Star Bulk Carriers Corp.
Form F-3/A
July 02, 2012

As filed with the Securities and Exchange Commission on July 2, 2012

Registration No. 333-180674

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2
TO
FORM F-3
REGISTRATION
STATEMENT
UNDER
THE SECURITIES ACT OF
1933

STAR BULK CARRIERS CORP.
(Exact name of Registrant as specified in its charter)

Republic of The Marshall Islands (State or other jurisdiction of incorporation or organization)	N/A (I.R.S. Employer Identification No.)
Star Bulk Carriers Corp. c/o Star Bulk Management Inc. 40 Agiou Konstantinou Str. Maroussi 15124, Athens, Greece 011-30-210-617-8400 (telephone number) (Address and telephone number of Registrant's principal executive offices)	Seward & Kissel LLP Attention: Robert E. Lustrin, Esq. One Battery Park Plaza New York, New York 10004 (212) 574-1223 (Name, address and telephone number of agent for service)

Copies to:

Gary J. Wolfe, Esq.
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Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective as determined by market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

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

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Primary Offering			
Common Shares, par value $0.01 per share			
Preferred Shares, par value $0.01 per share			
Debt Securities (6)			
Guarantees (7)			
Warrants (8)			
Purchase Contracts (9)			
Rights (10)			
Units (11)			
Primary Offering Total		$ 250,000,000(1)(2)	$ 28,650(4)
Secondary Offering			
Common Shares, par value $0.01 per share, to be offered by the selling shareholders	7,286,742	$ 5,610,791(5)	$ 643(5)
TOTAL	7,286,742	$ 255,610,791	$ 29,293(3)*

* Previously Paid

1. Such amount in U.S. dollars or the equivalent thereof in foreign currencies as shall result in an aggregate initial public offering price for all securities of $250,000,000. Also includes such indeterminate amount of debt securities and common shares and preferred stock as may be issued upon conversion or exchange for any other debt securities or preferred stock that provide for conversion or exchange into other securities.

2. Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933. Pursuant to General Instruction II.C of Form F-3, the table does not specify by each class information as to the proposed maximum aggregate offering price. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder. In no event will the aggregate offering price of all securities sold by Star Bulk Carriers Corp. pursuant to this registration statement exceed $250,000,000.

3. Pursuant to Rule 457(p) under the Securities Act of 1933, the registrant, Star Bulk Carriers Corp., hereby offsets the registration fee of $29,293 required in connection with this registration statement by $6,659, representing the amount of the registration fee associated with unsold securities, which registration fee was previously paid in connection with the filing of the Registration Statement on Form F-3 (333-156843) filed by the registrant on January 22, 2009. Accordingly, in connection with this registration statement, a registration fee of $22,634 is being paid, of which $22,500 was previously paid.

4. Calculated in accordance with Rule 457(o) under the Securities Act of 1933.

5. Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based on the average of the high and low prices per share of the registrant's common shares as reported on the Nasdaq Global Select Market on May 29, 2012.

6. If any debt securities are issued at an original issue discount, then the offering may be in such greater principal amount as shall result in a maximum aggregate offering price not to exceed $250,000,000.

7. The debt securities may be guaranteed pursuant to guarantees by the subsidiaries of Star Bulk Carriers Corp. No separate compensation will be received for the guarantees. Pursuant to Rule 457(n), no separate fees for the guarantees are payable.

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8. There is being registered hereunder an indeterminate number of warrants as may from time to time be sold at indeterminate prices not to exceed an aggregate offering price of $250,000,000.

9. There is being registered hereunder an indeterminate number of purchase contracts as may from time to time be sold at indeterminate prices not to exceed an aggregate offering price of $250,000,000.

10. There is being registered hereunder an indeterminate number of rights as may from time to time be sold at indeterminate prices not to exceed an aggregate offering price of $250,000,000.

11. There is being registered hereunder an indeterminate number of units as may from time to time be sold at indeterminate prices not to exceed an aggregate offering price of $250,000,000. Units may consist of any combination of the securities offered by Star Bulk Carriers Corp. registered hereunder.

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

TABLE OF ADDITIONAL REGISTRANTS

Exact Name of Registrant as Specified in its Charter	Country of Formation	IRS Employer I.D. No.	Primary Standard Industrial Classification
Star Bulk Management Inc.	Marshall Islands	N/A	4412
Star Alpha LLC	Marshall Islands	N/A	4412
Star Beta LLC	Marshall Islands	N/A	4412
Star Gamma LLC	Marshall Islands	N/A	4412
Star Delta LLC	Marshall Islands	N/A	4412
Star Epsilon LLC	Marshall Islands	N/A	4412
Star Zeta LLC	Marshall Islands	N/A	4412
Star Theta LLC	Marshall Islands	N/A	4412
Star Kappa LLC	Marshall Islands	N/A	4412
Lamda LLC	Marshall Islands	N/A	4412
Star Omicron LLC	Marshall Islands	N/A	4412
Star Cosmo LLC	Marshall Islands	N/A	4412
Star Ypsilon LLC	Marshall Islands	N/A	4412

The information in this prospectus is not complete and may be changed. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy or sell these securities in any jurisdiction where the offer or sale is not permitted. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective.

PRELIMINARY PROSPECTUS

Subject to completion, dated July 2, 2012

$250,000,000

Common Shares, Preferred Shares, Debt Securities,
Warrants, Purchase Contracts, Rights and Units

and

up to 7,286,742 of our Common Shares
offered by Selling Shareholders

STAR BULK CARRIERS CORP.

Through this prospectus, we may periodically offer:

(1) common shares;

(2) preferred shares;

(3) our debt securities, which may be guaranteed by one or more of our subsidiaries;

(4) our warrants;

(5) our purchase contracts;

(6) rights; and

(7) our units.

We may also offer securities of the types listed above that are convertible or exchangeable into one or more of the securities listed above.

The aggregate offering price of all securities issued and sold by us under this prospectus may not exceed $250,000,000. The securities issued under this prospectus may be offered directly or through underwriters, agents or dealers. The names of any underwriters, agents or dealers will be included in a supplement to this prospectus.

In addition, the selling shareholders named in this prospectus may sell in one or more offerings pursuant to this registration statement up to 7,286,742 of our common shares that were previously acquired in private transactions. The selling shareholders may sell any or all of these common shares on any stock exchange, market or trading facility on which the shares are traded or in privately negotiated transactions at fixed prices that may be changed, at market prices prevailing at the time of sale or at negotiated prices. Information on the selling shareholders and the times and manners in which they may offer and sell our common shares is described under the sections entitled "Selling Shareholders" and "Plan of Distribution" in this prospectus. We will not receive any of the proceeds from the sale of our common shares by the selling shareholders.

Our common shares are listed on the Nasdaq Global Select Market under the symbol "SBLK."

An investment in these securities involves risks. See the section entitled "Risk Factors" on page 5 of this prospectus, and other risk factors contained in any applicable prospectus supplement and in the documents incorporated by reference herein and therein.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2012

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	2003	2002
Assets		
Current assets:		
Cash	$ 100	$ 346,361
Accounts receivable, net of allowances of $162,738 in 2002		520,164
Marketable securities	8,890,000	
Leases receivable		248,993
Inventories, net		1,523,734
Prepaid expenses and other current assets	75,000	53,039
Total current assets	8,965,100	2,692,291
Property and equipment, net		625,400
Other assets		112,117
Intellectual property, net		1,096,125
Total assets	$ 8,965,100	$ 4,525,933
Liabilities and stockholders equity (deficit)		
Current liabilities:		
Accounts payable	$ 624,992	$ 1,135,405
Accrued expenses	9,452	360,476
Due to related parties	1,448,601	3,702,443
Current portion of deferred revenue		20,939
Current portion of notes and capital leases payable	12,177	39,050

Total current liabilities	2,095,222	5,258,313
Deferred revenue, net of current portion		4,626
Notes and capital leases payable, net of current portion		14,100
Commitments and contingencies (Note 11)		
Stockholders equity (deficit):		
Common stock, $.001 par value, 500,000,000 and 250,000,000 shares authorized, 23,425,355 and 14,490,664 shares issued and outstanding in 2003 and 2002, respectively	23,425	14,490
Preferred stock, $4.50 stock liquidation value per share, 10,000,000 shares authorized, 3,835,554 shares issued and outstanding in 2003 and 2002	5,455,702	5,455,702
Additional paid-in capital	18,597,310	17,800,749
Accumulated deficit	(16,571,559)	(24,022,047)
Accumulated other comprehensive loss	(635,000)	
Total stockholders equity (deficit)	6,869,878	(751,106)
Total liabilities and stockholders equity (deficit)	$ 8,965,100	$ 4,525,933

See accompanying notes.

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SPEEDCOM WIRELESS CORPORATION

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Years Ended December 31,	
	2003	**2002**
Net revenues	$ 4,380,998	$ 7,676,327
Cost of goods sold	2,910,657	4,502,460
Gross margin	1,470,341	3,173,867
Operating expenses:		
Salaries and related	2,085,415	3,007,659
General and administrative	2,172,650	2,347,006
Selling expenses	703,896	1,017,760
Provision for bad debt	83,944	419,585
Depreciation and amortization	659,541	704,795
Severance costs	170,000	629,814
	5,875,446	8,126,619
Loss from operations	(4,405,105)	(4,952,752)
Other (expense) income:		
Interest expense	(653,064)	(395,676)
Interest income	10,706	63,646
Gain on sale to P-Com	12,259,875	
Other income (expense), net	238,076	(71,045)
	11,855,593	(403,075)
Net income (loss)	7,450,488	(5,355,827)
Cumulative undeclared dividends on preferred stock	(860,635)	
Income (loss) attributable to common stockholders	$ 6,589,853	$ (5,355,827)
Net income (loss) per common share:		
Basic and diluted	$ 0.42	$ (0.47)
Shares used in computing basic and diluted net income (loss) per common share	15,622,610	11,431,626
Comprehensive income (loss):		
Net income (loss)	$ 7,450,488	$ (5,355,827)
Unrealized loss on marketable securities	(635,000)	
Comprehensive income (loss)	$ 6,815,488	$ (5,355,827)

See accompanying notes.

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SPEEDCOM WIRELESS CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (DEFICIT)

	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Comprehensive Loss	Total
Balance at January 1, 2002	10,122,113	$ 10,122	3,835,554	$ 5,455,702	$ 17,710,477	$ (18,666,220)		$ 4,510,081
Issuance of common stock in connection with the exercise of Series B Warrants	3,849,957	3,850			378			4,228
Employee stock-based compensation					97,359			97,359
Exercise of stock options	59,375	59			141			200
Issuance of common stock for repricing agreement	459,219	459			(459)			
Stock issuance and registration costs					(7,147)			(7,147)
Net loss						(5,355,827)		(5,355,827)
Balance at December 31, 2002	14,490,664	14,490	3,835,554	5,455,702	17,800,749	(24,022,047)		(751,106)
Issuance of common stock for extinguishment of related party notes (see gain below)	5,601,358	5,602			330,480			336,082
Issuance of common stock for conversion of note payable	3,333,333	3,333			130,000			133,333
Unrealized losses on marketable securities							(635,000)	(635,000)
Gain on exchange of debt of a related party					336,081			336,081
Net income						7,450,488		7,450,488
Balance at December 31, 2003	23,425,355	$ 23,425	3,835,554	$ 5,455,702	$ 18,597,310	$ (16,571,559)	$ (635,000)	$ 6,869,878

See accompanying notes.

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SPEEDCOM WIRELESS CORPORATION

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2003	**2002**
Operating activities		
Net income (loss)	$ 7,450,488	$ (5,355,827)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	659,541	704,795
Gain on sale of business	(12,259,875)	
Gain on conversion of notes to common stock	(266,667)	
Provision for bad debt	83,944	419,585
Write off of notes receivable related party		274,965
Provision for inventory obsolescence		166,545
Common stock issued for services		97,359
Changes in operating assets and liabilities:		
Restricted cash		42,724
Accounts receivable	239,157	1,604,842
Leases receivable	248,993	939,765
Inventories	703,227	134,955
Prepaid expenses and other current assets	(9,512)	93,554
Other assets	(109,303)	9,987
Accounts payable and accrued expenses	526,344	(1,438,022)
Deferred revenue	(1,838)	(62,863)
Net cash used in operating activities	(2,735,501)	(2,367,636)
Investing activities		
Cash transferred to buyer in connection with sale of business	(126,866)	
Purchases of equipment	(60,138)	(26,451)
Proceeds from disposals of equipment	10,220	7,626
Net cash used in investing activities	(176,784)	(18,825)
Financing activities		
Net payments to factor		(298,676)
Proceeds from loans from related parties	1,015,000	2,928,000
Payments of loans from related parties	(3,944)	(105,919)
Proceeds from issuance of notes	1,580,000	
Payments of notes and capital leases	(25,032)	(68,625)
Proceeds from issuance of common stock and warrants		4,428
Net cash provided by financing activities	2,566,024	2,459,208
Net (decrease) increase in cash	(346,261)	72,747
Cash at beginning of period	346,361	273,614
Cash at end of period	$ 100	$ 346,361

Supplemental disclosure of cash flow information		
Cash paid for interest	$ 16,338	$ 91,692
Common stock issued for services		$ 97,359
Conversion of accounts payable to loans from related parties		$ 44,363
Conversion of accounts payable to notes payable		$ 74,903
Conversion of loans from related parties and accrued interest to common stock	$ 1,072,163	
Sale of business in exchange for common stock of buyer recorded at market value	$ 9,525,000	

See accompanying notes.

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

1. Business

SPEEDCOM was incorporated in Florida on March 16, 1994 and reincorporated in Delaware on September 26, 2000. Prior to the sale discussed in Note 2 below, SPEEDCOM manufactured, configured and delivered custom broadband wireless networking equipment, including the SPEEDLAN family of wireless Ethernet bridges and routers, for business and residential customers internationally. Subsequent to the sale, SPEEDCOM is a non-operating public shell company.

2. P-Com Transaction and Management s Plans

On December 10, 2003, SPEEDCOM sold its operating assets (having a historical cost of approximately $2,590,000) and transferred substantially all of its operating liabilities (having a carrying value of approximately $5,250,000) to P-Com in exchange for 63,500,000 shares of P-Com common stock, having a market value of $9,525,000 on the date the transaction was closed, plus a note receivable of $75,000. Prior to the sale, P-Com had advanced $1,580,000 in cash to SPEEDCOM of which $1,180,000 was included in the gain on sale and $400,000 was converted into 3,333,333 shares of SPEEDCOM s common stock. The sale resulted in a gain of approximately $12,260,000 that was recognized in the period of sale. Following the sale, SPEEDCOM has no operations and it s only significant remaining asset is the investment in P-Com common stock, which approximates 17% of P-Com s total outstanding voting securities.

The accompanying financial statements are prepared on a going-concern basis, which assumes that SPEEDCOM will realize its assets and discharge its liabilities in the normal course of business. However, SPEEDCOM s cash flows for 2004 are currently projected to be insufficient to finance projected operations, without funding from other sources. These conditions raise substantial doubt as to the ability of SPEEDCOM to continue as a going concern.

Management s plans for this uncertainty include curtailing expenses and raising additional capital from external sources. Management may also liquidate some of the P-Com common stock, although a substantial portion of the P-Com common stock will be distributed to stockholders. In addition, management intends to use their best efforts to continue as a separate public entity and identify a merger candidate. There can be no assurance that management will be successful in these plans. Accordingly, the accompanying financial statements do no include any adjustments that may arise from the uncertainty surrounding SPEEDCOM s ability to continue as a going concern.

3. Summary of Significant Accounting Policies

Revenue Recognition

SPEEDCOM derived its revenue from short-term (generally two to four weeks in duration) arrangements with customers to configure, assemble, and deliver wireless communications products. SPEEDCOM recognized revenue upon shipment of the products to the customer. Customers could exchange or return merchandise within 30 days if the product is found to be non-functional upon delivery. SPEEDCOM accrued a provision for estimated returns, based upon its actual historical return experience, concurrent with revenue recognition. SPEEDCOM also derived revenue from extended maintenance agreements, for periods of one to three years. Revenue on extended maintenance agreements was deferred and recognized on a straight-line basis over the term of the agreement. Shipping costs billed to customers were included in revenue; the related shipping costs were included in cost of goods sold.

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

Concentrations

Credit Risk: Financial instruments that are exposed to credit risk, as defined by SFAS No. 107, DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS, consisted principally of accounts receivable and leases receivable. These accounts were highly concentrated among foreign companies and companies in the telecommunications sector. Credit was extended to these customers based on management s evaluation of the individual customer s financial condition and generally collateral was not required. SPEEDCOM generally required prepayments or letters of credit from foreign customers to facilitate currency exchange and minimize credit risk.

Customers: No customer accounted for more than 10% of SPEEDCOM s revenue for the years ended December 31, 2003 or 2002. In addition, no customer accounted for more than 10% of SPEEDCOM s gross accounts receivable as of December 31, 2002. One customer accounted for 97% of SPEEDCOM s lease receivable as of December 31, 2002.

Suppliers: Many of the key hardware and software components necessary for the assembly of SPEEDCOM s products were only available from a single supplier or from a limited number of suppliers. SPEEDCOM had experienced delays and shortages in the supply of components in the past. SPEEDCOM generally did not maintain a significant inventory of components and did not have many long-term supply contracts with its suppliers.

Allowance for Doubtful Accounts

SPEEDCOM recorded an allowance for doubtful accounts based on specifically identified amounts that SPEEDCOM believed to be uncollectible. SPEEDCOM also recorded additional allowance based on certain percentages of our aged receivables, which were determined based on historical experience and management s assessment of the general financial conditions affecting SPEEDCOM s customer base. SPEEDCOM had a limited number of customers with individually large amounts due at any given balance sheet date. Any unanticipated change in one of those customer s credit worthiness or other matters affecting the collectibility of amounts due from such customers, could have a material affect on SPEEDCOM s results of operations in the period in which such changes or events occur. After all attempts to collect a receivable have failed, the receivable was written off against the allowance.

Marketable Securities

SPEEDCOM accounts for marketable securities in accordance with SFAS No. 115 ACCOUNTING FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES. SPEEDCOM determines the proper classification of all marketable securities as held-to-maturity, available-for-sale, or trading at the time of purchase, and re-evaluates such classification as of each balance sheet date. Marketable securities at December 31, 2003 consist of 63,500,000 shares of common stock of P-Com that were classified on that date as available-for-sale, and as a result were reported at fair value. Unrealized gains and losses are reported as a component of accumulated other comprehensive income (loss) in stockholders equity.

Inventories

Inventories at December 31, 2002 consisted of telecommunications equipment and related component parts and finished assemblies ready for assembly and delivery. Inventories were recorded at the lower of cost (using the first-in, first-out method) or net realizable value. Labor and overhead costs related to assemblies in process were included in the cost of finished assemblies.

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

Property And Equipment

Property and equipment at December 31, 2002 were stated at cost. Depreciation and amortization were calculated using the straight-line method over the estimated useful lives of depreciable assets ranging from two to five years. Leasehold improvements were amortized over the shorter of the useful life of the asset or the term of the related lease agreement. Repairs and maintenance, which amounted to approximately $18,000 and $43,000 for the years ended December 31, 2003 and 2002, respectively, were charged to expense as incurred. SPEEDCOM has no material commitments or plans for capital additions or improvements.

Intellectual Property

Intellectual property at December 31, 2002 was stated at cost. Amortization was calculated using the straight-line method over the six-year term of the underlying contractual agreement, which was less than the estimated useful life of the technology.

Impairments of Long-lived Assets

SPEEDCOM reviewed long-lived assets to be held and used, consisting of property and equipment and intellectual property, for impairment whenever events or changes in circumstances indicated the asset may be impaired. In the event that the impairment indicators, including market or industry conditions or financial conditions, were identified, SPEEDCOM determined whether impairments were present by comparing the net book value of long-lived assets to projected undiscounted cash flows at the lowest discernable level for which cash flow information can be projected. In the event that undiscounted cash flows were insufficient to recover the net carrying value over the remaining useful lives, impairment charges were calculated and recorded in the period first estimable using discounted cash flows or other fair value information. During the periods presented, there were no material impairment charges.

Financial Instruments

SPEEDCOM s significant financial instruments include cash, accounts receivable, investment in marketable securities, accounts payable and notes payable. SPEEDCOM believes that the carrying values of financial instruments in the accompanying balance sheets approximate their respective fair values.

Income Taxes

SPEEDCOM follows the liability method of accounting for income taxes in accordance with SFAS No. 109, ACCOUNTING FOR INCOME TAXES (SFAS 109). Under SFAS 109, deferred income taxes are recorded based upon differences between the financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to affect taxable income. Valuation allowances against the carrying value of net deferred tax assets are recorded when management determines that recoverability of such amounts is not reasonably assured.

Comprehensive Income (Loss)

Under SFAS 130, REPORTING COMPREHENSIVE INCOME (SFAS 130), SPEEDCOM is required to display comprehensive income and its components as part of our financial statements. The measurement and presentation of net income did not change. Comprehensive income comprises net income and other comprehensive income. Other comprehensive income includes certain changes in equity of SPEEDCOM that are

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

excluded from net income. Specifically, SFAS 130 requires unrealized gains and losses on SPEEDCOM s available for sale investments, that were reported in stockholder s equity, to be included in accumulated other comprehensive income.

Stock Based Compensation

SPEEDCOM accounts for employee stock-based compensation using the intrinsic method in accordance with Accounting Principles Board No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, and related interpretations. Accordingly, in cases where exercise prices for stock option grants equal or exceed the trading market value of the stock at the date of grant, SPEEDCOM recognizes no compensation expense. In cases where exercise prices are less than the fair value of the stock at the date of grant, compensation is recognized over the period of performance or the vesting period. SPEEDCOM accounts for non-employee stock-based compensation using the trading market price for common stock and the Black-Scholes valuation model for stock options and warrants, in accordance with SFAS No. 123, ACCOUNTING FOR STOCK BASED COMPENSATION (SFAS No. 123).

The following table reflects supplemental financial information related to stock-based employee compensation, as required by SFAS No. 148, ACCOUNTING FOR STOCK-BASED COMPENSATION TRANSITION AND DISCLOSURE.

	2003	2002
Stock-based employee compensation costs used in the determination of net income (loss) attributable to common stockholders, as reported		$ (97,359)
Income (loss) attributable to common stockholders, as reported	$ 6,589,853	$ (5,355,827)
Stock-based employee compensation costs that would have been included in the determination of net income (loss) if the fair value method (SFAS No. 123) had been applied to all awards		(234,026)
Unaudited pro forma net income (loss) attributable to common stockholders, as if the fair value method had been applied to all awards	$ 6,589,853	$ (5,589,853)
Net income (loss) attributable to common stockholders per common share, as reported	$ 0.42	$ (0.47)
Unaudited pro forma net income (loss) attributable to common stockholders per common share, as if the fair value method had been applied to all awards	$ 0.42	$ (0.49)

Advertising Costs

SPEEDCOM s policy was to expense advertising costs as incurred. During the years ended December 31, 2003 and 2002, SPEEDCOM incurred approximately $56,000 and $72,000, respectively, in advertising expenses. Such amounts are included in selling expenses.

Research and Development Costs

SPEEDCOM s policy was to expense all research and development expenses as incurred. Research and development expenses during the years ended December 31, 2003 and 2002 totaled approximately $270,000 and $256,000, respectively. Such amounts are included in general and administrative expenses.

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

Net Income (Loss) Per Share

SPEEDCOM has applied the provisions of SFAS No. 128, EARNINGS PER SHARE, which establishes standards for computing and presenting earnings (loss) per share. Basic earnings (loss) per share are computed by dividing net earnings (loss) by the weighted average number of shares outstanding for the period. The calculation of diluted earnings per share includes the effect of dilutive common stock equivalents. No dilutive common stock equivalents existed in any year presented.

Unexercised convertible debt to purchase 35,556 shares of common stock at December 31, 2002, was not included in the computations of diluted loss per share because the assumed conversion would have been antidilutive at that time.

Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2002 financial statements have been reclassified to conform to the 2003 financial statement presentation.

Recent Accounting Pronouncements

In April 2003, the FASB issued SFAS No. 149, AMENDMENT OF STATEMENT 133 ON DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. The statement amends and clarifies accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. This statement is designed to improve financial reporting such that contracts with comparable characteristics are accounted for similarly. The statement, which is generally effective for contracts entered into or modified after June 30, 2003, is not anticipated to have a significant effect on SPEEDCOM s financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, ACCOUNTING FOR CERTAIN FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF BOTH LIABILITIES AND EQUITY. This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. The statement is not anticipated to have a significant effect on SPEEDCOM s financial position or results of operations.

In December 2003, the FASB issued FASB Interpretation No. 46 (REVISED), CONSOLIDATION OF VALUABLE INTEREST ENTITIES. This interpretation clarifies rules relating to consolidation where entities are controlled by means other than a majority voting interest and instances in which equity investors do not bear the residual economic risks. SPEEDCOM currently has no ownership in variable interest entities and therefore adoption of this standard currently has no financial reporting implications.

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

4. Leases Receivable

Leases receivable at December 31, 2002 represented sales-type leases with two customers, resulting from the configuration, assembly and delivery of wireless communications products. During the year ended December 31, 2002, SPEEDCOM restructured one of the current leases receivable, previously recorded at approximately $1,290,000, into a lease receivable with approximately $336,000 due immediately, five payments of $50,000 due over a five month period and a balloon payment of approximately $328,000 due in August 2002. As a result of this restructuring, SPEEDCOM recorded a provision for bad debt of approximately $395,000 for the year ended December 31, 2002. This lease was restructured in August 2002 and again in March 2003, extending the payment schedule through May 2003 and December 2003, respectively.

5. Inventories

A summary of inventories, net at December 31, 2002 is as follows:

Component parts	$ 800,485
Completed assemblies	723,249
	$ 1,523,734

SPEEDCOM recorded provisions to reduce inventories to the lower of the cost or net realizable value of the inventories in the amounts of approximately $0 and $167,000 during the years ended December 31, 2003 and 2002, respectively. Such reserves amounting to approximately $234,000 at December 31, 2002 have been allocated to the appropriate categories of inventories in the table, above.

6. Property and Equipment

A summary of property and equipment at December 31, 2002 is as follows:

Computer and office equipment	$ 1,085,154
Automobiles	7,600

Leasehold improvements	130,546
Furniture and fixtures	175,784
Store and warehouse	192,747
	1,591,831
Less accumulated depreciation	(966,431)
	$ 625,400

Property and equipment included computer and office equipment of approximately $92,000 at December 31, 2002 acquired under capital lease arrangements. Amortization and depreciation expense of property and equipment amounted to $395,217 and $427,983 for the years ended December 31, 2003 and 2002, respectively. Amortization of assets under capital lease arrangements is included in depreciation expense.

7. Intellectual Property

In January 2001, SPEEDCOM acquired worldwide rights to PacketHop, a wireless routing software developed by SRI for aggregate consideration of $1,599,500. SRI received $360,000 in cash and a total of 325,000 shares of common stock of SPEEDCOM that was issued in four tranches. Each tranch was measured on

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

the specific date that the stock was issued. Prior to the Asset Sale, the $360,000 in cash and the value of the shares at the date of grant less amortization were classified in Intellectual property, net on the balance sheet, and were being amortized using the straight-line method over the six year term of the agreement.

In October 2003, SPEEDCOM acquired software from JDK Technology for $50,000, to be paid over time, which was an enhancement to the PacketHop technology. Prior to the Asset Sale, the value of the software was classified in Intellectual property, net on the balance sheet and was being amortized using the straight-line method over the remaining life of the PacketHop technology.

A summary of intellectual property balances at December 31, 2002 is as follows:

Intellectual property	$ 1,599,500
Less accumulated amortization	(503,375)
	$ 1,096,125

8. Accrued Expenses

A summary of accrued expenses at December 31, 2003 and 2002 is as follows:

	2003	2002
Accrued payroll	$	$ 164,589
Accrued commissions		48,184
Accrued interest	1,790	3,307
Other	7,662	144,396
	$ 9,452	$ 360,476

9. Related Party Transactions

Due to Related Parties

During the years ended December 31, 2002 and 2003, SPEEDCOM borrowed an aggregate $2,928,000 and $1,015,000, respectively under secured promissory notes from institutional investors who are shareholders. All tangible and intangible assets of SPEEDCOM secured the notes. The notes bear an interest rate of 15% and were payable December 31, 2003. Prepayment is permitted under the secured promissory notes with a 50% premium on the outstanding principal amount. In October 2003, SPEEDCOM converted $570,000 of the notes payable that were due December 31, 2003, plus accrued interest of $102,163, into 5,601,358 shares of SPEEDCOM common stock, which resulted in a gain of approximately $336,000. Due to the related party nature of this exchange, the gain was recorded as a component of paid-in capital in the accompanying financial statements. As part of the Asset Sale described in Note 2, P-Com assumed an additional $3,000,000 of these promissory notes. In December 2003, the maturity of the remaining $373,000 of debt was extended to June 30, 2004. On December 31, 2003, SPEEDCOM converted the $373,000, plus accrued interest of $623,092, into three new notes, totaling $996,092 utilizing the same terms as the previous $373,000 notes. In January 2004, SPEEDCOM converted the remaining $996,092 into 8,300,768 shares of SPEEDCOM common stock resulting in a gain of approximately $664,000. The gain will be recorded in the period of exchange.

As a stipulation of the preferred stock financing received in August 2001, SPEEDCOM was required to file and obtain SEC acceptance of a registration statement within a specified period of time or incur penalties. As a

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

result of obtaining acceptance from the SEC nineteen days late, SPEEDCOM incurred a penalty of $163,970, payable to the preferred stockholders. The penalty was accrued during 2001 and is included in due to related parties at December 31, 2003 and 2002. In February 2004, SPEEDCOM converted all of its 3,835,554 shares of preferred stock, dividends and registration penalty due to the preferred stockholders into 76,868,961 shares of SPEEDCOM common stock.

In January 2002, SPEEDCOM entered into a financial relations and consultant contract whereby the consulting firm will receive a $10,000 convertible note each month. This contract was cancelled in May 2002. The notes are convertible at any time at $1.125 per common share. As of December 31, 2003, the note holder possesses rights to convert the notes to 35,556 shares of restricted common stock. SPEEDCOM s Chief Financial Officer is the Managing Director of the consulting firm. During January 2004, SPEEDCOM converted the $40,000 convertible note, plus $75,000 of trade payables due to the consulting firm, into 958,333 shares of SPEEDCOM common stock. SPEEDCOM recorded a gain of approximately $77,000 in connection with this conversion, which will be recorded in the period of the exchange. In addition, in accordance with generally accepted accounting principles, SPEEDCOM has recorded an assumed dividend of approximately $211,000 in the period of the exchange which equals the increase in the intrinsic value of the convertible note based on the incremental number of shares of common stock (297,778) that may be obtained on conversion of the convertible note into common stock valued at the price per share ($0.71) on January 25, 2002, the original date of the note.

As of December 31, 2003, SPEEDCOM had accrued severance expense and related interest of $248,539 outstanding related to the separation agreements between SPEEDCOM and its former President and Chief Financial Officer. In January 2004, SPEEDCOM converted $204,999 of accrued severance costs and $43,540 of accrued interest into 2,086,075 shares of SPEEDCOM common stock. The shares were valued at the date of issuance using SPEEDCOM s trading market price, which resulted in a gain of approximately $155,000. The gain will be recorded in the period of the exchange.

Related Party Interest Expense

Interest expense recorded during the years ended December 31, 2003 and 2002 related to related party notes, loans and other balances amounted to approximately $518,000 and $212,000, respectively.

10. Notes and Capital Leases Payable

A summary of notes and capital leases payable at December 31, 2003 and 2002 is as follows:

	2003	2002
Notes Payable (a)	$ 12,177	$ 14,444
Capital lease obligations		38,706
	12,177	53,150
Less current portion	12,177	(39,050)
	$	$ 14,100

(a) In March 2002, SPEEDCOM issued promissory notes to each of SPEEDCOM s then current outside board members for $14,738, $13,875 and $15,750, respectively. Each note bears an interest rate of 14% and carries an additional 2% penalty on outstanding principal not paid by April 15, 2002. $32,186 of these notes has been paid as of December 31, 2003. In January 2004, SPEEDCOM converted the remaining $12,177 of promissory notes into 101,475 shares of SPEEDCOM common stock, which resulted in a gain of approximately $8,000. The gain will be recorded in the period of exchange.

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

During the year ended December 31, 2003, SPEEDCOM borrowed an aggregate of $1,580,000 from P-Com. The loans had an interest rate of 10% for the first six months and 13% for the remainder of the term of the notes. These notes were due March 21, 2005 ($400,000), July 17, 2005 ($300,000), August 8, 2005 ($200,000), September 8, 2005 ($50,000), September 16, 2005 ($50,000), September 24, 2005 ($50,000), September 30, 2005 ($50,000), October 14, 2005 ($130,000), October 22, 2005 ($100,000), November 4, 2005 ($100,000), November 21, 2005 ($100,000) and December 5, 2005 ($50,000). These notes were convertible at $0.12 per common share. As part of the Asset Sale to P-Com, all but $400,000 of these notes and accrued interest was forgiven and included in the gain on the sale to P-Com. In December 2003, P-Com converted the $400,000 of notes payable into 3,333,333 shares of SPEEDCOM common stock, which resulted in a gain of approximately $267,000.

11. Income Taxes

SPEEDCOM utilized net tax operating loss carry forwards to offset regular Federal and State taxable income for the year ended December 31, 2003. The net tax asset associated with the net operating loss carry forwards had been fully reserved in previous reporting periods and, accordingly, there are no income taxes for the year ended December 31, 2003. For purposes of Federal Alternative Minimum Taxes (AMT), the utilization of AMT net operating loss carry forwards is generally limited to ninety percent of AMT taxable income. However, at the time of filing, SPEEDCOM intends to qualify the sale to P-Com as a tax-free reorganization under Internal Revenue Code Section 368(a)(1)(C). Certain future actions by management may disqualify SPEEDCOM s ability to effect this exemption. If any such disqualifying actions are taken in future reporting periods, it is reasonably possible that SPEEDCOM may incur an AMT of approximately $130,000.

Deferred tax benefit of approximately $2,008,000 for the year ended December 31, 2002, was fully offset by the increase in the valuation allowance, since realization of those benefits is not assured and does not meet the standards for recognition. Deferred tax benefits included the benefits of net operating losses of approximately $1,717,000 during the year ended December 31, 2002. SPEEDCOM utilized a portion of its available net operating loss carryforwards to offset taxable income arising in 2003 from the sale described in Note 2.

A reconciliation of the differences between the effective income tax rate and the statutory federal tax rate follows:

	2003	2002
Tax expense (benefit) at U.S. statutory rate	34.00%	(35.00)%
State taxes, net of federal benefit	3.63	(3.30)
Change in valuation allowance	(37.68)	38.44
Other	0.05	(0.14)
	0.00%	0.00%

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

Significant components of deferred tax assets and liabilities are as follows:

	2003	2002
Deferred tax assets:		
Net operating loss carryforwards	$ 5,693,093	$ 8,135,008
Accounts receivable		75,538
Intangible assets		109,168
Deferred revenue		9,620
Accrued expenses	77,141	160,380
Other		87,918
Gross deferred tax assets	5,770,234	8,577,632
Less: valuation allowance	(5,770,234)	(8,577,632)
Net deferred tax asset	$	$

Accounting principles generally accepted in the United States of America require a valuation allowance be recorded to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. After consideration of all the evidence, management has determined that a valuation allowance is necessary at December 31, 2003 and 2002 to fully offset the deferred tax asset.

At December 31, 2003, net operating losses available to be carried forward for federal income tax purposes are approximately $15,000,000 expiring in various amounts from 2014 through 2023. Utilization of SPEEDCOM s net operating losses may be subject to substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such annual limitation could result in the expiration of the net operating loss before utilization.

12. Stockholders Equity

Common Stock, Common Stock Warrants and Employee Stock Options

Non-employee Common Stock Warrants:

As of December 31, 2003, SPEEDCOM had the following warrants outstanding to purchase common stock of SPEEDCOM:

Number of Warrants	Expiration Date	Exercise Price
7,160,810	8/23/2006	$ 0.12
1,002,026	6/11/2006	$ 0.12
150,000	3/31/2006	$ 6.00

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

As of December 31, 2002, SPEEDCOM had the following warrants outstanding to purchase common stock of SPEEDCOM:

Number of Warrants	Expiration Date	Exercise Price
3,668,448	8/23/2006	$ 2.50
513,333	6/11/2006	$ 2.50
11,500	1/21/2003	$ 5.40
135,000	6/24/2003	$ 3.25
150,000	3/31/2006	$ 6.00

In June 2002, SPEECOM issued stock options to its former Chief Executive Officer for the purchase of 500,000 common shares at $0.20 per share in connection with the Officer s separation agreement that also provided for on-going consulting services. The stock options had an original term of 40 months. SPEEDCOM accounted for this transaction as an issuance of options to a non-employee and, accordingly, recognized severance costs for the fair value of the options, amounting to $29,850 using the Black-Scholes option-pricing model during the year ended December 31, 2002. These options were cancelled in November 2002 as a result of a restructuring of the separation agreement.

These matters relate to common stock issuances and common stock warrant activity during the year ended December 31, 2003:

Effective with the issuance of the convertible notes to P-Com discussed in Note 10, the conversion prices of SPEEDCOM s warrants that expire August 23, 2006 and June 11, 2006 was decreased to $0.12, resulting in common shares of 8,162,836 issuable under these securities, if currently converted or exercised.

In October 2003, SPEEDCOM converted $570,000 of notes payable that were due December 31, 2003, plus accrued interest of $102,163, into 5,601,358 shares of SPEEDCOM common stock utilizing a conversion rate of $0.12. SPEEDCOM recorded a gain on this conversion of approximately $336,000.

In December 2003, SPEEDCOM converted $400,000 of notes payable due to P-Com, into 3,333,333 shares of SPEEDCOM common stock utilizing a conversion rate of $0.12. SPEEDCOM recorded a gain on this conversion of approximately $267,000.

These matters relate to common stock issuances and common stock warrant activity during the year ended December 31, 2002:

During the year ended December 31, 2002, 4,560,481 Series B Warrants were exercised for 3,849,957 shares of common stock, which was net of certain cashless exercises.

In January 2002, 459,219 shares of common stock were issued to three investors pursuant to a repricing provision that applied to 83,000 shares of common stock issued on and under an agreement dated October 30, 2000. The original shares were issued for a price of $7.35 per share, or a total of $610,050. The additional shares issued on the repricing date of January 16, 2002 were calculated based on a reset price, which is the weighted average closing price of SPEEDCOM common stock for the first ten trading days of January 2002; provided that the reset price was not less than $1.1251 or more than $1.19. Because the average price of SPEEDCOM s common stock during the first ten trading days of 2002 was below the $1.1251 reset floor, the total number of shares, as adjusted after repricing, was determined by dividing $610,050 by such floor.

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

As discussed under employee stock-based compensation, below, SPEEDCOM issued 59,375 shares of common stock in connection with the exercise of 65,000 employee stock options.

Employee Stock-Based Compensation

In February 2002, SPEEDCOM issued stock options to employees for the purchase of 780,300 common shares at $0.60 per share. SPEEDCOM recorded $67,500 in stock-based compensation expense in relation to these options during the year ended December 31, 2002. These options vest in full one year from the issuance. These options also vest upon a change of control transaction with the ability to exercise the options for up to one year after vesting. Upon a change of control and if the one-year performance period has not expired, the employee may surrender the performance options for cash payment at the calculated change of control common share transaction value for payment within 30 days by the surviving company.

In 2002, 65,000 $0.01 employee stock options were exercised for 59,375 shares of common stock.

At December 31, 2003 and 2002, SPEEDCOM had 3,000,000 shares of common stock reserved for issuance under employee incentive stock bonus, purchase or option plans. One plan, initiated in July 1998, reserved 2,000,000 shares, and another plan, initiated in September 2000, reserved 1,000,000 shares. Additional options of 874,892 are outstanding outside these two plans to former executive officers. All full time employees were eligible for both plans. Plan options have a term of 5 years and vest 25% annually on the employee s anniversary date over a four-year period. As of December 31, 2003 there were 2,713,000 shares unissued under both plans.

Employee stock option activity was as follows during the years ended December 31, 2003 and 2002:

	2003		2002	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding				
Beginning of year	2,954,876	$ 2.28	3,771,285	$ 2.75
Granted at market price			1,460,300	0.44
Exercised			(65,000)	0.01
Expired or cancelled	(1,792,984)	2.03	(2,211,709)	2.13

Outstanding end of year	1,161,892	$ 2.65	2,954,876	$ 2.28
Exercisable as of December 31	1,161,892	$ 2.65	2,189,963	$ 2.63

The weighted average exercise price of the options granted during 2002 is $0.44. The range of exercise prices of outstanding options is $0.15 through $4.25. The weighted average remaining contractual life of the options as of December 31, 2003 and 2002 is 2.8 and 2.5 years, respectively.

Pro forma information regarding SPEEDCOM s stock option grants is presented in Note 3. The fair market value for these options was estimated at the date of grant using the Black-Scholes option-pricing model. In order to calculate the fair value, the following assumptions were made: the expected dividend payment rate used was zero, the expected option life used was five years, the volatility used was 1.26 and the risk free interest rate was assumed to be 2.96%. Because the options have a four-year vesting period, the pro forma effect shown is not reflective of the reported net earnings or losses in future years.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options vesting period.

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

Antidilution Provisions

Under the anti-dilution provisions of our preferred stock, if SPEEDCOM issues common stock or common stock equivalents at a purchase price, conversion price, or warrant or option exercise price that is less than the lesser of the current preferred stock conversion price of $1.125 per share or the current market price, the conversion price of the preferred stock will be reduced using a customary weighted average basis formula. In February 2004, SPEEDCOM converted all of its 3,835,554 shares of preferred stock, dividends and registration penalty due to the preferred stockholders into 76,868,961 shares of SPEEDCOM common stock.

Under the anti-dilution provisions of 7,160,810 (as adjusted) warrants issued in August 2001, (1) the exercise price will be lowered to equal the purchase price, conversion price, or warrant or option exercise price for any common stock or common stock equivalent issued (other than to employees) at a purchase price, conversion price, or warrant or option exercise price less than the current per share exercise price of the applicable warrants ($0.12 in the case of Series A Warrants), and (2) the number of warrants will be increased by the same percentage as the percentage by which the exercise price is reduced. Alternatively, (1) the exercise price will be reduced by the percentage by which the purchase price, conversion price, or warrant or option exercise price of any issued security (others than to employees) is less than the current market price of the common stock, and (2) the number of warrants will be increased by the same percentage as the percentage by which the exercise price is reduced, if this formula results in a lower exercise price than the adjustment described in the preceding sentence. Similar anti-dilution provisions apply to outstanding warrants to acquire 1,002,026 shares of our common stock (as adjusted) at an exercise price of $0.12 per share.

Dividend Arrearages

Beginning August 23, 2003, SPEEDCOM s preferred stockholders are entitled to cumulative dividends at the rate of 14% per year times the $3.38 ($4.50 if paid in stock) per share liquidation preference. The cumulative, undeclared dividend in arrearage that the preferred stockholders are entitled to as of December 31, 2003 is $860,635, assuming a stock payout. No record date has been established for the dividend by SPEEDCOM s Board of Directors. In February 2004, SPEEDCOM converted all of its 3,835,554 shares of preferred stock, dividends and registration penalty due to the preferred stockholders into 76,868,961 shares of SPEEDCOM common stock.

13. Leases

Prior to the Asset Sale described in Note 2, SPEEDCOM leased office and manufacturing facilities and computer and office equipment under operating leases. Rent expense under operating leases amounted to approximately $639,000 and $802,000 for the years ended December 31, 2003 and 2002, respectively. SPEEDCOM does not have any future noncancellable lease payments under operating leases.

All of SPEEDCOM s leases were assumed by P-Com per the Asset Sale.

14. Employee Benefit Plan

SPEEDCOM had established a 401(k) profit-sharing plan, which was terminated effective November 15, 2003. Employees 21 years or older were eligible to participate in the plan. Participants could elect to contribute, on a tax-deferred basis, up to the legal maximum of their compensation. SPEEDCOM contributed 25% matching after an employee had been with SPEEDCOM for 90 days. SPEEDCOM s contributions to the plan were approximately $24,000 and $29,000 for the years ended December 31, 2003 and 2002, respectively.

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SPEEDCOM WIRELESS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2003 AND 2002

15. Severance Costs

During the year ended December 31, 2003, SPEEDCOM recorded severance costs of $170,000 in accordance with the separation agreements between SPEEDCOM and its former Vice President of Marketing and Product Development, its former Vice President of Finance and Accounting and its former Director of International Sales. Per the Asset Sale, these liabilities were assumed by P-Com.

During the year ended December 31, 2002, SPEEDCOM recorded severance costs of approximately $630,000 in accordance with the separation agreements, as amended, between SPEEDCOM and its former Chief Executive Officer and Chief Operating Officer. The costs include severance pay and other employee benefits and the write off of notes receivable-related party.

16. Segment and Geographic Information

Revenue

No single customer accounted for 10% or more of SPEEDCOM s revenue for the years ended December 31, 2003 or 2002.

Accounts Receivable

No customer accounted for 10% or more of SPEEDCOM s gross accounts receivable as of December 31, 2002.

SPEEDCOM operated during all periods in a single operating segment when applying the management approach defined in SFAS No. 131, DISCLOSURES ABOUT SEGMENTS.

SPEEDCOM s business and principal operations are domiciled in North America. SPEEDCOM generated revenue in the following geographic areas: North America, Latin America, Asia, Africa, Middle East, Europe and Australia. Revenues from customers in foreign geographic areas represented 58% and 46% of total revenues for the years ended December 31, 2003 and 2002, respectively. During 2003, 17% and 19% of SPEEDCOM s revenues were derived from customers located in Asia and the Middle East, respectively. During 2002, 11% and 14% of

SPEEDCOM s revenues were derived from customers located in Asia and Africa, respectively. No other foreign geographic area contributed 10% or greater of total revenues for 2003 or 2002. SPEEDCOM has no significant property in any foreign geographic area.

17. Subsequent Events

During January and February 2004, and as discussed elsewhere in these notes, SPEEDCOM converted $1,720,140 of amounts due to related parties, certain accrued expenses, notes payable and certain accounts payable into 14,334,505 shares of SPEEDCOM common stock. These transactions resulted in aggregate gains of approximately $1,121,000 that are recorded in the period of exchange.

During February 2004, all of SPEEDCOM s preferred stockholders exchanged their 3,835,554 shares of preferred stock, dividends and registration penalty (as described in Note 9) for 76,868,961 shares of SPEEDCOM common stock.

On February 6, 2004, P-Com completed the registration of the common stock exchanged in the P-Com Transaction, discussed in Note 2. On the close of business February 9, 2004, the closing per share market price of the P-Com common stock was $0.09 ($0.14 as of December 31, 2003).

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Item 8. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act

The information required by this Item 9 is incorporated by reference from the section captioned Directors, Executive Officers, Promoters and Control Persons of the Schedule 14C.

Item 10. Executive Compensation

The information required by this Item 10 is incorporated by reference from the section captioned Executive Compensation of the Schedule 14C.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 11 is incorporated by reference from the section captioned Security Ownership of Certain Beneficial Owners and Management of the Schedule 14C.

Item 12. Certain Relationships and Related Transactions

The information required by this Item 12 is incorporated by reference from the section captioned Certain Relationships and Related Transactions of the Schedule 14C.

Item 13. Exhibits List and Reports on Form 8-K

(a) Exhibits

The exhibits in the accompanying Exhibit Index are filed as part of this Report on Form 10-KSB.

(b) Reports on Form 8-K

Form 8-K was filed on October 27, 2003, regarding SPEEDCOM s conversion of notes payable, plus accrued interest, into 5,601,358 shares of SPEEDCOM common stock.

Form 8-K was filed November 5, 2003 regarding SPEEDCOM s 2003 third quarter results.

Form 8-K was filed December 3, 2003 regarding the SPEEDCOM special shareholder meeting approving the P-Com Asset Sale and the increase in the number of authorized shares of common stock from 250,000,000 to 500,000,000.

Form 8-K was filed December 15, 2003 regarding the completion of the sale of substantially all of SPEEDCOM s assets to P-Com.

Form 8-K was filed on December 29, 2003 regarding SPEEDCOM s conversion of notes payable into 3,333,333 shares of SPEEDCOM common stock.

Form 8-K was filed on February 4, 2004 regarding SPEEDCOM s conversion of liabilities and its preferred stock into 91,203,466 shares of SPEEDCOM common stock.

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Item 14. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of the end of the period covered by this report, SPEEDCOM carried out an evaluation of the effectiveness of the design and operation of SPEEDCOM s disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of SPEEDCOM s management, including SPEEDCOM s Chief Financial Officer, who concluded that SPEEDCOM s disclosure controls and procedures are effective. There have been no significant changes in SPEEDCOM s internal controls or in other factors, which could significantly affect internal controls subsequent to the date SPEEDCOM carried out its evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in SPEEDCOM s reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in SPEEDCOM s reports filed under the Exchange Act is accumulated and communicated to management, including SPEEDCOM s Chief Financial Officer, to allow timely decisions regarding required disclosure.

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, thereunto duly authorized.

SPEEDCOM Wireless Corporation

/s/ MARK SCHAFTLEIN **Mark Schaftlein**	Chief Financial Officer and acting Chief Executive Officer	February 11, 2004
/s/ R. CRAIG ROOS **R. Craig Roos**	Chairman and Director	February 11, 2004
/s/ JOSEPH MORGAN **Joseph Morgan**	Director	February 11, 2004
/s/ BEN HAIDRI **Ben Haidri**	Director	February 11, 2004

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Exhibit Index

Number	Description
2	Plan of acquisition, reorganization, arrangement, liquidation, or succession.
2.1(4)	Asset Purchase Agreement between SPEEDCOM Wireless Corporation and P-Com, Inc.
3	Articles of incorporation and bylaws.
3.1(5)	Amended and Restated Certificate of Incorporation of SPEEDCOM Wireless Corporation.
3.2(1)	Amended and Restated Bylaws of SPEEDCOM Wireless Corporation.
4	Instruments defining the rights of securities holders, including indentures.
4.8(2)	Warrant No. W-1 to Purchase 146,667 Shares of Common Stock issued to S.A.C. Capital Associates, LLC.
4.9(2)	Warrant No. W-2 to Purchase 73,333 Shares of Common Stock issued to SDS Merchant Fund, L.P.
4.10(2)	Warrant No. W-3 to Purchase 220,000 Shares of Common Stock issued to Oscar Private Equity Investments, L.P.
4.11(2)	Warrant No. W-4 to Purchase 73,333 Shares of Common Stock issued to Bruce Sanguinetti.
4.12(3)	Purchase Agreement, dated August 23, 2001, by and among SPEEDCOM Wireless Corporation and the Purchasers, as defined.
4.13(3)	Registration Rights Agreement, dated August 23, 2001, by and among SPEEDCOM Wireless Corporation and the Purchasers, as defined.
4.14(3)	Form of Series A Warrant of SPEEDCOM Wireless Corporation dated August 23, 2001.
4.15(3)	Form of Series B Warrant of SPEEDCOM Wireless Corporation dated August 23, 2001.
4.16(3)	Settlement Agreement between SPEEDCOM Wireless Corporation and I.W. Miller Group, Inc. dated June 25, 2001.
4.81	Secured Promissory Note dated December 31, 2003 between SPEEDCOM Wireless Corporation and North Sound Legacy Institutional Fund LLC.
4.82	Secured Promissory Note dated December 31, 2003 between SPEEDCOM Wireless Corporation and North Sound Legacy International LTD.
4.83	Secured Promissory Note dated December 31, 2003 between SPEEDCOM Wireless Corporation and North Sound Legacy Fund LLC.
23.1	Consent of Certified Public Accountants
31.1	Certification pursuant to Sarbanes-Oxley Section 302.
32.1	Certification pursuant to 18 U.S.C. Section 1350.

(1) Incorporated by reference to the Form 10-QSB filed May 14, 2001.
(2) Incorporated by reference to the Form 8-K filed July 2, 2001.
(3) Incorporated by reference to the Form S-3 filed September 18, 2001.
(4) Incorporated by reference to the Form 8-K filed June 17, 2003.
(5) Incorporated by reference to the Form 8-K filed December 3, 2003.