

NextWave Wireless Inc.
Form S-4/A
November 07, 2006

As filed with the Securities and Exchange Commission on November 7, 2006
Registration No. 333-137388

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

**Amendment No. 2
to**

**FORM S-4
REGISTRATION STATEMENT
*Under
The Securities Act of 1933***

NEXTWAVE WIRELESS INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	4899 (Primary Standard Industrial Classification Code Number)	20-5361360 (I.R.S. Employer Identification No.)
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**12670 High Bluff Drive
San Diego, California 92130
(858) 480-3100**
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Frank A. Cassou
Executive Vice President - Corporate Development and Chief Legal Counsel
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Copies to:
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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and upon completion of the merger described in the enclosed proxy statement/prospectus.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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

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

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

The information in this prospectus is not complete and may be changed. The securities being offered by the use of this prospectus may not be issued until the registration statement filed with the Securities and Exchange Commission, of which this prospectus is a part, is declared effective. This prospectus is not an offer to sell these securities nor a solicitation of any offer to buy these securities in any jurisdiction where the offer or sale is not permitted .

SUBJECT TO COMPLETION, DATED NOVEMBER 7, 2006

PROSPECTUS

NEXTWAVE WIRELESS INC.

The Board of Managers of NextWave Wireless LLC has unanimously approved the conversion of NextWave Wireless LLC from a Delaware limited liability company to a Delaware corporation. The corporate conversion will be effected through the merger of a wholly-owned subsidiary of NextWave Wireless Inc., a newly formed Delaware corporation with and into NextWave Wireless LLC. A majority in interest of the holders of NextWave Wireless LLC's membership units have also approved the corporate conversion merger.

When the corporate conversion merger is completed, NextWave Wireless LLC will become a wholly-owned subsidiary of NextWave Wireless Inc. The terms of the merger agreement provide for us to issue one share of our common stock for every six membership units of NextWave Wireless LLC outstanding immediately prior to completion of the corporate conversion merger. We are filing this registration statement on Form S-4 to register 81,830,975 shares of our common stock to be issued in the corporate conversion merger. Upon completion of the corporate conversion merger, we will file periodic reports with the Securities and Exchange Commission as a successor of NextWave Wireless LLC.

We anticipate that shortly after the closing of the corporate conversion merger, our shares will be quoted on the Over-the-Counter Bulletin Board under the symbol " WAVE." We have applied for listing on the Nasdaq Global Market and, in order to be listed, will be required to meet the initial listing requirements established by Nasdaq.

If you hold shares of common stock of CYGNUS Communications, Inc., which will be exchanged for our common stock after completion of the corporate conversion merger and the quotation of our stock on the Over-the-Counter Bulletin Board, or if you acquired membership units of NextWave Wireless LLC on or after June 28, 2006, your shares will be exchanged for shares of our common stock that are not registered on this Form S-4 and, accordingly, such shares will carry a restrictive legend and may not be offered, sold, transferred, pledged or otherwise disposed of without an effective registration statement or an available exemption from registration under the Securities Act of 1933.

This prospectus provides you with detailed information about NextWave Wireless Inc., NextWave Wireless LLC and the corporate conversion merger. Please see " *Where You Can Find More Information*" on page 103 for additional information about NextWave Wireless Inc. and NextWave Wireless LLC.

Consider carefully the "Risk Factors" beginning on page 2 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or the NextWave common stock to be issued in the merger or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The prospectus is dated November 7, 2006.

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IMPORTANT

This document constitutes a prospectus of NextWave Wireless Inc. for the shares of NextWave common stock that NextWave will issue to unitholders of NextWave Wireless LLC in the corporate conversion merger. NextWave has filed a registration statement on Form S-4 to register such shares of NextWave common stock. This prospectus is part of the registration statement, but does not contain all of the information set forth in the registration statement, certain portions of which have been omitted as permitted by the rules and regulations of the Securities and Exchange Commission. Such additional information may be obtained, without charge, from the SEC's principal office in Washington, D.C. or from the website maintained by the SEC at <http://www.sec.gov>. In accordance with the rules of the SEC, this prospectus incorporates important business and financial information about NextWave Wireless LLC that is contained in documents filed with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information in this prospectus. See the section entitled "Where You Can Find More Information" beginning on page 103 of this prospectus.

We are not incorporating the contents of the websites of the SEC or any other person into this document. We are only providing the information about how you can obtain certain documents that are incorporated by reference into this prospectus at such websites for your convenience.

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The following appendices also constitute part of this prospectus

Appendix A Agreement and Plan of Merger

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PROSPECTUS SUMMARY

This summary highlights key aspects of our business that are described in more detail elsewhere in this registration statement. This summary does not contain all of the information that you should consider before making a future investment decision with respect to our securities. You should read this entire registration statement carefully, including the “Risk Factors”, the combined audited financial statements and the notes thereto included elsewhere in this registration statement.

Unless the context indicates otherwise, all references in this registration statement to NextWave, the Company, we, us and our refer to NextWave Wireless Inc. and its direct and indirect subsidiaries after giving effect to the corporate conversion merger. References to Old NextWave Wireless refer to our existence as a company conducting a separate line of business prior to April 13, 2005, when we emerged from Chapter 11 as a new wireless technology company.

Business Overview

We are an early-stage wireless technology company engaged in the development of next-generation mobile broadband and wireless multimedia products, technologies and services. We believe that mobile broadband represents the next logical step in the evolution of the Internet and that demand for mobile broadband will transform the global \$500 billion wireless communications industry from one driven primarily by voice to one driven by broadband connectivity. We expect that mobile WiMAX, a wireless broadband system utilizing a cellular architecture to deliver fully mobile and high quality fixed voice and data services, will play a major role in enabling the widespread delivery of mobile broadband services. We intend to focus our business activities on developing WiMAX certified products and other technologies to extend the broadband experience beyond the home or office and allow people to remain connected to the information and content they need wherever they go.

We have organized our product, technology and service development activities into three major initiatives:

WiMAX Technology Development . Led by the Advanced Technology Group, a part of our NextWave Broadband subsidiary, we are developing WiMAX certified chipsets, base station components and terminal device reference designs to enable integrated local communications networks (commonly called local area networks, or LANs) and geographically dispersed communications networks (commonly called wide area networks, or WANs) wireless broadband solutions. A key design objective of our products and technologies is to improve the ability of mobile WiMAX to cost effectively handle the large volume of network traffic that we believe Voice Over Internet Protocol (“VoIP”) telephony and next-generation wireless multimedia applications such as high resolution streaming video will generate. By enabling mobile WiMAX networks to simultaneously operate over multiple frequency bands, and by implementing a layered network architecture, we expect that our product line will significantly improve the performance and economics of fixed and mobile WiMAX networks. We intend to sell and/or license our WiMAX certified products and technologies to network infrastructure and device manufacturers and network operators worldwide.

Mobile WiMAX Network Solutions. To stimulate demand for our products, we have accumulated a spectrum footprint across the U.S. covering a population of over 206 million people, or POPs. Led by the Network Solutions Group, which operates within our NextWave Broadband subsidiary, we intend to work with network partners who are interested in funding the deployment of shared mobile WiMAX networks that operate on our licensed spectrum and utilize network and device equipment which incorporate our products and technologies. Potential network partners include wireless service providers, cable operators, Internet service providers, and content distributors. To demonstrate the features and capabilities of our network solutions, we are currently building a 28 site mobile WiMAX trial network in Henderson, Nevada.

Wireless Multimedia Software . Through our PacketVideo subsidiary, we intend to be a leading provider of the next generation of device embedded multimedia software needed to enable the efficient capture, transmission and manipulation of multimedia content by fourth generation (4G) broadband-enabled mobile devices. At present, PacketVideo is a global provider of embedded multimedia software for mobile phones. PacketVideo licenses its multimedia software to some of the largest wireless handset manufacturers and wireless carriers in the world, who use it to transform a mobile phone into a feature-rich multimedia device that provides people with the ability to stream, download and play video and music, receive live TV broadcasts and engage in two-way video telephony. We also expect that global deployments of mobile broadband networks will create a unique opportunity for software developers such as PacketVideo to create innovative multimedia software applications optimized for the mobile environment.

We believe the combination of our products and technologies, our device embedded multimedia software products, and our spectrum assets represent a unique platform to provide advanced wireless broadband solutions to the market.

Competitive Strengths

A highly accomplished team of wireless technology professionals . Our technology development efforts are led by a team of highly skilled senior engineers with an average of 19 years experience in the development of wireless communications technologies and solutions. Team members have led major development initiatives at leading technology companies, such as Intel, Motorola, Nokia, QUALCOMM and Texas Instruments. Together they have been instrumental in developing some of today's dominant wireless technologies. Several members of our team, including our Chief Executive Officer, Allen Salmasi, played key roles at QUALCOMM in the development and successful commercialization of the CDMA wireless technology standard used worldwide today. In addition, our senior team has extensive experience in building and operating wireless networks for companies such as Airtouch, AT&T Wireless, McCaw Cellular, Nextel and SprintPCS.

Significant capital resources. As of July 1, 2006, we had \$340.4 million of cash, cash equivalents and short-term investments. While we anticipate that the costs of our research and development activities will increase as we approach the commercial deployment of our wireless broadband products and technologies, we believe our working capital position provides us with significant flexibility to continue funding our research and development activities and our operating losses. In addition, we have recently completed a private placement of senior secured notes that has provided us with net cash proceeds of \$295.1 million available for the sole purpose of financing spectrum acquisitions and leases. After giving effect to our recent acquisition of WCS Wireless, Inc. for \$160.5 million and the acquisition of two new EBS leases for \$22.1 million, the remaining net proceeds of the senior secured notes are approximately \$110.0 million. The purchasers were investment funds and other institutional investors, including affiliates of Avenue Capital Group, among others. Robert T. Symington, a member of our Board of Managers, is a Portfolio Manager at Avenue Capital Group. Neither Mr. Symington nor Avenue Capital Group or its affiliates received any compensation in connection with the financing. Concurrently with the notes placement, we paid a \$142.8 million deposit to the Federal Communication Commission to qualify for the Advanced Wireless Spectrum auction, of which \$110.0 million was funded with the remaining proceeds of the notes placement. On September 20, 2006 we were declared the winning bidder for 154 spectrum licenses for an aggregate bid of \$115.5 million. Accordingly, approximately \$27.3 million of our initial deposit was not used and was returned to us. To the extent that other attractive opportunities to acquire complimentary businesses or additional spectrum arise, we may need to raise additional funds to capitalize on such opportunities.

Attractive wireless spectrum portfolio, well-suited to support mobile WiMAX . To date, we have acquired licensed spectrum and entered into long-term leases that provide us with exclusive leasehold access to licensed spectrum throughout the U.S. We have compiled a spectrum portfolio covering approximately 206 million persons, or POPs, across the country, with 10MHz or more of spectrum in markets covering 182 million persons. We believe that our spectrum footprint, which will include nine of the top ten and 15 of the top 20 markets in the U.S., makes us attractive to potential network partners. Our spectrum resides in the 2.3GHz and 2.5GHz bands and offers propagation and other characteristics suitable for use with mobile WiMAX. Pursuant to the AWS auction, we were declared the winning bidder for 154 spectrum licenses, which are currently pending approval by the FCC. If the FCC approves the grant of these licenses, our spectrum portfolio would then cover approximately 247 million persons.

Acquisitions and Strategic Investments

Since our emergence as a wireless technology company, we have completed several acquisitions and strategic investments, including the acquisition of PacketVideo Corporation for \$46.6 million in July 2005, and transactions to acquire licensed spectrum rights, including subsequent lease obligations for amounts totaling \$261.7 million,

including our recent acquisition of WCS Wireless Inc., which holds spectrum covering 188.8 million persons, or POPs, in the Central, Western, and Northeastern United States, for \$160.5 million . Our recent acquisitions and investments are described in this registration statement in greater detail under the heading “Business - Our History”.

At the time of our emergence on April 13, 2005, we had cash and investment balances of \$555.1 million. As of July 1, 2006, our cash and investment balances were \$340.4 million, reflecting the use of \$101.2 million for the acquisition of wireless spectrum licenses and subsequent lease obligations, \$57.3 million for business acquisitions and a joint venture investment, \$14.4 million for the acquisition of property and equipment, and \$40.3 million primarily for operating activities, including research and development costs. As noted above, on July 17, 2006, we issued senior secured notes due 2010 in the aggregate principal amount of \$350.0 million. The notes were issued at a fifteen percent (15%) original issue discount, resulting in gross proceeds of \$297.5 million. We will be obligated to pay the secured notes at their full face value of \$350.0 million, and the original issue discount will provide the note purchasers with a yield that is in addition to the coupon rate upon repayment of the notes. In connection with the notes placement, we agreed to issue warrants, at an exercise price of \$0.01, to purchase an aggregate of 5% of the outstanding shares of our common stock of as of the date of the corporate conversion merger and before giving effect to the exercise of any warrant. The notes placement provided us with net cash proceeds of \$295.1 million available for the sole purpose of financing spectrum acquisitions and leases, including our recent acquisition of WCS Wireless Inc. for \$160.5 million. Concurrently with the notes placement, we paid a \$142.8 million deposit to the Federal Communication Commission to qualify for the AWS auction, of which \$110.0 million was funded with the remaining proceeds of the notes placement. On September 20, 2006 we were declared the winning bidder for 154 spectrum licenses for an aggregate bid of \$115.5 million. Accordingly, approximately \$27.3 million of our initial deposit was not used and was returned to us.

Risks Affecting Us

We are an early stage company that recently emerged from Chapter 11 with a new wireless technology business plan and have limited relevant operating history. With the exception of our PacketVideo subsidiary, we have never generated any material revenues and have limited commercial operations. We operate in an extremely competitive environment. If WiMAX technology fails to gain acceptance, we will not be successful in selling WiMAX products and technologies. Our wireless broadband products and technologies are in the early stages of development and will require a substantial investment before they may become commercially viable. We are currently unable to project when our wireless broadband products and technologies will be commercially deployed and generate revenue. We have made numerous acquisitions and investments since our emergence. We must successfully manage our growth and integrate these recent and any future acquisitions and investments. We are subject to a number of other risks of which you should be aware before making a future investment decision with respect to our securities. These risks are discussed more fully under the heading "Risk Factors."

Summary Historical Financial Data

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

Set forth below is summary historical financial data, at the dates and for the periods indicated, for NextWave Wireless LLC, which holds all of our operating subsidiaries and will be a direct subsidiary of NextWave Wireless Inc. following the corporate conversion merger. This prospectus does not include financial statements of NextWave Wireless Inc. because it has only been formed recently for the purpose of effecting the corporate conversion merger, will hold no material assets and will not engage in any operations.

The following summary consolidated statement of operations data for the three and six months ended July 1, 2006 and for the period from the date of our inception as a new wireless technology company pursuant to the plan of reorganization of Old NextWave Wireless (April 13, 2005) to June 30, 2005, and the summary consolidated balance

sheet data as of July 1, 2006 was derived from our unaudited condensed consolidated financial statements and should be read in conjunction with our unaudited condensed consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this registration statement. Our unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and notes thereto, which include, in the opinion of our management, all adjustments (consisting of normal recurring adjustments), necessary for a fair presentation of the information for the unaudited interim period. Our historical results for any prior or interim period are not necessarily indicative of results to be expected for a full fiscal year or for any future period.

The following summary consolidated statement of operations data for the period from the date of our inception (April 13, 2005) to December 31, 2005 and summary consolidated balance sheet data as of December 31, 2005 was derived from our audited consolidated financial statements and should be read in conjunction with our audited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this registration statement.

<i>(in thousands)</i>	Three Months Ended July 1, 2006 (1)	Inception (April 13, 2005) to June 30, 2005 (2)	Six Months Ended July 1, 2006 (1)	Inception (April 13, 2005) to December 31, 2005
Consolidated Statement of Operations Data (3) :				
Revenues	\$ 8,331	\$ 148	\$ 14,004	\$ 4,144
Loss from operations	(23,795)	(6,137)	(41,146)	(55,687)
Net loss	(20,534)	(2,948)	(34,232)	(45,952)

	July 1, 2006	December 31, 2005
Consolidated Balance Sheet Data (3) :		
Cash, cash equivalents and investments (4)	\$ 340,437	\$ 459,231
Wireless spectrum licenses, net	130,374	45,467
Goodwill	32,936	24,782
Other intangible assets, net	16,846	18,100
Total assets	557,815	579,774
Long-term obligations, less current portion	15,661	14,934
Total members' equity	511,127	539,364

- (1) Our Board of Managers approved a change, effective January 1, 2006, in our fiscal year end and quarterly reporting periods from quarterly calendar periods ending on December 31 to a 52-53 week fiscal year ending on the Saturday nearest to December 31 of the current calendar year or the following calendar year. The three and six month periods ended July 1, 2006 includes 13 and 26 weeks, respectively.
- (2) On April 13, 2005, pursuant to the plan of reorganization of the NextWave Telecom group, the equity securities of NextWave Wireless LLC were distributed to the NTI equity holders and we were reconstituted as a company with a new capitalization and a new wireless technology business plan. A summary of the assets and liabilities contributed to NextWave on April 13, 2005 is provided in the Notes to Consolidated Financial Statements included elsewhere in this registration statement. For more information on our emergence as a new wireless technology company, see "Business-Our History."
- (3) The results of operations of PacketVideo Corporation and Inquam Broadband Holding, Inc. are included as of July 19, 2005 and January 6, 2006, the respective dates of the acquisitions, which affects the comparability of the Summary Historical Financial Data. During 2006, we also completed other acquisitions that were not material and their results of operations have been included from their respective dates of acquisition. See Note 3 to the Notes to Condensed Consolidated Financial Statements included elsewhere in this registration statement.

(4)

On July 17, 2006, we consummated our secured notes private placement, the terms of which require us to retain \$75.0 million of our cash, cash equivalents and investments from funds other than the proceeds of the notes in a restricted collateral account.

Corporate Conversion Merger

To enable our planned listing on The Nasdaq Global Market, NextWave Wireless LLC's board of managers and a majority in interest of NextWave Wireless LLC's members has approved the conversion of the Company from a Delaware limited liability company to a Delaware corporation. The corporate conversion will be effected through the merger of a wholly owned subsidiary of ours with and into NextWave Wireless LLC. Following the corporate conversion merger, we expect our common stock to be quoted on the Over-the-Counter Bulletin Board before our planned listing on Nasdaq. In the merger, the holders of NextWave Wireless LLC's membership units will receive one share of our common stock for every six membership units that they hold. No fractional shares of our common stock will be issued in connection with the corporate conversion merger. Instead, holders of LLC interests will receive an amount of cash (rounded to the nearest whole cent) in lieu of a fraction of a share of our common stock equal to \$1.00 per fractional share to which such holder would otherwise be entitled. Each holder of NextWave Wireless LLC's membership units will own the same percentage of the outstanding equity of the Company before and immediately after giving effect to the corporate conversion merger. In addition, we will assume NextWave Wireless LLC's obligations under all equity incentive plans of the Company and its subsidiaries.

Upon completion of the corporate conversion merger, we will be a SEC reporting company, as a successor of NextWave Wireless LLC. We are filing this registration statement on Form S-4 to register the issuance of our shares of common stock in the corporate conversion merger. If you hold shares of common stock of CYGNUS Communications, Inc., or if you acquired membership units of NextWave Wireless LLC on or after June 28, 2006, your shares will be exchanged for shares of our common stock that are not registered on this Form S-4 and, accordingly, such shares will carry a restrictive legend and may not be offered, sold, transferred, pledged or otherwise disposed of without an effective registration statement or an available exemption from registration under the Securities Act of 1933.

Material U.S. Federal Income Tax Consequences of the Corporate Conversion Merger

The following discussion, insofar as it relates to matters of U.S. federal income tax law and regulations or legal conclusions with respect thereto, constitutes the opinion of Weil, Gotshal & Manges LLP, tax counsel to the Company, as to the material U.S. federal income tax consequences of the corporate conversion merger to NextWave Wireless LLC and the United States Holders (as defined below) who receive Company common stock. The discussion is based on the Internal Revenue Code of 1986, as amended (the “Tax Code”), Treasury regulations promulgated and proposed thereunder, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service (the “Service”), all as in effect on the date hereof. Changes in these authorities or new interpretations thereof may have retroactive effect and could significantly affect the federal income tax consequences described below. You should be aware that NextWave Wireless LLC has not requested a ruling from the Service and that no published guidance has been issued with respect to the tax treatment of partnership transactions precisely in the form of the corporate conversion merger. Accordingly, the Service might take a view of the tax consequences of the corporate conversion merger that is contrary to that set forth below.

This discussion does not address all of the federal income tax consequences of the corporate conversion merger that may be applicable to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the Tax Code (such as persons who acquired their interests in compensatory transactions, banks, broker-dealers, insurance companies, other financial institutions, tax-exempt organizations, holders subject to the alternative minimum tax provisions of the Tax Code, holders who hold their LLC interests as part of a hedge, straddle, constructive sale or conversion transaction, persons who are not residents of the United States, foreign corporations or investors in pass-through entities). In addition, the estate, gift, state, local and foreign tax consequences of the corporate conversion merger are not discussed. Further, the discussion is addressed to existing holders of LLC interests that have held their interests as capital assets (*i.e.*, generally as investments).

As used in this section, the term “United States Holder” means a beneficial owner of LLC interests who is a citizen or resident of the United States, a U.S. domestic corporation, any estate the income of which is subject to federal income tax regardless of the source of its income or any trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable Treasury regulations to be treated as a “United States person”. If a partnership or other entity taxable as a partnership is a beneficial owner of LLC interests, the federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners in partnerships holding LLC interests should consult their tax advisors.

General

Based upon representations contained in a representation letters provided by NextWave Wireless LLC and NextWave Wireless Inc. and on certain customary factual assumptions, the corporate conversion merger will be a tax-free incorporation under Section 351 of the Tax Code.

Prior to the corporate conversion merger, holders of LLC interests were taxable on their pro-rata share of the income, gains, losses and deductions of NextWave Wireless LLC — whether or not distributed — computed without taking into account any of the income, gains, losses or deductions of NextWave Broadband Inc. and its subsidiaries. As a result of the corporate conversion merger, holders will cease being partners in a partnership (NextWave Wireless LLC) for federal income tax purposes and become shareholders in a corporation (NextWave Wireless Inc.). Accordingly, as a shareholder, you will only be taxed on our actual distributions, if any (*e.g.*, distributions to the extent of our earnings and profits for federal income tax purposes generally will be taxable as dividends).

As a result of the corporate conversion merger, unlike NextWave Wireless LLC, we will be subject to federal income tax. Such tax will be based upon the earnings of us and all of our at least 80% owned domestic corporate subsidiaries, as we will be the “common parent” of a consolidated group filing a consolidated federal income tax return.

Holders of LLC Interests

By reason of the corporate conversion merger qualifying under Section 351 of the Tax Code, holders of LLC interests will not recognize gain or loss in the corporate conversion merger as a result of their deemed contribution of LLC interests to NextWave Wireless Inc. in exchange for common stock of NextWave Wireless Inc., except to the extent of any cash received in lieu of a fractional share of NextWave Wireless Inc. common stock.

The tax basis of the stock of NextWave Wireless Inc. received by you (including any fractional share that you are deemed to receive and exchange for cash) will equal the tax basis in your Company interest exchanged therefore less your pro-rata share of the Company's liabilities assumed by NextWave Wireless Inc. Likewise, although no published guidance addresses partnership transactions in the form of the corporate conversion merger, and, therefore, the conclusion is not certain, tax counsel believes that your holding period in your NextWave Wireless Inc. common stock received in the corporate conversion merger should include your holding period in the Company interest surrendered. In the unlikely event that the IRS challenges such conclusion and prevails, each share of common stock received in the corporate conversion merger would have a dual holding period. The holding period for the portion of the common stock allocable to NextWave's cash and other liquid assets at the time of the corporate conversion merger would begin on the day after the corporate conversion merger. In such an event, a holder who sold shares on or prior to the first anniversary of the corporate conversion merger would be required to pay tax on such portion at the short-term capital gains rate.

Cash in lieu of Fractional Shares

You will recognize capital gain or loss on any cash received in lieu of a fractional share of NextWave Wireless Inc.'s common stock equal to the difference between the amount of cash received and the basis allocated to such fractional share. As described in the preceding paragraph, that capital gain or loss should constitute long-term capital gain or loss if your holding period in the LLC interests surrendered in the corporate conversion merger is greater than 12 months as of the date of the corporate conversion merger.

Reporting Requirements

You will be required to retain records pertaining to the corporate conversion merger and to file with your federal income tax return for the year in which the corporate conversion merger occurs a statement setting forth certain facts relating to the corporate conversion merger.

Holders of Warrants

Persons holding unexercised warrants to acquire LLC interests (not including options granted under NextWave Wireless LLC's 2005 Unit Plan) will recognize gain or loss in the corporate conversion merger equal to the difference between the fair market value of the warrants to acquire common stock of NextWave Wireless Inc. on the date of the corporate conversion merger and their tax basis in NextWave Wireless LLC's warrants. The tax basis in the warrants to acquire common stock in NextWave Wireless Inc. received in the corporate conversion merger will equal such warrants' fair market value as of the date of the corporate conversion merger and the holding period in such warrants will begin on the day following the date of the corporate conversion merger.

NextWave Wireless Inc. and NextWave Wireless LLC

Neither NextWave Wireless Inc. nor NextWave Wireless LLC will recognize gain or loss as a result of the corporate conversion merger.

Our basis in the assets received in the corporate conversion merger will equal the aggregate of the Holders' bases in their LLC interests prior to the corporate conversion merger, allocated among such assets in accordance with the provisions of the Tax Code.

This discussion of the material federal income tax consequences does not address the tax consequences that may vary with, or are contingent upon, the individual circumstances of each holder of LLC interests. Accordingly, it is recommended that you consult your own tax advisors to determine the particular federal, state, local and other tax consequences to you of the corporate conversion merger.

Appraisal Rights

Pursuant to NextWave Wireless LLC's limited liability company agreement and Delaware law, holders of NextWave Wireless LLC's membership units are not entitled to appraisal rights.

Surrender of LLC Interest Certificates and Issuance of Shares of Common Stock

Following the effective time of the merger, we will cause a letter of transmittal to be mailed to all holders of NextWave Wireless LLC's membership units containing instructions for surrendering their certificates. Certificates should not be surrendered until the letter of transmittal is received, fully completed and returned as instructed in the letter of transmittal. Your shares of NextWave Wireless Inc. will be issued to you in book-entry form, unless you provide a written request to the Company for certificated shares.

Capital Stock

Our authorized capital stock consists of 400,000,000 shares of common stock, par value \$0.001 per share and 25,000,000 shares of preferred stock, par value \$0.001 per share. Immediately following the corporate conversion merger, we will have 82,207,649 shares of common stock outstanding held by approximately 1,400 holders of record. As of such date, there will be 17,535,585 shares of common stock reserved for future issuance, of which 15,089,771 will be reserved for issuance upon the exercise of granted and outstanding options and warrants and 2,445,814 will be available for future option grants.

Following the corporate conversion merger, we expect our common stock to be quoted on the Over-the-Counter Bulletin Board. We have applied for the listing of our common stock on The Nasdaq Global Market under the symbol "WAVE."

Our principal executive offices are located at 12670 High Bluff Drive, San Diego, California 92130, and our telephone number is (858) 480-3100. NextWave's website address is www.nextwave.com. Our website, and the information contained in the website, is not a part of this prospectus.

SELECTED FINANCIAL DATA

Set forth below is selected financial data, at the dates and for the periods indicated, for NextWave Wireless LLC, which holds all of our operating subsidiaries and will be a direct subsidiary of NextWave Wireless Inc. following the corporate conversion merger. This prospectus does not include financial statements of NextWave Wireless Inc. because it has only been formed recently for the purpose of effecting the corporate conversion merger, will hold no material assets and will not engage in any operations.

The following selected consolidated statement of operations data for the three and six months ended July 1, 2006 and for the period from the date of our inception as a new wireless technology company pursuant to the plan of reorganization of Old NextWave Wireless described below (April 13, 2005) to June 30, 2005 and the selected consolidated balance sheet data as of July 1, 2006 was derived from our unaudited condensed consolidated financial statements and should be read in conjunction with our unaudited condensed consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this registration statement. Our unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and notes thereto, which include, in the opinion of our management, all adjustments (consisting of normal recurring adjustments), necessary for a fair presentation of the information for the unaudited interim period. Our historical results for any prior or interim period are not necessarily indicative of results to be expected for a full fiscal year or for any future period

The following selected consolidated statement of operations data for the period from the date of our inception (April 13, 2005) to December 31, 2005 and selected consolidated balance sheet data as of December 31, 2005 was derived from our audited consolidated financial statements and should be read in conjunction with our audited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this registration statement.

<i>(in thousands)</i>	Three Months Ended July 1, 2006 (1)	Inception (April 13, 2005) to June 30, 2005 (2)	Six Months Ended July 1, 2006 (1)	Inception (April 13, 2005) to December 31, 2005
Consolidated Statement of Operations Data (3) :				
Revenues	\$ 8,331	\$ 148	\$ 14,004	\$ 4,144
Loss from operations	(23,795)	(6,137)	(41,146)	(55,687)
Net loss	(20,534)	(2,948)	(34,232)	(45,952)

	July 1, 2006	December 31, 2005
Consolidated Balance Sheet Data (3) :		
Cash, cash equivalents and investments (4)	\$ 340,437	\$ 459,231
Wireless spectrum licenses, net	130,374	45,467
Goodwill	32,936	24,782
Other intangible assets, net	16,846	18,100
Total assets	557,815	579,774
Long-term obligations, less current portion	15,661	14,934
Total members' equity	511,127	539,364

- (1) Our Board of Managers approved a change, effective January 1, 2006, in our fiscal year end and quarterly reporting periods from quarterly calendar periods ending on December 31 to a 52-53 week fiscal year ending on the Saturday nearest to December 31 of the current calendar year or the following calendar year. The three and six month periods ended July 1, 2006 includes 13 and 26 weeks, respectively.
- (2) On April 13, 2005, pursuant to the plan of reorganization of the NextWave Telecom group, the membership units of NextWave Wireless LLC were distributed to the NTI equity holders and we were reconstituted as a company with a new capitalization and a new wireless technology business plan. A summary of the assets and liabilities contributed to NextWave on April 13, 2005 is provided in the Notes to Consolidated Financial Statements included elsewhere in this registration statement. For more information on our emergence as a new wireless technology company, see “Business-Our History.”

- (3) The results of operations of PacketVideo Corporation and Inquam Broadband Holding, Inc. are included as of July 19, 2005 and January 6, 2006, the respective dates of the acquisitions, which affects the comparability of the Selected Financial Data. During 2006, we also completed other acquisitions that were not material and their results of operations have been included from their respective dates of acquisition. See Note 3 to the Notes to Condensed Consolidated Financial Statements included elsewhere in this registration statement.
- (4) On July 17, 2006, we consummated our secured notes private placement, the terms of which require us to retain \$75.0 million of our cash, cash equivalents and investments from funds other than the proceeds of the notes in a restricted collateral account.

MARKET PRICE AND DIVIDEND INFORMATION

Holders

Our authorized capital stock consists of 400,000,000 shares of common stock, par value \$0.001 per share and 25,000,000 shares of preferred stock, par value \$0.001 per share. Immediately following the corporate conversion merger, we will have 82,207,649 shares of our common stock outstanding held by approximately 1,400 record holders. As of such date, an additional 17,535,585 shares will be reserved for future issuance, of which 4,826,718 and 10,263,053 will be reserved for issuance upon the exercise of granted and outstanding warrants and options, respectively, and 2,445,814 will be available for future option grants.

Historical Market Price Data

Our common stock is not listed for trading on any securities exchange, and we do not currently file reports with the SEC. Upon completion of the corporate conversion merger and before our planned listing on Nasdaq, it is anticipated that our common stock will be quoted on the Over-the-Counter Bulletin Board and we will be required to file periodic reports with the SEC as a successor to NextWave Wireless LLC. NextWave Wireless LLC is required to file periodic reports with the SEC and its membership interests are not listed for trading on any securities exchange.

Dividends

We have never paid any cash dividends on our equity securities. We anticipate that we will retain earnings, if any, to finance the growth and development of our business. In addition, the terms of our senior secured notes do not permit us to pay dividends. Therefore, we do not expect to pay cash dividends on our equity securities for the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will depend upon our financial condition, operating results, capital requirements and whatever other factors that our Board of Directors may deem relevant.

Shares Eligible for Future Sale

After the corporate conversion merger, an aggregate of 81,830,975 shares of our common stock, or 99.5% of shares outstanding, will be freely tradable without restriction in the public market unless the shares are held by “affiliates,” as that term is defined in Rule 144(a)(1) under the Securities Act of 1933, as amended (the “Securities Act”). For purposes of Rule 144, an “affiliate” of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, the issuer.

The remaining shares of common stock outstanding will be “restricted securities” under the Securities Act of 1933 and may be sold in the public market upon the expiration of the holding periods under Rule 144, described below, subject to the volume, manner of sale and other limitations of Rule 144, as applicable.

In general, under Rule 144 as currently in effect, a person who has beneficially owned shares for at least one year, including an “affiliate,” is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of common stock; or
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