

NextWave Wireless Inc.
Form DEFM14A
September 05, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Rule 14a-101)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

NEXTWAVE WIRELESS INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

- No fee required.
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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
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- (3) Filing Party:
- (4) Date Filed:

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NextWave Wireless Inc.

September 5, 2012

Dear Stockholder:

We cordially invite you to attend a special meeting of stockholders of NextWave Wireless Inc., a Delaware corporation, which we refer to as the Company or NextWave, to be held on October 2, 2012 at 9:00 a.m., New York time, at the offices of Lowenstein Sandler PC located at 1251 Avenue of the Americas, 17th Floor, New York, New York 10020.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of August 1, 2012, by and among the Company, AT&T Inc., a Delaware corporation, which we refer to as Parent, and Parent's direct wholly owned subsidiary, Rodeo Acquisition Sub Inc., a Delaware corporation, which we refer to as Merger Sub. Under the terms of the merger agreement, Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation following the merger. If the merger agreement is adopted and the merger is completed, you will be entitled to receive, for each share of company common stock that you own as of the effective time of the merger (unless you have properly exercised your appraisal rights with respect to such shares):

\$1.00 in cash, without interest and less any applicable withholding taxes, which we refer to as the cash consideration; and

One non-transferrable contingent payment right, which we refer to as a CPR, entitling you to receive a pro rata interest in an amount up to \$25 million in the residual balance of a \$50 million escrow fund, which may result in future payments of up to approximately \$0.95 per share, such amount being subject to reduction (including, to \$0) in the event that indemnification claims or other amounts become payable to Parent.

Upon completion of the proposed merger, we will cease to be a publicly traded company and Parent will own 100% of our outstanding capital stock. As a result, you will no longer have any direct or indirect equity interest in the Company or any interest in any future appreciation in the value of our assets.

The merger agreement contemplates that immediately prior to the effective time of the merger, we will redeem the 16% Third Lien Subordinated Secured Third Lien Notes due 2013 of our new subsidiary NextWave Holdco, which we refer to as the Holdco third lien notes, in exchange for 100% of the equity of NextWave Holdco, and Parent will purchase for cash consideration our outstanding Senior Secured Notes due 2012, which we refer to as our senior notes, our outstanding Senior Subordinated Second Lien Notes due 2013, which we refer to as our subordinated notes, and our 16% Third Lien Subordinated Secured Convertible Notes, due 2013, which we refer to as the NextWave third lien notes (we refer to our senior notes, subordinated notes, Holdco third lien notes and NextWave third lien notes as the notes). As a result of these transactions, the holders of the Holdco third lien notes will hold, through the ownership of the equity in NextWave Holdco, our wireless spectrum assets and other assets and the liabilities not related to our U.S. WCS and AWS spectrum licenses that will be acquired by Parent by virtue of the merger. As of June 30, 2012, the aggregate outstanding principal amount of our notes was approximately \$1.1 billion, with maturity dates commencing on December 31, 2012, subject to the forbearance agreement described in the accompanying proxy statement.

After careful consideration and following the unanimous recommendation of an independent committee of the Company's board of directors, the board of directors of the Company has unanimously determined that the merger is fair to, and in the best interests of, its stockholders and approved and declared advisable the merger agreement and the merger and the other transactions contemplated by the merger agreement. Approval of the proposal to adopt the merger agreement requires the affirmative vote of holders of a majority of the shares of our common stock outstanding on the record date for the determination of stockholders entitled to vote at the special meeting. Holders of approximately fifty-eight percent of our outstanding shares of common stock, as of the date

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of the merger agreement, have entered into voting agreements with Parent pursuant to which such holders have agreed, among other things, to vote all shares of our common stock owned by such holders in favor of the adoption of the merger agreement, subject to the terms of those agreements.

THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE PROPOSAL TO ADOPT THE MERGER AGREEMENT, FOR APPROVAL OF THE PROPOSAL TO ADJOURN THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES AND FOR APPROVAL OF THE PROPOSAL TO APPROVE, BY NON-BINDING, ADVISORY VOTE, CERTAIN COMPENSATION ARRANGEMENTS FOR THE COMPANY'S NAMED EXECUTIVE OFFICERS IN CONNECTION WITH THE MERGER.

Your vote is very important. Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope, or submit your proxy by telephone or the Internet. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. **The failure to vote will have the same effect as a vote AGAINST approval of the proposal to adopt the merger agreement.**

If your shares of our common stock are held in street name by your bank, brokerage firm or other nominee, your bank, brokerage firm or other nominee will be unable to vote your shares of our common stock without instructions from you. You should instruct your bank, brokerage firm or other nominee to vote your shares of our common stock in accordance with the procedures provided by your bank, brokerage firm or other nominee. **The failure to instruct your bank, brokerage firm or other nominee to vote your shares of our common stock FOR approval of the proposal to adopt the merger agreement will have the same effect as voting AGAINST approval of the proposal to adopt the merger agreement.**

The accompanying proxy statement provides you with detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as **Annex A** to the proxy statement. We encourage you to read the entire proxy statement and its annexes, including the merger agreement, carefully. You may also obtain additional information about the Company from documents we have filed with the Securities and Exchange Commission.

If you have any questions or need assistance voting your shares of our common stock, please contact Georgeson Inc., our proxy solicitor, by calling toll-free at 1 (800) 905-7281.

Thank you in advance for your cooperation and continued support.

By Order of the Board of Directors

FRANK A. CASSOU
Chief Legal Counsel and Secretary

The proxy statement is dated September 5, 2012, and is first being mailed to our stockholders on or about September 7, 2012.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE MERGER, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE PROPOSED MERGER, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THE ACCOMPANYING PROXY STATEMENT AND ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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NextWave Wireless Inc.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

DATE: October 2, 2012
TIME: 9:00 a.m., New York time
PLACE: Lowenstein Sandler PC, located at 1251 Avenue of the Americas, 17th Floor, New York, New York 10020

ITEMS OF BUSINESS:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of August 1, 2012, as it may be amended from time to time, which we refer to as the merger agreement, by and among NextWave Wireless, Inc., which we refer to as the Company, AT&T Inc., a Delaware corporation, which we refer to as Parent and Parent's direct wholly owned subsidiary, Rodeo Acquisition Sub Inc., a Delaware corporation, which we refer to as Merger Sub. A copy of the merger agreement is attached as **Annex A** to this accompanying proxy statement.
2. To consider and vote on a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.
3. To consider and vote on a proposal to approve, by non-binding, advisory vote, certain compensation arrangements with, and items of compensation payable to, the Company's named executive officers in connection with the merger.
4. To transact any other business incident to the conduct of the meeting that may properly come before the special meeting, or any adjournment or postponement of the special meeting, by or at the direction of the board of directors of the Company.

RECORD DATE:

Only stockholders of record at the close of business on September 4, 2012 are entitled to notice of, and to vote at, the special meeting. All stockholders of record as of that date are cordially invited to attend the special meeting in person.

PROXY VOTING

Your vote is very important, regardless of the number of shares of common stock of the Company you own. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of the Company's common stock entitled to vote thereon. The shares of our common stock subject to voting agreements described in this proxy statement represented approximately

fifty-eight percent of the outstanding shares of our common stock as of the date of the merger agreement plus any shares of our common stock acquired through the exercise or conversion of stock options, warrants or third lien notes held by the stockholders party to the voting agreements, which shares represent greater than the minimum number of shares of our common stock needed to adopt the merger agreement and approve the other

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proposals. Assuming that the parties to such voting agreements fulfill their voting obligations, and such voting agreements are not terminated in accordance with their terms, the adoption of the merger agreement is assured, regardless of how other stockholders of the Company cast their votes. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares of common stock of the Company will be represented at the special meeting if you are unable to attend. If you fail to return your proxy card or fail to submit your proxy by phone or the Internet, your shares of common stock of the Company will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote **AGAINST** approval of the proposal to adopt the merger agreement.

If you are a stockholder of record, voting in person at the special meeting will revoke any proxy previously submitted. If you hold your shares of common stock of the Company through a bank, brokerage firm or other nominee, you should follow the procedures provided by your banker, brokerage firm or other nominee in order to vote.

RECOMMENDATION:

The board of directors of the Company has unanimously determined that the merger is fair to, and in the best interests of its stockholders and approved and declared advisable the merger agreement, the merger and the other transactions contemplated by the merger agreement and has determined that the merger consideration to be received by the Company's stockholders in the merger for the shares of the Company's common stock is fair and in the best interests of such stockholders. **The board of directors of the Company recommends that you vote FOR approval of the proposal to adopt the merger agreement, FOR approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and FOR approval of the proposal to approve, by non-binding, advisory vote, certain compensation arrangements with, and items of compensation payable to, the Company's named executive officers in connection with the merger.**

APPRAISAL

Stockholders of the Company who do not vote in favor of the proposal to adopt the merger agreement will have the right to seek appraisal of the fair value of their shares of common stock of the Company if they properly deliver a demand for appraisal before the vote is taken on the merger agreement and comply with all the requirements of Section 262 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL, which are summarized in the accompanying proxy statement and reproduced in their entirety in **Annex B** to the accompanying proxy statement.

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This proxy statement and a proxy card are first being mailed on or about September 7, 2012 to stockholders who owned shares of the Company's common stock as of the close of business on September 4, 2012.

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET. IF YOU ATTEND THE SPECIAL MEETING AND VOTE IN PERSON, YOUR VOTE BY BALLOT WILL REVOKE ANY PROXY PREVIOUSLY SUBMITTED.

By Order of the Board of Directors,

Frank A. Cassou
Chief Legal Counsel and Secretary

San Diego, California

September 5, 2012

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger, the merger agreement and the special meeting. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the Summary beginning on page 7 and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to in this proxy statement, which you should read carefully and in their entirety. We sometimes make reference to NextWave Wireless Inc. in this proxy statement by using the terms NextWave, we, our, us, and the Company. References to the board, our board, and the board of directors refer to the board of directors of NextWave. References to NextWave, we, our, us and the Company also include our subsidiaries where the context requires.

Q. What is the proposed merger and what effects will it have on the Company?

- A. The proposed merger will result in the acquisition of the Company by Parent pursuant to the merger agreement. If the merger agreement is adopted by our stockholders and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will merge with and into the Company, with the Company being the surviving corporation. We refer to this as the merger. As a result of the merger, the Company will become a wholly-owned subsidiary of Parent, we will cease to be a publicly traded company, and you, as a holder of our common stock, will no longer have any interest in the Company or in any future appreciation in the value of our assets. In addition, following the merger, our common stock will be deregistered under the Exchange Act, and we will no longer file periodic reports with the Securities and Exchange Commission, which we refer to as the SEC.

Q. What is the proposed transaction with the Company's noteholders?

- A. Immediately prior to the effective time of the merger, Parent will purchase all of our Senior Secured Notes due 2012, which we refer to as the senior notes, and our Senior Subordinated Secured Second Lien Notes due 2013, which we refer to as the subordinated notes, from the holders of those notes for a cash purchase price equal to the outstanding principal plus accrued interest owing under such notes. In addition, we will redeem the Spinco Third Lien Subordinated Secured Notes, due 2013 of our new subsidiary NextWave Holdco, which we refer to as the Holdco third lien notes, in exchange for 100% of the equity of NextWave Holdco, and Parent will purchase for cash consideration our outstanding Amended and Restated Third Lien Subordinated Secured Notes due 2013, which we refer to as the NextWave third lien notes. Following this redemption, the holders of the Holdco third lien notes will hold, through the equity in NextWave Holdco, our wireless spectrum assets and the liabilities not related to our U.S. WCS and AWS spectrum licenses that will be acquired by Parent by virtue of the merger. We refer to our senior notes, subordinated notes, NextWave third lien notes and Holdco third lien notes as the notes. See Note Purchase Agreements beginning on page 75.

Q. What will I receive if the merger is completed?

- A. Upon completion of the merger, for each share of our common stock that you own as of the effective time of the merger (unless you have properly exercised your appraisal rights with respect to such shares) you will be entitled to receive (i) \$1.00 in cash, without interest less any applicable withholding taxes and (ii) a non-transferable contingent payment right, which we refer to as a CPR, representing a pro rata interest, in an amount of up to \$25 million in the residual balance of a \$50 million escrow fund that will be established at closing, which will be subject to reduction (including to \$0) in the event that indemnification claims or other amounts become payable to Parent.

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Q. What will be the value of the CPR?

- A. Each CPR provides our stockholders with a pro rata interest in an amount up to \$25 million, representing up to approximately \$0.95 per share (which represents the quotient of the \$25 million divided by the sum of (i) our 24,938,132 outstanding shares of common stock, plus (ii) 800,000 shares of our common stock reserved for issuance upon the exercise of our in the money stock options, plus (iii) 357,141 shares reserved for issuance upon the exercise of our warrants). Payments in respect of CPRs may be released from a \$50 million escrow fund to be initially funded with (i) a \$25 million payment from Parent pursuant to the merger agreement and (ii) \$25 million of the price paid by Parent for our NextWave third lien notes.

Parent may make claims against the escrow fund until the second anniversary of the closing date to satisfy indemnification obligations under the CPR agreement and the Third Lien NPA as defined under Note Purchase Agreements on page 75. The resolution of indemnification claims by Parent may extend beyond the second anniversary of the closing date, and so, in the event of such indemnification claims, the release of the amounts reserved for such claims will not occur until the final resolution of such claims, the timing of which is uncertain. In addition, Parent will receive payment from the escrow fund equal to the amount of any negative post-closing adjustment amounts provided for under the purchase agreement for the NextWave third lien notes in respect of (i) a portion of alternative minimum tax liabilities with respect to the transactions contemplated by the merger agreement, including the transfer of NextWave Holdco to the holders of the Holdco third lien notes, and (ii) balance sheet liabilities of the Company (other than liabilities attributable to the notes), subject to certain exclusions, in excess of unrestricted cash.

Releases from the escrow fund, if any, will occur on the first and second anniversary of the closing date of the merger, and the holders of the NextWave third lien notes will receive their allocable portion of the escrow fund prior to any distribution of the escrow fund to our stockholders in respect of the CPRs. There can be no assurance as to any future payment in respect of a CPR, which will depend on the extent of any claims by Parent during the escrow period and any post-closing adjustment amounts under the Third Lien NPA. See Contingent Payment Rights and Indemnification of Parent beginning on page 70. *There are numerous risks associated with receiving payments under the CPRs, including the possibility of indemnification claims by Parent. In addition, the CPRs are not freely transferable. Also, the tax consequences regarding the receipt of the CPRs are uncertain. See Material U.S. Federal Income Tax Consequences of the Merger beginning on page 47.*

Q. How does the per share cash consideration compare to the market price of our common stock prior to announcement of the merger?

- A. The per share cash consideration (which does not include the CPR) represents approximately a 400% premium over the closing price of our common stock on the OTCQB on July 31, 2012, the second to last trading day prior to the public announcement of the execution of the merger agreement. On September 4, 2012, the most recent practicable date before this proxy statement was mailed to our stockholders, the closing price for our common stock on the OTCQB was \$1.27 per share of common stock. You are encouraged to obtain current market quotations for our common stock in connection with voting your shares of common stock of the Company.

Q. How does the board of directors recommend that I vote?

- A. The board of directors recommends that you vote **FOR** approval of the proposal to adopt the merger agreement, **FOR** approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and **FOR** approval of the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger.

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Q. When do you expect the merger to be completed?

A. We are working towards completing the merger as soon as possible. Assuming timely satisfaction of the necessary closing conditions, including approval by our stockholders of the proposal to adopt the merger agreement, Parent has announced that it anticipates that the merger will be completed by the end of 2012. However, the merger is subject to regulatory approvals and other conditions, and it is possible that factors outside the control of Parent and the Company could result in the merger being completed at a later time, an earlier time or not at all.

Q. What happens if the merger is not completed?

A. If the merger agreement is not adopted by the stockholders of the Company or if the merger is not completed for any other reason, the stockholders of the Company will not receive any payment for their shares of our common stock in connection with the merger. Instead, the Company will remain an independent public company and our common stock will continue to be listed and traded on the OTCQB. Under specified circumstances, the Company may be required to pay, or cause an alternative acquirer to pay, to Parent a termination payment and reimburse Parent and its affiliates for costs and expenses (including attorneys' fees) in connection with a suit instituted for purposes of obtaining such termination payment, as described under The Merger Agreement Termination Payment beginning on page 69. Because our senior notes become due in December 2012 and our cash reserves are insufficient to meet these obligations, there is substantial doubt as to our ability to continue as a going concern in the event the merger is not completed. The forbearance agreement with the holders of our notes will terminate on the earlier of (i) the consummation of the merger, (ii) sixty days after the termination of the merger agreement and (iii) January 31, 2014. See Forbearance Agreement beginning on page 73. In addition, in the event of a termination of the merger agreement, the holders of our Holdco third lien notes will have the right to purchase all of the common stock of NextWave Holdco in exchange for the redemption of the Holdco third lien notes for which NextWave Holdco is the primary obligor and a \$25 million payment for the benefit of our stockholders. See NextWave Holdco Formation and Call Right beginning on page 73.

Q. Is the merger expected to be taxable to me?

A. Yes. The exchange of shares of our common stock for cash and CPRs pursuant to the merger generally will be a taxable transaction to U.S. holders (as defined in The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 47) for U.S. federal income tax purposes. The amount of gain or loss a U.S. holder recognizes, and the timing of such gain or loss, depends in part on the U.S. federal income tax treatment of the CPRs, with respect to which there is substantial uncertainty. You should read The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 47 for a definition of U.S. holder and a more detailed discussion of the U.S. federal income tax consequences of the merger. **Tax matters are very complicated, and the tax consequences of the merger to a particular stockholder will depend in part on such stockholder's circumstances. Accordingly, we urge you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.**

There is substantial uncertainty as to the tax treatment of the CPRs. Because of the CPRs, the receipt of the merger consideration may be treated as a closed transaction or an open transaction for U.S. federal income tax purposes, which affects the amount of gain or loss recognized at the time of the closing of the merger. In addition, it is unclear to what extent payments in the future in respect of a CPR would be taxed at capital gains rates. See The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 47 for a more detailed explanation of the U.S. federal income tax treatment of the CPRs.

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Q. Why am I receiving this proxy statement and proxy card or voting instruction form?

- A. You are receiving this proxy statement and proxy card or voting instruction form because you own shares of the Company's common stock. This proxy statement describes matters on which we urge you to vote and is intended to assist you in deciding how to vote your shares of our common stock with respect to such matters.

Q. When and where is the special meeting?

- A. The special meeting of stockholders of the Company will be held on October 2, 2012 at 9:00 a.m., New York time, at the offices of Lowenstein Sandler PC located at 1251 Avenue of the Americas, 17th Floor, New York, New York 10020.

Q. What am I being asked to vote on at the special meeting?

- A. You are being asked to consider and vote on a proposal to adopt the merger agreement that provides for the acquisition of the Company by Parent, to approve a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement and to approve a proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger. The shares of our common stock subject to voting agreements described in this proxy statement represented approximately fifty-eight percent of the outstanding shares of our common stock as of the date of the merger agreement plus any shares of our common stock acquired through the exercise or conversion of stock options or warrants held by the stockholders party to the voting agreements, which shares represent greater than the minimum number of shares of our common stock needed to adopt the merger agreement or approve the other proposals. Assuming that the parties to such voting agreements fulfill their voting obligations, and such voting agreements are not terminated in accordance with their terms, the adoption of the merger agreement is assured, regardless of how other stockholders of the Company cast their votes.

Q. What will happen if the Company's stockholders do not approve the executive compensation arrangements?

- A. Approval of the compensation that may be paid or become payable to the Company's named executive officers that is based on or otherwise relates to the merger is not a condition to completion of the merger. The vote is an advisory vote required under the SEC rules and will not be binding on the Company or the surviving corporation in the merger. Therefore, if the merger agreement is adopted by the Company's stockholders and the merger is completed, this compensation, including amounts that the Company is contractually obligated to pay, would still be payable to the Company's named executive officers regardless of the outcome of the advisory vote.

Q. What vote is required for the Company's stockholders to approve the proposal to adopt the merger agreement?

- A. The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding on the record date for the determination of stockholders entitled to vote at the special meeting. Concurrently with the execution of the merger agreement, certain stockholders of the Company who are entitled to vote an aggregate of approximately fifty-eight percent of the outstanding shares of our common stock, as of the date of the merger agreement, have entered into voting agreements with Parent, a form of which is attached to the merger agreement as Exhibit A, pursuant to which such stockholders have agreed, subject to the terms of those agreements, to vote their shares:

in favor of the adoption of the merger agreement and the transactions contemplated by the merger agreement and any related transactions;

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against any action or agreement that would reasonably be expected to impede or interfere with the consummation of the merger; and

against any action or agreement that would result in a breach in any material respect of any covenant, representation or warranty or any other Company obligation under the merger agreement.

Because the affirmative vote required to approve the proposal to adopt the merger agreement is based upon the total number of outstanding shares of our common stock, if you fail to submit a proxy or vote in person at the special meeting, or abstain, or you do not provide your bank, brokerage firm or other nominee with instructions, as applicable, this will have the same effect as a vote **AGAINST** approval of the proposal to adopt the merger agreement.

Q. What vote of our stockholders is required to approve the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger?

A. Approving the merger-related executive compensation payable to the Company's named executive officers requires the affirmative vote of holders of a majority of the shares of our common stock present, in person or represented by proxy, at the special meeting and entitled to vote on the proposal to approve such merger-related compensation.

Accordingly, abstentions will have the same effect as a vote **AGAINST** the proposal to approve the merger-related executive compensation, while broker non-votes and shares not in attendance at the special meeting will have no effect on the outcome of any vote to approve the merger-related executive compensation.

Q. What should I do if I receive more than one proxy or set of voting instructions?

A. If you hold shares of our common stock in street name and also directly as a record holder or otherwise, you may receive more than one proxy and/or set of voting instructions relating to the special meeting. Please vote each proxy or voting instruction card in accordance with the instructions provided in this proxy statement in order to ensure that all of your shares of our common stock are voted.

Q. What happens if I sell my shares of common stock before the special meeting?

A. The record date for the determination of stockholders entitled to vote at the special meeting is earlier than both the date of the special meeting and the consummation of the merger. If you transfer your shares of our common stock after the record date but before the special meeting, unless special arrangements (such as provision of a proxy) are made between you and the person to whom you transfer your shares and each of you notifies the Company in writing of such special arrangements, you will retain your right to vote such shares at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares.

Q. What happens if I sell my shares of common stock after the special meeting but before the effective time of the merger?

A. If you transfer your shares after the special meeting but before the effective time of the merger, you will have transferred the right to receive the merger consideration to the person to whom you transfer your shares. In order to receive the merger consideration, you must hold your shares of common stock through completion of the merger.

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Q. What do I need to do now?

- A. Even if you plan to attend the special meeting, after carefully reading and considering the information contained in this proxy statement, please promptly submit your proxy to ensure that your shares are represented at the special meeting. If you hold your shares of our common stock in your own name as the stockholder of record, you may submit a proxy to have your shares of our common stock voted at the special meeting in one of three ways: (i) completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope; (ii) calling toll-free at the telephone number indicated on the enclosed proxy card; or (iii) using the Internet in accordance with the instructions set forth on the enclosed proxy card.

If you decide to attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. If you are a beneficial owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you.

Q. Should I send in my stock certificates now?

- A. No. If the proposal to adopt the merger agreement is approved, you will be sent a letter of transmittal promptly, and in any event within five business days, after the completion of the merger, describing how you may exchange your shares of our common stock for the merger consideration. If your shares of our common stock are held in street name through a bank, brokerage firm or other nominee, you will receive instructions from your bank, brokerage firm or other nominee as to how to effect the surrender of your street name shares of our common stock in exchange for the merger consideration. **Please do NOT return your stock certificate(s) with your proxy.**

Q. Am I entitled to exercise appraisal rights under the DGCL instead of receiving the per share merger consideration for my shares of common stock?

- A. Yes. As a holder of our common stock, you are entitled to exercise appraisal rights under Section 262 of the DGCL in connection with the merger if you take certain actions and meet certain conditions, including that you do not vote (in person or by proxy) in favor of adoption of the merger agreement. See Appraisal Rights beginning on page 78.

Q. Who can help answer any other questions I might have?

- A. If you have additional questions about the merger, need assistance in submitting your proxy or voting your shares of our common stock, or need additional copies of the proxy statement or the enclosed proxy card, please contact Georgeson Inc., our proxy solicitor, by calling toll-free at 1 (800) 905-7281.

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SUMMARY

The following summary highlights selected information in this proxy statement and may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that topic.

Parties to the Merger (Page 21)

The Company

We are a Delaware corporation headquartered in San Diego, California. We are a holding company for a significant wireless spectrum portfolio. Our continuing operations are focused on the management of our wireless spectrum interests. Our total domestic spectrum holdings consist of approximately 3.9 billion MHz-POPs. The term MHz-POPs is defined as the product derived from multiplying the number of megahertz associated with a license by the population of the license's service area. Our wireless spectrum portfolio covers approximately 218.6 million total POPs, with 104.8 million POPs covered by 20 MHz or more of spectrum, and an additional 94.9 million POPs covered by at least 10 MHz of spectrum. In addition, a number of markets, including much of the New York City metropolitan region, are covered by 30 MHz or more of spectrum. Our domestic spectrum resides in the 2.3 GHz Wireless Communication Services, which we refer to as WCS, 2.5 GHz Broadband Radio Service, which we refer to as BRS, Educational Broadband Service, which we refer to as EBS, and 1.7/2.1 GHz Advanced Wireless Service, which we refer to as AWS, bands and offers propagation and other characteristics suitable to support high-capacity, wireless broadband services. In addition, we hold WCS spectrum in Canada and a nationwide 2.0 GHz license in Norway. Our principal executive offices are located at 12264 El Camino Real, Suite 305, San Diego, California 92130.

Parent

AT&T Inc., which we refer to as Parent, is a Delaware corporation that is a leading provider of telecommunications services in the United States and the world and it offers its services and products to consumers in the U.S. and services and products to businesses and other providers of telecommunications services worldwide. The services and products that it offers vary by market, and include: wireless communications, local exchange services, long-distance services, data/broadband and Internet services, video services, telecommunications equipment, managed networking and wholesale services. The principal executive offices of AT&T are located at 208 South Akard Street, Dallas, Texas 75202.

Merger Sub

Rodeo Acquisition Sub Inc., which we refer to as Merger Sub, is a Delaware corporation that was formed by Parent solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement. Upon completion of the merger, Merger Sub will cease to exist as a separate entity.

In this proxy statement, we refer to the Agreement and Plan of Merger, dated as of August 1, 2012, as it may be amended from time to time, by and among the Company, Parent and Merger Sub, as the merger agreement, and the merger of Merger Sub with and into the Company as the merger.

The Special Meeting (Page 21)

Time, Place and Purpose of the Special Meeting (Page 21)

The special meeting will be held on October 2, 2012, at 9:00 a.m., New York time, at the offices of Lowenstein Sandler PC located at 1251 Avenue of the Americas, 17th Floor, New York, New York 10020.

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At the special meeting, holders of our common stock will be asked to approve the proposal to adopt the merger agreement, to approve the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement and to approve the proposal to approve, by non-binding, advisory vote, certain compensation arrangements with, and items of compensation payable to, the Company's named executive officers in connection with the merger.

Record Date and Quorum (Page 21)

You are entitled to receive notice of, and to vote at, the special meeting if you owned shares of our common stock at the close of business on September 4, 2012, which our board of directors has set as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting and which we refer to as the record date. You will have one vote for each share of our common stock that you owned as of the record date. As of the record date, there were 24,938,132 shares of our common stock outstanding and entitled to vote at the special meeting, held by 739 holders of record. A majority of the shares of our common stock outstanding at the close of business on the record date and entitled to vote, present in person or represented by proxy, at the special meeting constitutes a quorum for the purposes of the special meeting. Abstentions are counted as present for the purpose of determining whether a quorum is present.

Vote Required, Proxies and Revocation (Page 22)

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding on the record date for the determination of stockholders entitled to vote at the special meeting. Abstentions and broker non-votes will have the same effect as a vote **AGAINST** approval of the proposal to adopt the merger agreement.

The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy and entitled to vote on the matter at the special meeting, whether or not a quorum is present. Abstentions will have the same effect as a vote **AGAINST** approval of this proposal. Broker non-votes are not counted for purposes of this proposal.

The proposal to approve, by non-binding, advisory vote, certain compensation arrangements with, and items of compensation payable to, the Company's named executive officers in connection with the merger, as described under Advisory Vote on Merger-Related Compensation for the Company's Named Executive Officers beginning on page 82, requires the affirmative vote of holders of a majority of the shares of our common stock present, in person or represented by proxy, at the special meeting and entitled to vote on this proposal. We are providing stockholders with the opportunity to approve, on a non-binding, advisory basis, such merger-related executive compensation payable to the Company's named executive officers in accordance with Section 14A of the Securities Exchange Act of 1934 (as amended), which we refer to as the Exchange Act. Abstentions will have the same effect as a vote **AGAINST** approval of this proposal. Broker non-votes are not counted for purposes of this proposal.

As of September 4, 2012, the record date, our directors and executive officers beneficially owned and were entitled to vote, in the aggregate, 10,584,332 shares of our common stock (not including any shares of our common stock deliverable upon exercise or conversion of any stock options or restricted shares), representing approximately 34.40% percent of the outstanding shares of our common stock. Our directors and executive officers have informed us that they currently intend to vote all such shares of our common stock **FOR** approval of the proposal to adopt the merger agreement, **FOR** approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and **FOR** approval of the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive

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officers in connection with the merger. In addition, concurrently with the execution of the merger agreement and as an inducement to Parent's and Merger Sub's willingness to enter into the merger agreement, certain stockholders of the Company who are entitled to vote an aggregate of approximately fifty-eight percent of the outstanding shares of the Company's common stock, have entered into voting agreements with Parent, a form of which is attached to the merger agreement as Exhibit A, pursuant to which such stockholders have agreed to vote their shares of the Company's common stock, among other things, in favor of the adoption of the merger agreement.

Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, over the Internet or by returning the enclosed proxy card in the accompanying prepaid reply envelope, or may vote in person by appearing at the special meeting. If your shares of our common stock are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares of our common stock, the stockholder of record. This proxy statement and proxy card have been sent directly to you by the Company. If your shares of our common stock are held in street name through a bank, brokerage firm or other nominee, you should instruct your bank, brokerage firm or other nominee on how to vote your shares of our common stock using the instructions provided by your bank, brokerage firm or other nominee. If you fail to submit a proxy or to vote in person at the special meeting, or do not provide your bank, brokerage firm or other nominee with instructions, as applicable, your shares of our common stock will not be voted on the proposal to adopt the merger agreement, which will have the same effect as a vote **AGAINST** approval of the proposal to adopt the merger agreement, and your shares of our common stock will not have an effect on the proposal to adjourn the special meeting or on the proposal to approve the merger-related executive compensation.

If you properly sign your proxy card but do not mark the boxes showing how your shares of our common stock should be voted on a matter, the shares of our common stock represented by your properly signed proxy will be voted **FOR** approval of the proposal to adopt the merger agreement, **FOR** approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies and **FOR** approval of the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger.

You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by voting again at a later date through any of the methods available to you, by giving written notice of revocation to our Secretary, which must be filed with the Secretary by the time the special meeting begins, or by attending the special meeting and voting in person. Attendance at the special meeting in and of itself, without voting in person at the special meeting, will not cause your previously granted proxy to be revoked.

The Merger (Page 26)

The merger agreement provides that Merger Sub will merge with and into the Company. The Company will be the surviving corporation in the merger, which we refer to as the surviving corporation, and will continue to do business following the consummation of the merger. As a result of the merger, the Company will cease to be a publicly traded company. If the merger is completed, you will not own any shares of the capital stock of the surviving corporation or any interest in any future appreciation in the value of our assets.

Treatment of Common Stock, Stock Options and Other Stock-Based Awards (Page 52)

Common Stock. At the effective time of the merger, each share of our common stock issued and outstanding immediately prior thereto (other than shares owned by stockholders who have properly demanded and not withdrawn a demand for, or lost their rights to, appraisal under the DGCL with respect to their shares of our common stock) will be converted into the right to receive (i) an amount in

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cash equal to \$1.00 per share, which we refer to as the per share cash consideration, without interest and less any applicable withholding taxes and (ii) one non-transferrable contingent payment right, which we refer to as a CPR, representing a pro rata interest, in an amount up to \$25 million in the balance of an escrow account that will be established at closing, which will be subject to reduction (including, to \$0) in the event that indemnification claims or other amounts become payable to Parent. We refer to the per share cash consideration and the CPR as the merger consideration. See Contingent Payment Rights and Indemnification of Parent beginning on page 70.

Stock Options. At the effective time of the merger, each outstanding stock option that is exercisable for shares of the Company's common stock, which we refer to as the Company stock options, whether vested or unvested, will be terminated and shall only entitle the holder thereof to receive from the surviving corporation, in full settlement of such Company stock option, (i) an amount in cash (without interest and less applicable withholding) equal to the product of (x) the excess if any, of (A) the per share cash consideration over (B) the per share exercise price of such Company stock option and (y) the number of shares of the Company's common stock for which such Company stock option has not been previously exercised and (ii) a number of CPRs equal to the number of shares of the Company's common stock for which such Company stock options were not previously exercised and that would have been delivered upon a net exercise basis based on the per share cash consideration (rounded down to the nearest whole share). To the extent the per share exercise price of any Company stock options exceeds the per share cash consideration, such Company stock options will be terminated without consideration and holders of such Company stock options will not be entitled to receive any CPRs with respect to such Company stock options.