
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 2, 2006

POWERWAVE TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of incorporation or
organization)*

000-21507

(Commission File Number)

11-2723423

(I.R.S. Employer Identification No.)

1801 E. St. Andrew Place

Santa Ana, CA 92705

(Address of principal executive offices, zip code)

Registrant's telephone number, including area code: (714) 466-1000

Former name or former address, if changed since last report: N/A

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On November 2, 2006, Powerwave Technologies, Inc. issued a press release regarding financial results for its third quarter of fiscal 2006, ending October 1, 2006. A copy of the press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1 shall not be deemed “filed” for the purposes of Section 18 of the Securities and Exchange Act of 1934 or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

The following exhibit is furnished as part of this report.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated November 2, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 2, 2006

POWERWAVE TECHNOLOGIES, INC

By: /s/ Kevin T. Michaels

Kevin T. Michaels
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release dated November 2, 2006.



1801 E. St. Andrew Place, Santa Ana, CA 92705
(714) 466-1100 Fax (714) 466-5800

NEWS RELEASE

FOR IMMEDIATE RELEASE

Company Contact: Kevin Michaels
(714) 466-1608

POWERWAVE TECHNOLOGIES REPORTS THIRD QUARTER RESULTS

SANTA ANA, Calif., November 2, 2006 – Powerwave Technologies, Inc. (NASDAQ:PWAV) today reported net sales from continuing operations of \$145.8 million for its third quarter ended October 1, 2006, which excludes revenues from its Arkivator subsidiary of \$11.6 million for the third quarter. Including the Arkivator subsidiary, total revenues for the third quarter would have equaled \$157.4 million. During the third quarter of 2006, Powerwave received an offer for the purchase of its Arkivator subsidiary, consisting of Powerwave's entire contract manufacturing segment, and Powerwave's Board of Directors accepted the offer with the sale being completed on September 29, 2006. Consequently, the contract manufacturing segment of Powerwave is classified as a discontinued operation and its results are removed from Powerwave's continuing operations for all reporting periods.

Powerwave also reported a net loss from continuing operations for the third quarter of \$29.2 million, which includes a total of \$6.1 million of acquisition related intangible asset amortization and \$20.9 million of non-cash impairment charges related to the estimated fair value of the Company's facilities located in Sweden. The net loss from continuing operations for the third quarter 2006 equates to a loss per share of 26 cents. Also for the third quarter, Powerwave recorded a loss on the sale of the Arkivator subsidiary, which included the write off of the net assets, including goodwill in excess of the sales price. The total net loss from

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REPORTS THIRD QUARTER RESULTS

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discontinued operations for the third quarter of 2006 was \$25.2 million, or a loss per share from discontinued operations of 22 cents. When adding this loss on discontinued operations, the total net loss for the third quarter is \$54.4 million, or a total net loss per share of 48 cents. For the third quarter of fiscal 2006, excluding the total of all acquisition and impairment related charges and expenses of \$27.0 million from continuing operations, Powerwave would have reported a net loss from continuing operations of \$8.4 million, and a net loss per share of 7 cents.

For the first nine months of fiscal 2006, Powerwave reported total net sales from continuing operations of \$547.1 million compared with \$534.9 million for the first nine months of fiscal 2005. Powerwave reported a net loss from continuing operations for the first nine months of fiscal 2006 of \$20.9 million, or loss per share of 19 cents, compared to net income of \$32.5 million or diluted earnings per share of 28 cents for the first nine months of fiscal 2005. The results for the first nine months of 2006 include \$37.6 million of acquisition and restructuring and impairment related charges and expenses, and the results for the first nine months of 2005 include \$13.2 million of acquisition and restructuring related charges and expenses.

“As we previously announced, we experienced several issues which negatively impacted our results for the third quarter,” stated Ronald Buschur, President and Chief Executive Officer of Powerwave Technologies. “For our third quarter, we encountered difficulties in implementing our new ERP system in our European operations, coupled with delays in the transfer of production from one of our manufacturing locations. These issues combined to result in both delayed production and shipments which negatively impacted our revenues for the

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quarter. In addition, we experienced additional slowness during the third quarter in both the OEM and operator direct channels. We are extremely disappointed with our results for the quarter and I can assure you that we are focused and confident in our ability to overcome these issues. We continue to believe that the long-term outlook for our business remains strong and we continue to believe that we are well positioned with our products and customers. We are also very excited to add the strengths and talents of the employees of the Wireless Infrastructure division of Filtronic to the global Powerwave team. We believe that the addition of the Filtronic products greatly enhances Powerwave's market leading portfolio of wireless infrastructure products and services."

Completion of Filtronic Wireless Infrastructure Acquisition

As previously announced, Powerwave completed its acquisition of the Wireless Infrastructure division of Filtronic plc on October 15, 2006. Powerwave paid a purchase price consisting of \$185 million in cash and 17.7 million shares of Powerwave common stock. Based on Powerwave's closing stock price on Friday, October 13, 2006 of \$6.28 per share, the transaction value is approximately \$296.2 million.

Sale of Arkivator and Facilities Impairment

Powerwave completed the sale of Arkivator Falköping AB, its contract manufacturing business, to IGC Industrial Growth Company AB for a sales price of approximately \$27.1 million on September 29, 2006. Consequently, the contract manufacturing segment of Powerwave is classified as a discontinued operation and its results have been removed from Powerwave's reported continuing operations for all periods. In accounting for the sale,

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Powerwave recognized a net loss on the sale after taxes of approximately \$25.3 million. This net loss reflects the write off of the net assets associated with this segment, including goodwill.

During the third quarter, Powerwave entered into sale agreements for two of its three facilities located in Sweden. The prices negotiated resulted in a net loss of approximately \$2.6 million. In addition, the Company recognized an impairment in the value of its remaining facility in Sweden, which the Company is preparing to sell, of approximately \$18.3 million. The total amount of these impairments is recognized in operating expenses for the third quarter 2006.

The following table is a summary of significant items impacting the comparability of per share amounts for the three months and nine months ended October 1, 2006. To calculate the per share impact of these significant items, an underlying effective tax rate of 26% and 112 million basic shares outstanding were used for both periods for continuing operations. For discontinued operations, the amounts presented are net of taxes and 112 million basic shares outstanding were used for both periods.

<u>Summary of Significant Items Impacting Results</u>	<u>Three Months Ended October 1, 2006</u>	<u>Nine Months Ended October 1, 2006</u>
Intangible asset amortization	(\$0.04)	(\$0.12)
Restructuring and impairment charges	<u>(\$0.14)</u>	<u>(\$0.14)</u>
Subtotal – continuing operations	(\$0.18)	(\$0.26)
Income from discontinued operations	\$0.00	\$0.02
Loss on sale of Arkivator	<u>(\$0.22)</u>	<u>(\$0.22)</u>
Subtotal – discontinued operations	(\$0.22)	(\$0.20)
Total	(\$0.40)	(\$0.46)

Revenues by Region

POWERWAVE TECHNOLOGIES REPORTS THIRD QUARTER RESULTS

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For the third quarter of 2006, total Americas revenues were \$30.4 million or approximately 21% of revenues, as compared to \$95.0 million or approximately 46% of revenues for the third quarter of 2005. Total sales to customers based in Asia accounted for approximately 14% of revenues or \$20.6 million for the third quarter of 2006, compared to 8% of revenues or \$17.5 million for the second quarter of 2005. Total Europe, Africa and Middle East revenues for the third quarter of 2006 were \$94.7 million or approximately 65% of revenues, as compared to \$95.5 million or approximately 46% of revenues for the third quarter of 2005.

For the third quarter of 2006, sales of antenna systems totaled \$36.1 million or 25% of total revenues, base station systems sales totaled \$98.1 million or 67% of revenues, and coverage systems sales totaled \$11.6 million or 8% of revenues. The contract manufacturing operation which was sold at the end of the quarter and is reported as a discontinued operation, had revenues of \$11.6 million for the third quarter.

For the third quarter of 2006, Powerwave's largest customers included Nokia, which accounted for approximately 34% of revenues and Siemens, which accounted for over 10% of revenues for the quarter. Additional selected 5 percent or more customers included Lucent and Motorola. In terms of customer profile for the third quarter of 2006, our total OEM sales accounted for approximately 73% of total revenues, and total direct and operator sales accounted for approximately 27% of revenues

Equity Compensation Expense

POWERWAVE TECHNOLOGIES REPORTS THIRD QUARTER RESULTS

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Powerwave implemented SFAS 123R, Share-Based Payment, effective for the first quarter of fiscal 2006. Accordingly, the results reported herein include approximately \$0.9 million of pre-tax compensation expense, almost all of which is included in operating expenses. This had the effect of increasing the loss per share for the third quarter of 2006 by 1 cent.

Balance Sheet

At October 1, 2006, Powerwave had total cash and cash equivalents of \$242.3 million, which includes restricted cash of \$6.0 million. Total net inventories were \$139.2 million and net accounts receivable were \$201.3 million.

Non-GAAP Financial Information

This press release includes certain non-GAAP financial information as defined by the U.S. Securities and Exchange Commission Regulation G. Pursuant to the requirements of this regulation, a reconciliation of this non-GAAP financial information to our financial statements as prepared under generally accepted accounting principles in the United States (GAAP) is included in this press release. Powerwave's management believes that the presentation of this non-GAAP financial information is useful to our investors and the investment community since it excludes certain non-cash charges and expenses arising from the acquisitions of LGP Allgon Holding AB, Kaval Wireless and the selected assets and liabilities of REMEC's Wireless Systems Business, including restructuring charges and the amortization of certain intangible assets resulting from the purchase accounting valuation of these acquisitions. Also included are restructuring and impairment charges related to consolidation activities and the sale of Arkivator, a subsidiary of the Company. Management of Powerwave believes that these items should be

POWERWAVE TECHNOLOGIES REPORTS THIRD QUARTER RESULTS

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excluded when comparing our current operating results with those of prior periods as the restructuring and impairment charges will not impact future operating results, and the amortization of intangible assets and the impairment charges are non-cash expenses. Management also believes that combining the revenue information for Arkivator with Powerwave's continuing operations provides useful information on the Company's performance during the third quarter of 2006.

Company Background

Powerwave Technologies, Inc., is a global supplier of end-to-end wireless solutions for wireless communications networks. Powerwave designs, manufactures and markets antennas, boosters, combiners, filters, repeaters, multi-carrier RF power amplifiers and tower-mounted amplifiers and advanced coverage solutions, all for use in cellular, PCS and 3G networks throughout the world. Corporate headquarters are located at 1801 E. St. Andrew Place, Santa Ana, Calif. 92705. For more information on Powerwave's advanced wireless coverage and capacity solutions, please call (888)-PWR-WAVE (797-9283) or visit our web site at www.powerwave.com. Powerwave, Powerwave Technologies and the Powerwave logo are registered trademarks of Powerwave Technologies, Inc.

Attached to this news release are preliminary unaudited consolidated financial statements for the third quarter ended October 1, 2006.

Conference Call

Powerwave is providing a simultaneous Webcast and live dial-in number of its third quarter fiscal 2006 financial results conference call on Thursday, November 2, 2006, at 2:00 PM

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Pacific time. To access this audio Webcast, select the Investor Relations page at www.powerwave.com and select the Powerwave Technologies third quarter conference call. The call will last for approximately 1 hour. To listen to the live call, please call (617) 597-5378 or (866) 510-0710 and enter reservation number 24845010. A replay of the Webcast will be available beginning approximately 2 hours after completion of the initial Webcast. Additionally, an audio playback of the conference call will be available at approximately 7:00 PM Pacific time on November 2, 2006 through November 16, 2006 by calling (617) 801-6888 and entering reservation number 40727539.

Forward-Looking Statements

The foregoing statements regarding our ability to increase long-term demand for our business and our ability to overcome operational and manufacturing issues going forward are “forward looking statements.” These statements are subject to risks and uncertainties which could cause our actual results to differ materially from those projected or implied. Such potential risks and uncertainties include, but are not limited to, in no particular order: delays or cancellations of wireless network capacity expansions and buildouts for both existing 2G and 2.5G networks and 3G networks; our dependence on a limited number of customers for a large percentage of our revenues; the significant negative impact on our revenues due to a slowdown or reduction in spending by any such customer; the risk that certain large OEM customers may slow their purchases in advance of announced mergers with other OEMs; lower production volumes have a negative impact on our gross margins which has a negative impact on our operating results; we require continued success in the design of new wireless infrastructure

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products and such products must be manufacturable and of good quality and reliability; the inability to realize anticipated costs savings and synergies from the acquisition of REMEC's and Filtronic's Wireless businesses; our dependence on single source suppliers for certain key components used in our products exposes us to potential material shortages; our business requires continued favorable business conditions and growth in the wireless communications market. Powerwave also notes that its reported financial performance and period to period comparisons are not necessarily indicative of the results that may be expected in the future and Powerwave believes that such comparisons cannot be relied upon as indicators of future performance. Powerwave also notes that the market price of its Common Stock has exhibited high levels of volatility and therefore may not be suitable for all investors. More detailed information on these and additional factors which could affect Powerwave's operating and financial results are described in the Company's Form 10-K for the fiscal year ended January 1, 2006, and Form 10-Q for the quarterly period ended July 2, 2006, both of which are filed with the Securities and Exchange Commission, and other risks detailed from time to time in the Company's reports filed with the Securities and Exchange Commission. Powerwave urges all interested parties to read these reports to gain a better understanding of the many business and other risks that the Company faces. Additionally, Powerwave undertakes no obligation to publicly release the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events.

**UNAUDITED - PRELIMINARY
POWERWAVE TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)**

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>(unaudited)</u>		<u>(unaudited)</u>	
	<u>Oct. 1, 2006</u>	<u>Oct. 2, 2005</u>	<u>Oct. 1, 2006</u>	<u>Oct. 2, 2005</u>
Net sales	\$ 145,768	\$ 207,992	\$ 547,134	\$ 534,918
Cost of sales:				
Cost of goods	121,789	150,855	429,393	386,408
Intangible asset amortization	3,615	1,992	9,594	5,476
Acquired inventory incremental costs (1)	-	1,405	235	1,405
Total cost of sales	<u>125,404</u>	<u>154,252</u>	<u>439,222</u>	<u>393,289</u>
Gross profit	20,364	53,740	107,912	141,629
Operating expenses:				
Sales and marketing	9,556	9,876	26,765	28,158
Research and development	15,513	14,572	45,944	44,542
General and administrative	13,210	10,455	39,564	28,403
Intangible asset amortization	2,487	2,031	6,739	5,892
In-process research and development	-	-	-	350
Restructuring and impairment charges	20,854	116	21,025	116
Total operating expenses	<u>61,620</u>	<u>37,050</u>	<u>140,037</u>	<u>107,461</u>
Operating income (loss)	(41,256)	16,690	(32,125)	34,168
Other income (expense)	2,962	(1,746)	4,425	1,834
Income (loss) before income taxes	(38,294)	14,944	(27,700)	36,002
Provision for (benefit from) income taxes	(9,080)	1,456	(6,836)	3,499
Income (loss) from Continuing Operations	<u>(29,214)</u>	<u>13,488</u>	<u>(20,864)</u>	<u>32,503</u>
Discontinued Operations, net of income taxes:				
Income (loss) from discontinued operations	115	(383)	2,107	(1,013)
Loss on sale of subsidiary	(25,271)	-	(25,271)	-
Total Discontinued Operations, net of tax	<u>(25,156)</u>	<u>(383)</u>	<u>(23,164)</u>	<u>(1,013)</u>
Net income (loss)	<u>\$ (54,370)</u>	<u>\$ 13,105</u>	<u>\$ (44,028)</u>	<u>\$ 31,490</u>
Earnings (loss) per share from Continuing Operations:				
- basic:	(\$.26)	\$.13	(\$.19)	\$.32
- diluted:(2)	(\$.26)	\$.11	(\$.19)	\$.28
Loss per share from Discontinuing Operations:				
- basic:	(\$.22)	\$.00	(\$.21)	(\$.01)
- diluted:(2)	(\$.22)	\$.00	(\$.20)	(\$.01)
Net earnings (loss) per share:				
- basic:	(\$.48)	\$.13	(\$.39)	\$.31
- diluted:(2)	(\$.48)	\$.11	(\$.39)	\$.27
Weighted average common shares used in computing per share amounts				
- basic:	112,306	103,473	112,044	100,927
- diluted:	112,306	136,214	112,044	133,192

¹ This represents costs related to the write-up of acquired VersaFlex finished goods inventory to fair value in the second quarter of 2006 and the write-up of acquired REMEC Wireless finished goods inventory to fair value in the third quarter of 2005.

² Diluted earnings per share include the add back of interest expense costs associated with the assumed conversion of the Company's outstanding convertible subordinated notes, which on a pre-tax basis equals approximately \$1.8 million for the third quarter 2005 and approximately \$5.3 million for the first nine months of 2005. The third quarter 2006 loss per share and the first nine months of 2006 loss per share do not include an add back as the effect would be anti-dilutive.

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POWERWAVE TECHNOLOGIES, INC.
PERCENTAGE OF NET SALES

Statement of Operations Data:	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	(unaudited)		(unaudited)	
	Oct. 1, 2006	Oct. 2, 2005	Oct. 1, 2006	Oct. 2, 2005
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales:				
Cost of goods	83.5	72.5	78.5	72.2
Intangible asset amortization	2.5	1.0	1.8	1.0
Acquired inventory incremental costs	-	0.7	0.0	0.3
Total cost of sales	86.0	74.2	80.3	73.5
Gross profit	14.0	25.8	19.7	26.5
Operating expenses:				
Sales and marketing	6.6	4.7	4.9	5.3
Research and development	10.6	7.0	8.4	8.3
General and administrative	9.1	5.0	7.2	5.3
Intangible asset amortization	1.7	1.0	1.2	1.1
In-process research and development	-	-	-	0.1
Restructuring and impairment charges	14.3	0.1	3.9	-
Total operating expenses	42.3	17.8	25.6	20.1
Operating income (loss)	(28.3)	8.0	(5.9)	6.4
Other income (expense)	2.0	(0.8)	0.8	0.3
Income (loss) before income taxes	(26.3)	7.2	(5.1)	6.7
Provision for (benefit from) income taxes	(6.3)	0.7	(1.3)	0.6
Income (loss) from Continuing Operations	(20.0)	6.5	(3.8)	6.1
Discontinued Operations, net of income taxes:				
Income (loss) from discontinued operations	-	(0.2)	0.4	(0.2)
Loss on sale of subsidiary	(17.3)	-	(4.6)	-
Total Discontinued Operations, net of tax	(17.3)	(0.2)	(4.2)	(0.2)
Net income (loss)	(37.3%)	6.3%	(8.0%)	5.9%

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POWERWAVE TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
RECONCILIATION OF PRO FORMA RESULTS
(in thousands, except per share amounts)

	Three Months Ended			Pro Forma	Nine Months Ended			Pro Forma
	(unaudited)		Oct. 1,		(unaudited)		Oct. 1,	
	Oct. 1,	Adjustments			Oct. 1,	Adjustments		
	2006	2006	2006	2006	2006	2006	2006	
Net sales	\$ 145,768		\$ 145,768	\$ 547,134		\$ 547,134		
Cost of sales:								
Cost of goods	121,789		121,789	429,393		429,393		
Intangible asset amortization	3,615	(3,615) (1)	-	9,594	(9,594) (1)	-		
Acquired inventory incremental costs	-	-	-	235	(235) (2)	-		
Total cost of sales	125,404	(3,615)	121,789	439,222	(9,829)	429,393		
Gross profit	20,364	3,615	23,979	107,912	9,829	117,741		
Operating expenses:								
Sales and marketing	9,556		9,556	26,765		26,765		
Research and development	15,513		15,513	45,944		45,944		
General and administrative	13,210		13,210	39,564		39,564		
Intangible asset amortization	2,487	(2,487) (3)	-	6,739	(6,739) (3)	-		
Restructuring and impairment charges	20,854	(20,854) (4)	-	21,025	(21,025) (4)	-		
Total operating expenses	61,620	(23,341)	38,279	140,037	(27,764)	112,273		
Operating income (loss)	(41,256)	26,956	(14,300)	(32,125)	37,593	5,468		
Other income	2,962		2,962	4,425		4,425		
Income (loss) before income taxes	(38,294)	26,956	(11,338)	(27,700)	37,593	9,893		
Provision for (benefit from) income taxes	(9,080)	6,130 (5)	(2,950)	(6,836)	8,518 (5)	1,682		
Income (loss) from Continuing Operations	(29,214)	20,826	(8,388)	(20,864)	29,075	8,211		
Discontinued Operations, net of income taxes:								
Income from discontinued operations	115	(115) (6)	-	2,107	(2,107) (6)	-		
Loss on sale of subsidiary	(25,271)	25,271 (7)	-	(25,271)	25,271 (7)	-		
Total Discontinued Operations, net of tax	(25,156)	25,156	-	(23,164)	23,164	-		
Net Income (loss)	\$ (54,370)		\$ (8,388)	\$ (44,028)		\$ 8,211		
Earnings (loss) per share from Continuing Operations:								
- basic:	(\$.26)		(\$.07)	(\$.19)		\$.07		
- diluted:(8)	(\$.26)		(\$.07)	(\$.19)		\$.07		
Loss per share from Discontinuing Operations:								
- basic:	(\$.22)			(\$.20)				
- diluted:(8)	(\$.22)			(\$.20)				
Net earnings (loss) per share								
- basic:	(\$.48)		(\$.07)	(\$.39)		\$.07		
- diluted:(8)	(\$.48)		(\$.07)	(\$.39)		\$.07		
Weighted average common shares used in computing per share amounts - basic	112,306		112,306	112,044		112,044		
- diluted	112,306		112,306	112,044		112,044		

¹ This represents costs related to the amortization of acquired technology.

² This represents costs related to the write-up of acquired VersaFlex finished goods inventory to fair value which were sold during the second quarter of 2006.

³ This represents costs related to the amortization of other identified intangible assets.

⁴ This represents impairment charges related to certain facilities in Sweden and impairment in value of the Company's European Headquarters facility located in Sweden for the three months ended October 1, 2006. For the nine month period, this also includes restructuring charges related to the REMEC Wireless acquisition included in operating expenses.

⁵ This represents the change in the provision for income taxes related to the preceding pro forma adjustments to arrive at an assumed effective benefit tax rate of 26% for the third quarter 2006 and an assumed effective tax rate of 17% for the first nine months of fiscal year 2006.

⁶ This represents the net income from the discontinued operations (Arkivator) for the three and nine month periods.

⁷ This represents the loss on the sale of Arkivator.

⁸ Diluted earnings per share do not include an add back of interest expense costs associated with the assumed conversion of the Company's outstanding convertible subordinated notes as the effect would be anti-dilutive.

UNAUDITED - PRELIMINARY

POWERWAVE TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

ASSETS:	<u>Oct. 1, 2006</u> (unaudited)¹	<u>January 1, 2006</u> (restated)²
Cash and cash equivalents	\$236,296	\$232,477
Restricted cash	5,989	5,002
Accounts receivable, net	201,301	227,495
Inventories, net	139,179	94,694
Property, plant and equipment, net	107,422	148,092
Assets of discontinued operations	-	57,685
Other assets	<u>411,482</u>	<u>364,805</u>
Total Assets	<u>\$1,101,669</u>	<u>\$1,130,250</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Accounts payable	\$ 90,232	\$ 102,253
Long-term debt	330,000	330,000
Liabilities of discontinued operations	-	12,965
Accrued expenses and other liabilities	102,682	103,771
Total shareholders' equity	<u>578,755</u>	<u>581,261</u>
Total Liabilities and Shareholders' Equity	<u>\$1,101,669</u>	<u>\$1,130,250</u>

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¹ October 1, 2006 balances are preliminary and subject to reclassification adjustments.

² January 1, 2006 balances were restated to reflect the sale of Arkivator.