
**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): February 20, 2007

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
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 20, 2007, Powerwave Technologies, Inc. issued a press release regarding financial results for its fourth quarter of fiscal 2006 and full fiscal year, ending December 31, 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:

99.1 Press release dated February 20, 2007.

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: February 20, 2007

POWERWAVE TECHNOLOGIES, INC

By: /s/ Kevin T. Michaels

Kevin T. Michaels
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated February 20, 2007.



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 FOURTH QUARTER RESULTS

SANTA ANA, Calif., February 20, 2007 – Powerwave Technologies, Inc. (NASDAQ:PWAV) today reported net sales of \$169.8 million for its fourth quarter ended December 31, 2006, compared to fourth quarter fiscal 2005 revenues of \$249.4 million. Powerwave also reported a fourth quarter net loss from continuing operations of \$116.7 million, which includes a total of \$73.1 million of acquisition, restructuring and impairment charges, intangible asset amortization as well as a \$11.5 million non-cash charge to reflect the recording of a full valuation allowance on Powerwave's Swedish deferred tax assets. The total net loss for the fourth quarter of 2006 is \$114.9 million, which equates to a basic loss per share of 90 cents for Powerwave's fiscal 2006 fourth quarter, compared to net income of \$19.2 million, or fully diluted earnings per share of 15 cents for the prior year period. Powerwave completed the acquisition of Filtronic's Wireless Infrastructure Division business during the fourth quarter of 2006 and the results reported herein include the results of Filtronic's Wireless Infrastructure Division business from October 15, 2006. For the fourth quarter of fiscal 2006, excluding the restructuring and impairment charges, acquisition related charges and intangible asset amortization as well as the valuation allowance on the Swedish deferred tax assets, on a pro forma basis Powerwave would have reported a net loss of \$28.3 million, or a basic loss per share of 22 cents.

more

POWERWAVE TECHNOLOGIES
REPORTS FOURTH QUARTER RESULTS

Page 2 of 14

For the entire fiscal year 2006 ending on December 31, 2006, Powerwave reported total net sales of \$716.9 million compared with \$784.3 million for all of fiscal year 2005. For fiscal year 2006, Powerwave reported a total net loss of \$158.9 million, or a basic loss per share of \$1.37, compared to net income of \$50.6 million or fully diluted earnings per share of 42 cents for fiscal 2005. The results for fiscal year 2006 include \$110.7 million of acquisition, restructuring and impairment related charges and intangible asset amortization, as well as a non-cash charge of \$11.5 million related to the establishment of a full valuation allowance against our Swedish deferred tax assets and a non-cash charge of \$21.4 million related to the loss on the sale of the Arkivator subsidiary in September 2006. The results for the fiscal year 2005 included \$19.7 million of restructuring expenses, impairment charges and intangible asset amortization and a \$2.7 million loss from discontinued operations. For fiscal year 2006, excluding the restructuring and impairment charges, acquisition related charges and intangible asset amortization as well as the valuation allowance on the Swedish deferred tax assets and the loss on the sale of Arkivator, on a pro forma basis Powerwave would have reported a net loss of \$19.6 million, or a basic loss per share of 17 cents

“Our fourth quarter results were impacted by a significant slowdown in demand due to the wireless infrastructure industry consolidation among several of the major original equipment manufacturers,” stated Ronald J. Buschur, President and Chief Executive Officer of Powerwave Technologies. “In addition, during the fourth quarter we completed the acquisition of Filtronic’s Wireless Infrastructure Division business, which was also significantly impacted by reductions in demand due to the industry consolidation. We continue to believe that while our industry is

POWERWAVE TECHNOLOGIES
REPORTS FOURTH QUARTER RESULTS

Page 3 of 14

going through a significant consolidation period, there continues to be long-term growth opportunities within our industry.”

Summary of Significant Items impacting the Fourth Quarter

Powerwave incurred acquisition, amortization, restructuring and impairment related charges during the fourth quarter of 2006. For the fourth quarter of 2006, we incurred an intangible asset impairment charge of approximately \$5.6 million related to the decision to cease production of certain products acquired as part of the REMEC Wireless acquisition. Included in the restructuring and impairment charges is approximately \$21.2 million of inventory related charges related to the restructuring and planned closures of the company’s Costa Rica, Wuxi, China and Shanghai, China manufacturing locations, approximately \$0.9 million related to equipment impairments at these manufacturing locations, an additional approximately \$5.1 million in severance costs related to facility closures, approximately \$0.9 million for additional impairment of facilities in Sweden, and approximately \$3.8 million of inventory provision related to the acquired Filtronic Wireless Infrastructure Division business to conform with the Company’s accounting policies.

Also included in these charges and expenses for the fourth quarter of 2006 are the results of a preliminary allocation of the purchase consideration for our Filtronic Wireless Infrastructure Division business acquisition, which was completed during the fourth quarter of 2006. We do want to note that this allocation is preliminary and therefore is subject to change and any future changes might impact intangible asset amortization in future periods. The details of this preliminary allocation will be included in our Form 10-K for the fiscal year ended December 31,

POWERWAVE TECHNOLOGIES
REPORTS FOURTH QUARTER RESULTS

Page 4 of 14

2006, to be filed with the Securities and Exchange Commission. This preliminary allocation of the purchase consideration to tangible and intangible assets and liabilities was based upon an initial estimate of fair value determined by management with the assistance of independent valuation specialists. As part of the purchase price allocation, there is a one-time charge of \$25.1 million related to the allocation of a portion of the purchase price to in-process research and development expenses. This charge is included in our operating expenses. Included in cost of goods sold is a charge of approximately \$2.2 million related to the write-up of acquired Filtronic Wireless Infrastructure Division business finished goods inventory to fair value in the fourth quarter of 2006.

For the fourth quarter of 2006, the Company also incurred a net \$11.5 million non-cash charge to reflect the recording of a full valuation allowance on the Company's Swedish deferred tax assets.

The following is a brief summary of the significant items impacting the comparability of per share amounts for the three months and fiscal year ended December 31, 2006. To calculate the per share impact of these significant items, an underlying effective tax rate of 0% was used for both periods and 128 million basic shares outstanding was used for the three month period and 116 million basic shares outstanding was used for the fiscal year period. The valuation allowance for Swedish deferred taxes is net of tax. For discontinued operations, the amounts presented are net of taxes and 116 million shares were used for the fiscal year period.

POWERWAVE TECHNOLOGIES
 REPORTS FOURTH QUARTER RESULTS

Page 5 of 14

Summary of Significant Items Impacting Results	Three Months Ended <u>Dec. 31, 2006</u>	Fiscal Year Ended <u>Dec. 31, 2006</u>
	(unaudited)	
Intangible asset amortization	(\$0.11)	(\$0.26)
Acquired inventory incremental costs	(\$0.02)	(\$0.02)
Restructuring and impairment charges	(\$0.25)	(\$0.46)
In-process research and development expenses	(\$0.20)	(\$0.22)
Valuation allowance for Swedish taxes	<u>(\$0.09)</u>	<u>(\$0.04)</u>
Subtotal – continuing operations	<u>(\$0.67)</u>	<u>(\$1.00)</u>
Income from discontinued operations	\$0.00	\$0.02
Loss on sale of Arkivator	<u>\$0.01</u>	<u>(\$0.20)</u>
Subtotal – discontinued operations	<u>\$0.01</u>	<u>(\$0.18)</u>
Total	<u>(\$0.66)</u>	<u>(\$1.18)</u>

Fourth Quarter 2006 Revenue Summary

For the fourth quarter of 2006, total Americas revenues were \$47.0 million or approximately 28% of revenues, as compared to \$104.7 million or approximately 42% of revenues for the fourth quarter of 2005. Total sales to customers based in Asia accounted for approximately 20% of revenues or \$33.4 million for the fourth quarter of 2006, compared to 9% of revenues or \$23.2 million for the fourth quarter of 2005. Total Europe, Africa and Middle East revenues for the fourth quarter of 2006 were \$89.4 million or approximately 52% of revenues, as compared to \$121.5 million or approximately 49% of revenues for the fourth quarter of 2005.

For the fourth quarter of 2006, sales of antenna systems totaled \$44.4 million or 26% of total revenues, base station subsystems sales totaled \$105.4 million or 62% of revenues, coverage solutions sales totaled \$19.9 million or 12% of revenues.

POWERWAVE TECHNOLOGIES REPORTS FOURTH QUARTER RESULTS

Page 6 of 14

For the fourth quarter of 2006, Powerwave's largest customers included Nokia, which accounted for approximately 14% of revenues and Siemens, which accounted for approximately 11% of revenues. Also for the fourth quarter of 2006, the acquired Filtronic Wireless Infrastructure Division business accounted for approximately \$35.2 million of our total revenues. In terms of customer profile for the fourth quarter of 2006, our total OEM sales accounted for approximately 58% of total revenues, total direct and operator sales accounted for approximately 42% of revenues. In terms of transmission standards, for the fourth quarter of 2006, 2 and 2.5G standards accounted for approximately 83% of our total revenues and 3G standards accounted for approximately 17% of our total revenues.

Equity Compensation Expense

Powerwave implemented SFAS 123R, Share-Based Payment, effective for the first quarter of fiscal 2006. Accordingly, the results reported herein include approximately \$1.2 million of pre-tax compensation expense for the fourth quarter of 2006, almost all of which is included in operating expenses. This had the effect of increasing the loss per share for the fourth quarter of 2006 by 1 cent.

Balance Sheet

At December 31, 2006, Powerwave had total cash and cash equivalents of \$47.9 million, which includes restricted cash of \$6.3 million. Total net inventories were \$163.8 million and net accounts receivable were \$210.7 million. During the fourth quarter of fiscal 2006, Powerwave completed the acquisition of Filtronic's Wireless Infrastructure Division business and paid a total of \$185 million in cash and issued 17.7 million shares of newly issued Common Stock.

POWERWAVE TECHNOLOGIES
REPORTS FOURTH QUARTER RESULTS

Page 7 of 14

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 acquisition of Filtronic's Wireless Infrastructure Division business, including restructuring charges and the amortization of certain intangible assets resulting from the preliminary purchase accounting valuation of Filtronic. Also excluded are restructuring and impairment charges related to the consolidation of the Company's manufacturing facilities and reduction of certain products as well as the severance costs related to facility closures. Amortization of intangibles from previous acquisitions is also excluded. In addition, this presentation of non-GAAP financial information excludes the non-cash valuation allowance on the company's Swedish deferred tax assets. Management of Powerwave believes that these items should be excluded when comparing our current operating results with those of prior periods as the restructuring and impairment charges will not impact future operating results, the amortization of intangible assets is a non-cash expense and the valuation allowance on the company's Swedish deferred tax assets is also a non-cash charge.

Company Background

**POWERWAVE TECHNOLOGIES
REPORTS FOURTH QUARTER RESULTS**

Page 8 of 14

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 fourth quarter ended December 31, 2006.

Conference Call

Powerwave is providing a simultaneous Webcast and live dial-in number of its fourth quarter fiscal 2006 financial results conference call on Tuesday, February 20, 2007, at 2:00 PM Pacific time. To access this audio Webcast, select the Investor Relations page at www.powerwave.com and select the Powerwave Technologies Q4 earnings conference call. The call will last for approximately 1 hour. To listen to the live call, please call (617) 597-5392 and enter reservation number 29111479. 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 5:00 PM Pacific time on February 20,

POWERWAVE TECHNOLOGIES
REPORTS FOURTH QUARTER RESULTS

Page 9 of 14

2007 through March 6, 2007 by calling (617) 801-6888 and entering reservation number 50145248.

Forward-Looking Statements

The foregoing statement regarding the outlook for increasing demand in the wireless communications infrastructure industry is a “forward looking statement.” This statement is 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; consolidation of our customers may reduce demand for our products; wireless network operators may decide to not continuing to deploy infrastructure equipment in the quantities that we expect; we require continued success in the design of new wireless infrastructure products and such products must be manufacturable and of good quality and reliability; we are dependent upon our management and highly trained technical workforce and individuals may leave the Company which could have a negative impact on our operations and performance; 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

POWERWAVE TECHNOLOGIES
REPORTS FOURTH QUARTER RESULTS

Page 10 of 14

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 quarter ended October 1, 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>Year Ended</u>	
	(unaudited)		(unaudited)	
	<u>Dec. 31,</u>	<u>Jan. 1,</u>	<u>Dec. 31,</u>	<u>Jan. 1,</u>
	<u>2006</u>	<u>2006</u>	<u>2006</u>	<u>2006</u>
Net sales	\$169,752	\$249,413	\$716,886	\$784,330
Cost of sales:				
Cost of goods	144,582	183,626	573,975	570,034
Intangible asset amortization	11,009	2,762	20,603	8,238
Acquired inventory incremental costs ¹	2,179	-	2,414	1,405
Restructuring and impairment	<u>29,003</u>	<u>-</u>	<u>29,003</u>	<u>-</u>
Total cost of sales	<u>186,773</u>	<u>186,388</u>	<u>625,995</u>	<u>579,677</u>
Gross profit (loss)	(17,021)	63,025	90,891	204,653
Operating expenses:				
Sales and marketing	12,070	10,925	38,836	39,083
Research and development	25,249	16,028	71,193	60,570
General and administrative	18,452	12,311	58,016	40,714
Intangible asset amortization	2,854	2,477	9,592	8,368
In-process research and development	25,100	-	25,100	350
Restructuring and impairment	<u>2,968</u>	<u>1,216</u>	<u>23,993</u>	<u>1,332</u>
Total operating expenses	<u>86,693</u>	<u>42,957</u>	<u>226,730</u>	<u>150,417</u>
Operating income (loss)	(103,714)	20,068	(135,839)	54,236
Other income (expense)	<u>(1,516)</u>	<u>467</u>	<u>2,908</u>	<u>2,301</u>
Income (loss) before income taxes	(105,230)	20,535	(132,931)	56,537
Provision (benefit) for income taxes	<u>11,451</u>	<u>(266)</u>	<u>4,616</u>	<u>3,233</u>
Income (loss) from Continuing Operations	<u>(116,681)</u>	<u>20,801</u>	<u>(137,547)</u>	<u>53,304</u>
Discontinued Operations, net of income taxes:				
Income (loss) from Discontinued Operations	-	(1,645)	2,107	(2,658)
Loss on sale of subsidiary	<u>1,807</u>	<u>-</u>	<u>(23,464)</u>	<u>-</u>
Total Discontinued Operations, net of tax	<u>1,807</u>	<u>(1,645)</u>	<u>(21,357)</u>	<u>(2,658)</u>
Net income (loss)	<u>\$(114,874)</u>	<u>\$19,156</u>	<u>\$(158,904)</u>	<u>\$50,646</u>
Earnings (loss) per share from Continuing Operations:				
- basic:	(\$.91)	\$.19	(\$1.19)	\$.52
- diluted: ²	(\$.91)	\$.16	(\$1.19)	\$.44
Loss per share from Discontinued Operations:				
- basic:	\$.01	(\$.01)	(\$.18)	(\$.03)
- diluted:	\$.01	(\$.01)	(\$.18)	(\$.03)
Net earnings (loss) per share:				
- basic:	(\$.90)	\$.17	(\$1.37)	\$.49
- diluted: ²	(\$.90)	\$.15	(\$1.37)	\$.42
Weighted average common shares used in computing per share amounts - basic:	127,542	110,801	115,918	103,396
- diluted:	127,542	143,803	115,918	135,906

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

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 fourth quarter 2005 and approximately \$7.1 million for fiscal year 2005. The fourth quarter 2006 loss per share and the fiscal year 2006 loss per share do not include an add back as the effect would be anti-dilutive.

POWERWAVE TECHNOLOGIES, INC.
PERCENTAGE OF NET SALES

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	(unaudited)		(unaudited)	
	<u>Dec. 31,</u> <u>2006</u>	<u>Jan. 1,</u> <u>2006</u>	<u>Dec. 31,</u> <u>2006</u>	<u>Jan. 1,</u> <u>2006</u>
<u>Statement of Operations Data:</u>				
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales:				
Cost of goods	85.2	73.6	80.1	72.7
Intangible asset amortization	6.5	1.1	2.9	1.1
Acquired inventory incremental costs	1.3	-	0.3	0.2
Restructuring and impairment	<u>17.1</u>	<u>-</u>	<u>4.0</u>	<u>-</u>
Total cost of sales	<u>110.0</u>	<u>74.7</u>	<u>87.3</u>	<u>73.9</u>
Gross profit (loss)	(10.0)	25.3	12.7	26.1
Operating expenses:				
Sales and marketing	7.1	4.4	5.4	5.0
Research and development	14.9	6.4	9.9	7.7
General and administrative	10.9	4.9	8.1	5.2
Intangible asset amortization	1.7	1.0	1.4	1.1
In-process research and development	14.8	-	3.5	0.0
Restructuring and impairment	<u>1.7</u>	<u>0.5</u>	<u>3.3</u>	<u>0.2</u>
Total operating expenses	<u>51.1</u>	<u>17.2</u>	<u>31.6</u>	<u>19.2</u>
Operating income (loss)	(61.1)	8.0	(18.9)	6.9
Other income (expense)	<u>(0.9)</u>	<u>0.2</u>	<u>0.4</u>	<u>0.3</u>
Income (loss) before income taxes	(62.0)	8.2	(18.5)	7.2
Provision (benefit) for income taxes	<u>6.7</u>	<u>(0.1)</u>	<u>0.7</u>	<u>0.4</u>
Income (loss) from Continuing Operations	<u>(68.7)</u>	<u>8.3</u>	<u>(19.2)</u>	<u>6.8</u>
Discontinued Operations, net of income taxes:				
Income(loss) from Discontinued Operations -		(0.7)	0.3	(0.3)
Loss on sale of subsidiary	<u>1.0</u>	<u>-</u>	<u>(3.3)</u>	<u>-</u>
Total Discontinued Operations, net of tax	<u>1.0</u>	<u>(0.7)</u>	<u>(3.0)</u>	<u>(0.3)</u>
Net income (loss)	<u>(67.7)%</u>	<u>7.7%</u>	<u>(22.2)%</u>	<u>6.5%</u>

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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			Year Ended		
	(unaudited)			(unaudited)		
	Dec. 31, <u>2006</u>	Adjust- ments	Pro Forma Dec. 31, <u>2006</u>	Dec. 31, <u>2006</u>	Adjust- ments	Pro Forma Dec. 31, <u>2006</u>
Net sales	\$169,752		\$169,752	\$716,886		\$716,886
Cost of sales:						
Cost of goods	144,582		144,582	573,975		573,975
Intangible asset amortization	11,009	(11,009) ¹	-	20,603	(20,603) ¹	-
Acquired inventory incremental costs	2,179	(2,179) ²	-	2,414	(2,414) ²	-
Restructuring and impairment	29,003	(29,003) ³	-	29,003	(29,003) ³	-
Total cost of sales	<u>186,773</u>	<u>(42,191)</u>	<u>144,582</u>	<u>625,995</u>	<u>(52,020)</u>	<u>573,975</u>
Gross profit (loss)	(17,021)	42,191	25,170	90,891	52,020	142,911
Operating expenses:						
Sales and marketing	12,070		12,070	38,836		38,836
Research and development	25,249		25,249	71,193		71,193
General and administrative	18,452		18,452	58,016		58,016
Intangible asset amortization	2,854	(2,854) ⁴	-	9,592	(9,592) ⁴	-
In-process research and development	25,100	(25,100) ⁵	-	25,100	(25,100) ⁵	-
Restructuring and impairment	2,968	(2,968) ⁶	-	23,993	(23,993) ⁶	-
Total operating expenses	<u>86,693</u>	<u>(30,922)</u>	<u>55,771</u>	<u>226,730</u>	<u>(58,685)</u>	<u>168,045</u>
Operating income (loss)	(103,714)	73,113	(30,601)	(135,839)	110,705	(25,134)
Other income (expense)	(1,516)		(1,516)	2,908		2,908
Income (loss) before income taxes	(105,230)	73,113	(32,117)	(132,931)	110,705	(22,226)
Provision (benefit) for income taxes	11,451	(15,305) ⁷	(3,854)	4,616	(7,283) ⁷	(2,667)
Income (loss) from Continuing Operations	<u>(116,681)</u>	<u>88,418</u>	<u>(28,263)</u>	<u>(137,547)</u>	<u>117,988</u>	<u>(19,559)</u>
Discontinued Operations, net of income taxes:						
Income from Discontinued Operations	-		-	2,107	(2,107) ⁸	-
Loss on sale of subsidiary	1,807	(1,807)	-	(23,464)	23,464 ⁹	-
Total Discontinued Operations, net of tax	<u>1,807</u>	<u>(1,807)</u>	<u>-</u>	<u>(21,357)</u>	<u>21,357</u>	<u>-</u>
Net (loss)	<u><u>\$(114,874)</u></u>	<u><u>86,611</u></u>	<u><u>\$(28,263)</u></u>	<u><u>\$(158,904)</u></u>	<u><u>139,345</u></u>	<u><u>\$(19,559)</u></u>
Loss per share from Continuing Operations:						
- basic:	(\$.91)		(\$.22)	(\$ 1.19)		(\$.17)
- diluted: ¹⁰	(\$.91)		(\$.22)	(\$ 1.19)		(\$.17)
Loss per share from Discontinued Operations:						
- basic:	\$.01		-	(\$.18)		-
- diluted:	\$.01		-	(\$.18)		-
Net loss per share:						
- basic:	(\$.90)		(\$.22)	(\$ 1.37)		(\$.17)
- diluted: ¹⁰	(\$.90)		(\$.22)	(\$ 1.37)		(\$.17)
Weighted average common shares used in computing per share amounts - basic:	127,542		127,542	115,918		115,918
- diluted:	127,542		127,542	115,918		115,918

¹ This represents costs related to the amortization of acquired technology, and includes the impairment of \$5.6 million of previously acquired intangibles in the fourth quarter of 2006.

² This represents costs related to the write-up of acquired finished goods inventory to fair value in the fourth quarter of 2006 associated with the Filtronic Wireless Acquisition and in the second quarter of 2006 associated with the VersaFlex acquisition.

³ This represents restructuring and impairment charges related to the consolidation of the Company's Chinese manufacturing facilities, the closure of the Costa Rica manufacturing location, closure of Swedish manufacturing operations, and the Filtronic Wireless Acquisition.

⁴ This represents costs related to the amortization of other identified intangible assets.

⁵ This represents the charge for the acquired in-process research and development associated with the Filtronic Wireless Acquisition.

⁶ This represents restructuring charges related to the consolidation of the Swedish and China operations in the fourth quarter of 2006. For the fiscal year, this includes impairment charges related to certain facilities in Sweden and impairment in the value of the Company's European Headquarters facility in Sweden and restructuring charges related to the REMEC Wireless Acquisition.

⁷ 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 12% for both the fourth quarter and fiscal year 2006.

⁸ This represents the net income from the discontinued operations (Arkivator) for fiscal year 2006.

⁹ This represents the loss on the sale of Arkivator.

¹⁰ Diluted loss per share do not include an add back of interest expense costs as the effect would be anti-dilutive.

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**UNAUDITED - PRELIMINARY
POWERWAVE TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)**

ASSETS:	<u>December 31, 2006</u> (unaudited) ¹	<u>January 1, 2006</u> (restated) ²
Cash and cash equivalents	\$ 41,584	\$232,477
Restricted cash	6,292	5,002
Accounts receivable, net	210,713	227,495
Inventories, net	163,752	94,694
Property, plant and equipment, net	138,672	148,092
Assets of discontinued operations	-	57,685
Other assets	<u>655,284</u>	<u>364,805</u>
Total Assets	<u>\$1,216,297</u>	<u>\$1,130,250</u>

LIABILITIES AND SHAREHOLDERS' EQUITY:

Accounts payable	\$ 115,298	\$ 102,253
Long-term debt	330,000	330,000
Liabilities of discontinued operations	-	12,965
Accrued expenses and other liabilities	119,401	103,771
Total shareholders' equity	<u>651,598</u>	<u>581,261</u>
Total Liabilities and Shareholders' Equity	<u>\$1,216,297</u>	<u>\$1,130,250</u>

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¹ December 31, 2006 balances are preliminary and subject to reclassification adjustments.

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