 51. As a direct result of defendants' admissions and the public revelations regarding the
20 truth about demand for NextWave's products and its actual business prospects going forward,
21 NextWave's stock price plummeted \$1.90 per share to close at \$0.95 per share, a one-day decline of
22 67% on volume of 12.5 million shares, over 50 times the average three-month volume.

23 52. The drops in NextWave's stock price removed the inflation from NextWave's stock,
24 causing real economic loss to investors who had purchased the stock during the Class Period.

25 **CLASS ACTION ALLEGATIONS**

26 53. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules
27 of Civil Procedure on behalf of all persons who purchased or otherwise acquired NextWave common
28 stock during the Class Period (the "Class"). Excluded from the Class are defendants.

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PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment as follows:

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

proper.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: October 21, 2008

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