

PROXIM WIRELESS CORPORATION

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 17, 2011

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Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Proxim Wireless Corporation, a Delaware corporation (“Proxim” or the “Company”), to be held on May 17, 2011, at 9:00 a.m. local time, at Proxim’s principal executive offices at 1561 Buckeye Drive, Milpitas, CA 95035.

At this meeting, you will be asked to vote upon the following matters:

1. To elect five directors to hold office until the next annual meeting of stockholders;
2. To consider and vote upon a proposal to amend Proxim’s Certificate of Incorporation, as amended to date, to reduce the number of shares of common stock that Proxim is authorized to issue from 100,000,000 shares to 5,000,000 shares;
3. To approve an amendment to our 2004 Stock Plan increasing the shares issuable thereunder by 85,000; and
4. To transact such other business as may properly come before the meeting and at any adjournment of the meeting.

Stockholders of record at the close of business on March 25, 2011 will be entitled to vote at this meeting and at any adjournment of the meeting.

**NOTE for holders of our COMMON STOCK:** Proposal 2 above, if approved, is expected to result in significant tax savings for us. Approval of this item requires the approval of the holders of a majority of our outstanding common stock. Therefore, please return your proxy card promptly to help this item pass and to help save us money.

Please mark, sign, date, and return the enclosed form of proxy as promptly as possible to assure your representation at the meeting.

By Order of the Board of Directors

/s/ David L. Renault

David L. Renault, Secretary

April 8, 2011

**PROXIM WIRELESS CORPORATION**  
1561 BUCKEYE DRIVE  
MILPITAS, CA 95035

**MEETING INFORMATION STATEMENT  
ANNUAL MEETING OF STOCKHOLDERS**

We are furnishing this meeting information statement to our stockholders in connection with the solicitation by our board of directors of proxies for use at the annual meeting of stockholders to be held on Tuesday, May 17, 2011 at 9:00 a.m. at 1561 Buckeye Drive, Milpitas, CA 95035 and any adjournment thereof. This meeting information statement and accompanying proxy card will first be mailed to all stockholders entitled to vote at the meeting on or about April 8, 2011.

**Record Date and Outstanding Shares**

The board of directors has fixed the close of business on March 25, 2011 as the record date for determining stockholders entitled to notice of and to vote at the annual meeting. Accordingly, only holders of record of shares of our common stock and our voting preferred stock (our Series A Convertible Preferred Stock) at the close of business on that date will be entitled to notice of and to vote at the annual meeting and any adjournment thereof.

At the close of business on March 25, 2011, 234,535 shares of our common stock were outstanding and eligible to vote at the annual meeting. In addition to those shares, we expect that an additional 553 shares of our common stock will be issued when the final former Terabeam Corporation and Telaxis Communications Corporation stockholders convert their shares of those companies into shares of our common stock. Since those additional shares are committed to enable those conversions, we generally treat those additional shares as outstanding for our internal calculation purposes and also in this document (except when describing the quorum, the number of shares entitled to vote at the annual meeting, and the number of shares of common stock necessary to approve the proposed charter amendment). We believe this treatment gives a more accurate description of our capitalization. Therefore, including these additional shares, at the close of business on March 25, 2011, 235,088 shares of our common stock are treated as outstanding in this document (except when describing the quorum, the number of shares entitled to vote at the annual meeting, and the number of shares of common stock necessary to approve the proposed charter amendment).

At the close of business on March 25, 2011, 2,500,000 shares of our Series A Convertible Preferred Stock were outstanding and eligible to vote at the annual meeting.

Also at the close of business on March 25, 2011, 1,250,000 shares of our Series B Non-Convertible Preferred Stock were outstanding. These shares are not eligible to vote at the annual meeting.

**Quorum and Votes Required**

The holders of shares of our common stock and the holders of shares of our Series A Convertible Preferred Stock generally will vote together as a single class on the matters submitted to Proxim's stockholders at the annual meeting except as described below relating to approval of the proposal to amend Proxim's Certificate of Incorporation, as amended to date. Each holder of record of shares of our common stock on the record date is entitled to cast one vote per share, in person or by properly executed proxy, on any matter that may properly come before the annual meeting. Each holder of record of shares of our Series A Convertible Preferred Stock on the record date is entitled to cast 0.1333 votes per share of that preferred stock, in person or by properly executed proxy, on any matter that may properly come before the annual meeting.

Therefore, holders of our common stock in the aggregate are entitled to cast 234,535 votes, and holders of our Series A Convertible Preferred Stock in the aggregate are entitled to cast 333,333 votes, for a total of 567,868 votes entitled to be cast at this annual meeting.

The presence in person or by properly executed proxy of the holders of a majority in voting power of our common stock and Series A Convertible Preferred Stock, treated as a single class, outstanding on the record date is necessary and sufficient to constitute a quorum at the annual meeting. In general, we will treat votes withheld from the nominees for election of directors and any abstentions as present or represented for purposes of determining the existence of a quorum. We will not treat broker non-votes (if any) as present or represented for purposes of determining the existence of a quorum.

Each director will be elected at the annual meeting by a plurality of the votes cast by the stockholders entitled to vote at the election. Votes withheld from the nominees and any broker non-votes will not affect the outcome of the vote on this proposal.

The proposal to amend Proxim's Certificate of Incorporation, as amended to date, to reduce the number of shares of common stock that Proxim is authorized to issue requires the affirmative vote of a majority of our outstanding stock entitled to vote on this proposal (as measured by voting power). In addition, this proposal requires the affirmative vote of a majority of our outstanding common stock voting as a separate class. Therefore, any abstentions and any broker non-votes will have the same effect as votes against this proposal.

The approval of the proposed amendment to our 2004 Stock Plan requires the affirmative vote of the holders of a majority of our shares present, in person or by proxy, at the annual meeting and entitled to vote on this proposal (as measured by voting power). Abstentions will have the same effect as votes against this proposal. Any broker non-votes will not affect the outcome of the vote on this proposal.

The board of directors believes that the holders of our Series A Convertible Preferred Stock will vote **FOR** the proposal to elect the director-nominees, **FOR** the proposed amendment to Proxim's Certificate of Incorporation, as amended to date, and **FOR** the proposed amendment to our 2004 Stock Plan. Because the holders of our Series A Convertible Preferred Stock (together with their affiliates) collectively own and are expected to vote more than a majority of our stock outstanding on the record date for this annual meeting and entitled to vote on these proposals (as measured by voting power), we expect that the proposals to elect the director-nominees and to amend our 2004 Stock Plan will be approved by our stockholders regardless of how our other stockholders vote. More information about the holders of our Series A Convertible Preferred Stock is contained below under the heading "Material Relationships and Related Party Transactions."

**Given the common stock class vote requirement for approval of the proposal to amend Proxim's Certificate of Incorporation, as amended to date, it is important that holders of our common stock return their proxy cards so that their votes can be counted on this important proposal.**

### **Proxy Voting and Revocation**

All proxies received pursuant to this solicitation will be voted except as to matters where authority to vote is specifically withheld. Where a choice is specified as to a given proposal, the proxies will be voted in accordance with the specification. If no choice is specified, the persons named in the proxies intend to vote **FOR** the election of the nominees for director, **FOR** the proposed amendment to Proxim's Certificate of Incorporation, as amended to date, and **FOR** the proposed amendment to our 2004 Stock Plan.

The board of directors does not know of any matters, other than the matters described in this document, which are expected to be presented for consideration at the annual meeting. If any other matters are properly presented for consideration at the annual meeting, the persons named in the accompanying proxy will have discretion to vote on such matters in accordance with their best judgment.

Stockholders who execute proxies may revoke them at any time before such proxies are voted by filing with our Secretary, at or before the annual meeting, a written notice of revocation bearing a later date than the proxy

or by executing and delivering to our Secretary at or before the annual meeting later-dated proxies relating to the same shares. Attending the annual meeting by itself will not have the effect of revoking a proxy unless the stockholder so attending so notifies our Secretary in writing at any time prior to the voting of the proxy (voting by ballot at the annual meeting will revoke any previous proxy). Our Secretary's name and address are David L. Renauld, 881 North King Street, Suite 100, Northampton, MA 01060.

### **Solicitations**

Proxies are being solicited by and on behalf of our board of directors. We will bear the entire cost of solicitation of proxies. In addition to solicitation by mail, our directors, officers, and regular employees (who will not be specifically engaged or compensated for such services) may solicit proxies by telephone or otherwise. Arrangements will be made with brokerage houses and other custodians, nominees, and fiduciaries to forward proxies and proxy materials to their clients who beneficially own shares of our common stock, and we will reimburse them for their expenses.

## **PROPOSAL 1 ELECTION OF DIRECTORS**

Under our by-laws, the board of directors consists of one or more members, the number of which is determined from time to time by the board. The board has established the current number of directors as five. Each of our directors is elected at each annual meeting of stockholders.

We currently have five members on our board of directors. The five current directors are John W. Gerdelman, J. Michael Gullard, Alan B. Howe, Dr. Rao Papolu, and Robert A. Wiedemer.

The board of directors has nominated J. Michael Gullard, Alan B. Howe, Toru Kashima, Robert M. Pons, and David J. Porte for election as directors of the Company.

These five nominees constitute the only nominees for election. Each of these nominees has agreed to serve as a director if elected at the annual meeting.

It is intended that the persons named on the proxy card as proxies will vote shares of our common stock and voting preferred stock so authorized for the election of each of these five nominees to the board of directors. Proxies may not be voted for more than five nominees. The board of directors expects that each of these nominees will be available for election; but if any of them should become unavailable, it is intended that the proxy would be voted for another nominee who would be designated by the board of directors, unless the number of directors is reduced.

The term of office of each director will continue until the next annual meeting of our stockholders or until his successor has been elected and qualified.

Messrs. Gullard and Howe were originally nominated for election as a director of the Company on the recommendation of Lloyd I. Miller, III, our largest stockholder.

Mr. Kashima is being nominated at the request of SRA OSS Inc., another of our significant stockholders. In connection with its August 2009 investment in Proxim, SRA OSS was granted the right to request the Company to nominate one representative of SRA for election to Proxim's board of directors as part of the board's slate of nominees for election at annual meetings of Proxim's stockholders. SRA OSS has requested the Company to nominate Mr. Kashima for election to Proxim's board of directors, and the Company has done so.

The board of directors is currently considering the possibility of adding one additional new director to the board after the May 17, 2011 stockholders meeting. If a desirable, qualified candidate is located, it is currently anticipated that Mr. Gullard would resign as a board member (assuming he indeed is elected at the annual meeting),

and the remaining directors would appoint the new director to the board of directors to fill the vacancy created by Mr. Gullard's resignation.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE FIVE NOMINEES DESCRIBED ABOVE.**

The biographical summaries of the nominees for director of Proxim appear below under the heading "Board of Directors and Executive Officers."

**PROPOSAL 2  
APPROVAL OF AMENDMENT TO PROXIM'S  
CERTIFICATE OF INCORPORATION**

**Summary**

Proxim's board of directors has authorized, and recommends for your approval, an amendment to Proxim's Certificate of Incorporation, as amended to date, to reduce the number of shares of common stock, par value \$0.01 per share, that Proxim is authorized to issue from 100,000,000 to 5,000,000. This charter amendment, if approved, would not change the number of shares of our common stock or our preferred stock currently issued and outstanding or the par value of our common stock or our preferred stock.

If our stockholders approve this charter amendment, we would file an amendment to our Certificate of Incorporation, as amended to date, with the Secretary of State of the State of Delaware at a time as determined by the board of directors, which is expected to be shortly after the May 17, 2011 annual meeting. That amendment would effect the reduction in common stock that Proxim is authorized to issue at the time specified in the amendment. The form of the proposed amendment to Proxim's Certificate of Incorporation, as amended to date, to effect the reduction in common stock that Proxim is authorized to issue is attached to this document as **Appendix A**.

**Reasons for the Reduction in Authorized Common Stock**

The primary reason our board of directors believes that we should implement this charter amendment is to save cost. Having 100,000,000 shares of authorized common stock in our current situation requires us to pay significantly higher annual franchise taxes to the State of Delaware than if we had a lower number of shares of common stock that we were authorized to issue.

The exact amount of cost savings will depend on a number of factors and could change from year to year. However, we expect the amount of tax savings would be substantial. As an example, we would have saved over \$100,000 in the amount of franchise taxes that were due in March 2011 if we had only 5,000,000 shares of authorized common stock rather than 100,000,000.

Further, at this time, our board of directors does not believe we have a need for 100,000,000 shares of authorized common stock. As of March 25, 2011, Proxim's fully-diluted common stock equivalent capitalization was approximately 682,000 shares. Included in that fully-diluted calculation are our 235,088 shares of issued and outstanding common stock, 333,333 shares of common stock that we have reserved for issuance upon conversion of our outstanding shares of Series A Convertible Preferred Stock, 66,996 shares of common stock we have reserved for issuance upon exercise of the outstanding common stock warrants we have issued, and 46,796 shares of common stock we have reserved for issuance upon exercise of the outstanding stock options we have issued and that we may issue in the future. Even assuming Proxim's stockholders approve the proposed amendment to Proxim's 2004 Stock Plan increasing the number of shares issuable thereunder by 85,000, Proxim's fully-diluted common stock equivalent capitalization would still be less than 775,000 shares. A reduction in Proxim's authorized shares of common stock to 5,000,000 from 100,000,000 would thus still leave over 4.2 million shares available for future issuance above and beyond the number of shares in Proxim's current fully-diluted common stock equivalent

capitalization. The board believes that this number of shares available for future issuance is sufficient at the present time.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO APPROVE AN AMENDMENT TO PROXIM'S CERTIFICATE OF INCORPORATION, AS AMENDED TO DATE, TO REDUCE THE NUMBER OF SHARES OF COMMON STOCK THAT PROXIM IS AUTHORIZED TO ISSUE FROM 100,000,000 SHARES TO 5,000,000 SHARES.**

### **PROPOSAL 3 APPROVAL OF AMENDMENT TO 2004 STOCK PLAN INCREASING ISSUABLE SHARES**

#### **Summary**

Our board of directors has authorized, and recommends for your approval, an amendment to our 2004 Stock Plan to increase the shares of common stock issuable thereunder by 85,000. Our stockholders have previously approved 46,500 shares for issuance under the 2004 Stock Plan (which number, as with the other numbers in this document relating to Proxim stock, takes into account the reverse 1-for-100 common stock split Proxim implemented in May 2010). If the proposed amendment to the 2004 Stock Plan is approved, that number would be increased to 131,500.

On March 25, 2011, our aggregate stock plan pool under all of our stock plans, including the 2004 Stock Plan, consisted of 46,796 shares, 18,838 shares of which were subject to outstanding stock options and 27,958 shares of which were available for future issuance. If the proposed amendment to the 2004 Stock Plan is approved, our aggregate stock plan pool would be 131,796 shares (as may be reduced by exercises or forfeitures of outstanding options after March 25, 2011).

#### **Reasons for Proposed Increase in Stock Pool**

We are seeking stockholder approval of an increase in the number of shares issuable under our 2004 Stock Plan to improve our ability to attract, retain, and motivate our management and other employees. We believe that equity compensation aligns the interests of employees and non-employee directors with the interests of our other stockholders. Historically, we have generally awarded only stock options to our employees and non-employee directors, but we may grant other forms of stock awards (such as restricted stock) to our employees in the future. We believe that use of equity compensation provides an important tool for attracting, retaining, and motivating our employees and those who might serve as our consultants and allows us to maintain a competitive compensation program without increasing the use of cash.

The 2004 Stock Plan was designed to be flexible in providing for a variety of types of equity-based incentive awards, including incentive stock options, nonqualified stock options, restricted stock, unrestricted stock, and stock appreciation rights. We believe that the flexible plan structure of the 2004 Stock Plan is important given the differing types of equity incentives that may be appropriate in different circumstances and the continually evolving nature of financial accounting and tax rules concerning equity-based incentive awards. Like our other stock plans, the 2004 Stock Plan contains no "evergreen" or automatic replenishment provisions by which the number of shares available for issuance under the plan would be automatically increased either periodically or based on specific events. That is why our board is seeking stockholder approval to increase the shares issuable under the plan.

On March 24, 2011, our board of directors approved the proposed amendment to the 2004 Stock Plan, subject to stockholder approval at the May 17, 2011 annual meeting. The board reviewed the quantities and terms of currently outstanding options and considered the number of future options or awards that may be granted under

our existing stock plans. Based on this review, the board determined that an insufficient number of shares are currently available under these plans to enable us to provide future grants of stock options and other stock awards to our employees and non-employee directors. The board determined it would be appropriate to amend the 2004 Stock Plan instead of establishing a new plan given the recent nature of our 2004 Stock Plan.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO APPROVE AN AMENDMENT TO OUR 2004 STOCK PLAN INCREASING THE SHARES ISSUABLE THEREUNDER BY 85,000.**

**Equity Compensation Plan Information**

The following table and narrative provide information about our equity compensation plans as of December 31, 2010. As such, these numbers do not reflect the proposed increase of 85,000 shares issuable under the 2004 Stock Plan.

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (1) (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (1)(b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)(c))</b>
<b>Equity compensation plans approved by security holders</b>	16,285	\$63.87	30,361 (2)
<b>Equity compensation plans not approved by security holders</b>	150	\$212.00	-
<b>Total</b>	16,435	\$65.23	30,361

(1) This column does not reflect the warrants outstanding on December 31, 2010 to purchase 12,500 shares of our common stock at an exercise price of \$15.00 per share that we issued in connection with a subordinated debt private transaction in July 2008.

(2) Consists of shares available for future issuance under our 2004 Stock Plan.

On July 17, 2001, our board of directors adopted our 2001 Nonqualified Stock Plan and reserved 3,750 shares of our common stock for issuance pursuant to that plan. The 2001 plan provided for the grant of non-qualified stock options, performance share awards, and stock awards (restricted or unrestricted) to directors, officers, and employees. The compensation committee of the board of directors generally administers the 2001 plan and recommended to the board of directors or decided itself the terms of stock rights granted, including the exercise price, the number of shares that may be purchased under individual option awards, and the vesting period of options. The board of directors may amend, modify, or terminate the 2001 stock plan at any time as long as the amendment, modification, or termination does not impair the rights of plan participants under outstanding options or other stock rights. Effective September 9, 2004, the 2001 plan was amended to reduce the number of shares of our common stock issuable thereunder to 1,758, which was the number of shares subject to outstanding options as of that date. No further grants or awards will be made pursuant to the 2001 plan.

The 2004 Stock Plan provides for the granting of stock options, stock awards, stock appreciation rights, and other equity-based awards to our employees, directors, and consultants. The maximum number of shares of our common stock that may be granted or issued under the 2004 Stock Plan as of March 25, 2011 was 46,239 shares and will be 131,239 shares if the proposed amendment is approved by our stockholders. Based on the closing price of our common stock on the OTC Markets on March 25, 2011 of \$8.79 per share, the market value of 46,239 shares of our common stock was \$406,441 and of 131,239 shares of our common stock was \$1,153,591. Once the

proposed amendment to the 2004 Stock Plan is approved by our stockholders, equity grants may be made and shares issued under the plan as amended without further stockholder approval.

A summary of the principal features of the 2004 Stock Plan is set forth below. This summary is qualified in its entirety by reference to the full text of the 2004 Stock Plan, which is attached as **Appendix B** to this meeting information statement. Both the summary below and the attached text of the 2004 Stock Plan are of the 2004 Stock Plan assuming the proposed amendment is approved. The only difference between the plan as it currently exists and the plan as amended is the plan as amended includes the effects of the proposed amendment described above.

### **Description of 2004 Stock Plan As Amended**

The following summary outlines the principal features of the 2004 Stock Plan as amended (the “Plan”).

*Purpose.* The purpose of the Plan is to provide directors, officers, employees, and consultants of Proxim and its affiliates with additional incentives to contribute to Proxim’s future growth and success by increasing their capital stock ownership in Proxim. The Plan provides a flexible framework that will permit our board of directors to develop and implement a variety of stock-based programs based on changing needs of Proxim, its competitive market, and regulatory climate. Our board of directors believes it is in the best interest of our stockholders for officers, employees, and members of the board of directors of Proxim to own stock in Proxim and that such ownership will enhance Proxim’s ability to attract highly qualified personnel, strengthen its retention capabilities, enhance the long-term performance of Proxim and its subsidiaries, and vest in participants a proprietary interest in the success of Proxim and its subsidiaries.

*Eligibility.* All directors, officers, employees, and consultants of Proxim and its affiliates are eligible to participate in the Plan. As of March 25, 2011, we had 5 directors, none of whom are current Proxim employees, and approximately 171 employees.

*Administration.* Our board of directors and the Compensation Committee of our board of directors (collectively referred to as the “Plan Committee”) administer the Plan. Our board of directors has adopted a policy that in general awards under the Plan will be granted by the Compensation Committee. The Plan Committee has broad powers to administer the Plan, including the authority to determine the persons to whom equity grants are made, the type of the grant, the size of the grant, any vesting provisions, the exercise or purchase price, the duration of the equity grant, any restrictions on the equity grant, and the other terms and conditions of any grant.

*Term of Plan.* The Plan will remain in effect until August 4, 2014 unless terminated earlier by the board of directors. No equity grant may be made after the Plan has been terminated.

*Maximum Number of Shares Issuable.* The maximum number of shares of our common stock that may be issued or issuable under the Plan may not exceed 131,500 shares. All shares will be newly issued by Proxim or from Proxim’s treasury stock upon the exercise of an equity grant under the Plan. The number of shares which may be issued under the Plan is subject to adjustment upon the occurrence of certain corporate events including the issuance of dividends in the form of stock, stock splits, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, reorganizations, and liquidations. Shares of our common stock subject to equity grants under the Plan which have expired, terminated, or been canceled or forfeited will be available for issuance or use in connection with future equity grants.

*Annual Cap on Individual Awards.* In no event may any Plan participant be granted stock rights under the Plan with respect to more than 500,000 shares of our common stock (which number may be adjusted in accordance with the Plan) in any calendar year. The number of shares of our common stock relating to a stock right granted to a participant in a calendar year that is subsequently forfeited, cancelled, or otherwise terminated will continue to count toward the foregoing limitation in such calendar year. In addition, if the exercise price of a stock right is subsequently reduced, the transaction will be deemed a cancellation of the original stock right and the grant of a new one so that both transactions will count toward the maximum shares issuable in the calendar year of each respective transaction.



*Award Types.* Individual awards under the Plan may take the form of one or more of incentive stock options, non-qualified stock options, stock appreciation rights (SARs), and stock purchases or awards (either restricted or unrestricted). While we believe that performance-based long-term incentives are a necessary component of our compensation program, we have designed the Plan to allow for flexibility to issue the types of equity-based compensation we believe are most appropriate in the circumstances.

*Incentive Stock Options.* Only employees of Proxim or its affiliates may receive incentive stock options. Incentive stock options entitle the holder to purchase a certain number of shares of our common stock at an exercise price specified at the time the option is granted. The exercise price per share of common stock which may be purchased under an incentive stock option may not be less than 100% of the fair market value of a share of our common stock on the date the option is granted. If the equity grant recipient owns more than 10% of our stock, then the exercise price must be at least 110% of that fair market value. The aggregate fair market value of all shares of our common stock subject to incentive stock options for an employee which become exercisable by that employee for the first time during any year may not exceed \$100,000. Any incentive stock options granted to an employee owning more than 10% of our common stock must expire not more than 5 years from the date of grant, and all other incentive stock options must expire not more than 10 years from the date of grant.

*Non-Qualified Stock Options.* Non-qualified stock options, which are stock options that are not incentive stock options, entitle the holder to purchase a certain number of shares of our common stock at an exercise price specified at the time the option is granted. The exercise price per share of common stock which may be purchased under a non-qualified stock option may not be less than 100% of the fair market value of a share of our common stock on the date the option is granted.

*SARs.* SARs may either be issued together with stock options or apart from stock options. SARs are rights that, when exercised, entitle the holder to the appreciation in value of the number of shares of our common stock specified in the grant from either the exercise price of a share under the option (if the SAR is granted with an option) or the date granted (if the SAR is granted apart from any options) to the date exercised. Under the terms of the Plan, the Plan Committee is authorized to provide for payment of a SAR upon exercise in either cash or stock.

*Stock Awards and Purchases.* Under the Plan, the Plan Committee can issue restricted stock and unrestricted stock awards and bonuses. Restricted stock consists of stock issued under the Plan that is subject to certain restrictions established by the Plan Committee. Unrestricted stock is stock issued under the Plan without transfer, vesting, sale, or other similar restrictions. The Plan Committee can also grant rights to purchase shares of our common stock under the Plan at prices and on such other terms as it determines in its sole discretion. All awards issued under the Plan are subject to applicable legal restrictions on transfer and sale.

*Exercise of Equity Grant.* If applicable, the vested portion of an equity grant may be exercised by giving written notice to Proxim at its designated office address identifying the equity grant being exercised, specifying the portion of the equity grant being exercised, and providing payment in one of the following forms: (a) United States cash or cash equivalent or (b) at the discretion of the Plan Committee, (i) shares of our common stock previously issued to the equity grant holder having a fair market value on the date of exercise equal to the exercise price of the equity grant, (ii) delivery of the equity grant holder's promissory note, (iii) a "cashless" exercise in which Proxim withholds from those shares that would otherwise be obtained on the exercise of such equity grant the number of shares having a fair market value on the date of exercise equal to the aggregate exercise price, (iv) a "cashless" exercise in which the equity grant holder uses a broker to sell the shares on its behalf, to use the proceeds to pay the exercise price and taxes, and then to distribute the excess to the equity grant holder in either cash or stock, or (v) any combination of the above payment options.

*Fair Market Valuation Calculation.* The fair market value of a share of our common stock will be the closing price on the applicable date on the securities market where our common stock is traded, or if there were no sales on the date of grant, on the next preceding date within a reasonable period on which there were sales. In the event that there were no sales in such a market within a reasonable period or if our common stock is not publicly traded on the applicable date, the fair market value will be as determined in good faith by the Plan Committee in its sole discretion.

*Nontransferability of Equity Grants.* Equity grants are not assignable or transferable by the recipient, either voluntarily or by operation of law, except by will or by the laws of descent and distribution or as permitted by the Plan Committee in a specific situation. During the lifetime of the recipient, no equity grant will be exercisable by or payable to anyone other than the recipient or his legal representative or permitted assignee.

*Amendments.* The Plan may be terminated or amended by our board of directors in any manner allowed by law, but no amendment will be effective without approval of our stockholders if stockholder approval is required by applicable federal or state law or regulation or by the rules of any stock exchange or automated quotation system on which our common stock may then be listed or quoted. Neither our board of directors nor the stockholders may adversely alter or impair the rights of an equity grant holder without that holder's consent.

*Adjustments.* Notwithstanding any other provision of the Plan, the Plan Committee shall make or provide for such adjustments to the Plan, to the number and class of shares available under the Plan or to any outstanding equity grants, as it deems appropriate to prevent dilution or enlargement of rights, including adjustments in the event of distributions to holders of our common stock of other than a normal cash dividend, and changes in our outstanding common stock by reason of stock dividends, split-ups, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, reorganizations, liquidations and the like. In the event of any general offer to holders of our common stock relating to the acquisition of their shares, the Plan Committee may make such adjustment as it deems equitable in respect of outstanding equity grants including, in the Plan Committee's discretion, revision of outstanding equity grants so that they may be exercisable for the consideration payable in the acquisition transaction. Any such determination by the Plan Committee will be conclusive.

*Withholding.* It will be a condition of our obligation to issue common stock upon exercise of an equity grant that the person exercising the equity grant pay, or make provision satisfactory to us for the payment of, any taxes which we are obligated to collect with respect to the issuance of our common stock upon such exercise.

*Compliance with Laws.* Our obligation to sell and deliver shares of our common stock under the Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance, or sale of such shares and the availability of federal and appropriate state securities law registrations, qualifications, and/or exemptions. All awards issued under the Plan are subject to applicable legal restrictions on transfer and sale.

### **Federal Income Tax Consequences of the 2004 Stock Plan As Amended**

The following is a brief summary of the principal federal income tax consequences (based on current United States federal income tax laws) to equity grant recipients ("Participants") and Proxim relating to stock options and other rights that may be granted under the Plan. The Plan is not qualified under Internal Revenue Code Section 401(a). This summary does not purport to cover all tax consequences relating to options and other rights, does not constitute tax advice, and, among other things, does not describe state, local, or foreign tax consequences.

In general, under the Internal Revenue Code as presently in effect, a Participant will not be deemed to recognize any income for federal income tax purposes at the time a stock option or SAR is granted or a restricted stock award is made, nor will Proxim be entitled to a tax deduction at that time. However, when any part of a stock option or SAR is exercised, when restrictions on restricted stock lapse, or when an unrestricted stock award is made, the federal income tax consequence may be summarized as follows:

- In the case of an exercise of a non-qualified stock option, the Participant will generally recognize ordinary income in an amount equal to the excess of the fair market value of the shares on the exercise date over the option price. Upon subsequent disposition of the option stock, any appreciation or depreciation after the date of exercise is treated as either short-term or long-term capital gain or loss, depending on the length of time the Participant held the option shares.
- In the case of an exercise of a SAR payable in unrestricted stock, or an award of unrestricted stock, the Participant will generally recognize ordinary income on the date of exercise or award, respectively, in an amount equal to the excess of the fair market value of any unrestricted shares received over the amount paid (if any) upon exercise or award.

- In the case of an exercise of a non-qualified stock option or SAR payable in restricted stock, or in the case of an award of restricted stock, the federal income tax consequences to the Participant will depend on the nature of the restrictions. Generally, the excess of the fair market value of the stock over the purchase price (if any) will not be taxable to the Participant as ordinary income in the year of receipt. Instead, the Participant will incur tax in the year in which his or her interest in the stock is freely transferable or is no longer subject to a substantial risk of forfeiture in an amount equal to the excess of the fair market value of the stock in such year over the purchase price (if any). However, the Participant may elect to recognize income when the stock is received, rather than when his or her interest in the stock is freely transferable or is no longer subject to a substantial risk of forfeiture, by making a so-called “83(b) election.” If the Participant makes this election, the amount taxed to the Participant as ordinary income is determined as of the date of receipt of the restricted stock.
- In the case of incentive stock options, there is generally no income tax liability at the time of exercise. However, the excess of the fair market value of the stock on the exercise date over the option price is included in the Participant’s income for purposes of the alternative minimum tax. If no disposition of the incentive stock option stock is made before the later of one year from the date of exercise and two years from the date of grant, the Participant will realize a capital gain or loss upon a sale of the stock, equal to the difference between the option price and the sale price. If the stock is not held for the required period, ordinary income tax treatment will generally apply in the year of sale to the excess of the fair market value of the stock on the date of exercise (or, if less, the amount of gain realized on the disposition of the stock) over the option price, and the balance of any gain or any loss will be treated as capital gain or loss. In order for incentive stock options to be treated as described above, the Participant must remain employed by Proxim (or a subsidiary in which Proxim holds at least 50 percent of the voting power) from the incentive stock option grant date until three months before the incentive stock option is exercised (unless the termination of employment results from death or disability). If the Participant does not meet the employment requirement, the option will be treated for federal income tax purposes as a non-qualified stock option.
- Proxim will not receive an income tax deduction as a result of the exercise of an incentive stock option, provided that the incentive stock option stock is held for the required period as described above. Upon the exercise of a non-qualified stock option, the exercise of a SAR, the award of unrestricted stock, or the recognition of income on restricted stock, Proxim will generally be allowed an income tax deduction equal to the ordinary income recognized by the Participant, subject to certain restrictions.

Federal and state income and payroll taxes are required to be withheld by the Participant’s employer on the amount of ordinary income resulting to the Participant from the exercise of a non-qualified stock option or from the receipt or exercise of any other right as and when such ordinary income is recognized by the Participant under the rules discussed above. However, no income or payroll taxes are required to be withheld if the Participant recognizes ordinary income from the disposition of ISO stock due to the ISO stock not being held for the required periods described above.

As previously stated, the foregoing is a general summary of the principal federal income tax consequences that are generally applicable to Participants in the Plan. The summary does not discuss all aspects of federal income taxation that may be relevant to a particular Participant in light of such Participant’s personal investment circumstances. For precise advice as to any specific transaction, each Participant should consult with his or her tax advisor.

## Additional Information Regarding New Plan Benefits

Our current directors, executive officers, and other direct and indirect employees are currently eligible to receive stock options and other equity grants and rights under our 2004 Stock Plan and would continue to be eligible to receive stock options and other equity grants and rights under our 2004 Stock Plan if the proposed amendment to that plan is approved by our stockholders. The following table describes options to purchase shares of our common stock under the 2004 Stock Plan that were held by the following persons as of March 25, 2011:

- our four executive officers
- each current director (two of whom are also nominees for election as directors)
- all direct and indirect employees (other than our executive officers) as a group

The three nominees for election as directors who are not currently directors do not hold any options to purchase any shares of our common stock under the 2004 Stock Plan.

Name	Number of Shares subject to Outstanding Options under 2004 Stock Plan as of March 25, 2011	Weighted Average Exercise Price of Those Options
Lee M. Gopadze, President and Chief Executive Officer (1).....	-	-
Chun (Cathy) Zhao, Chief Financial Officer and Treasurer.....	2,000	\$11.00
David L. Renauld, Vice President, Corporate Affairs, General Counsel, and Secretary .....	2,250	\$25.78
Michael Foster, Senior Vice President Worldwide Sales .....	3,000	\$8.00
John W. Gerdelman .....	750	\$110.50
J. Michael Gullard .....	800	\$84.22
Alan B. Howe .....	950	\$134.29
Dr. Rao Papolu .....	-	-
Robert A. Wiedemer.....	750	\$110.50
All employees as a group (2).....	7,781	\$51.75

(1) Mr. Gopadze became Proxim's CEO in January 2011. His employment offer letter contemplates him receiving 18,500 stock options. Those options have not yet been formally granted to him.

(2) This group excludes Ms. Zhao and Messrs. Gopadze, Renauld, and Foster.

Awards under our 2004 Stock Plan have typically occurred on a periodic basis generally as determined by the Compensation Committee of our board of directors rather than on any fixed basis or schedule. Accordingly, future awards under our 2004 Stock Plan are not determinable at this time. Our directors generally receive stock options as described below under the heading "Non-Management Directors' Compensation for Fiscal 2010."

## BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

Our current directors and executive officers, and the nominees for election as directors who are not currently directors, and their ages as of March 25, 2011 are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Lee M. Gopadze .....	64	President and Chief Executive Officer
Chun (Cathy) Zhao.....	40	Chief Financial Officer and Treasurer
David L. Renauld .....	45	Vice President, Corporate Affairs, General Counsel, and Secretary
Michael Foster.....	55	Senior Vice President Worldwide Sales
Alan B. Howe.....	49	Chairman of the Board of Directors
John W. Gerdelman.....	58	Director
J. Michael Gullard.....	66	Director
Dr. Rao M. Papolu.....	54	Director
Robert A. Wiedemer.....	52	Director
Toru Kashima.....	58	Nominee for director
Robert M. Pons.....	54	Nominee for director
David J. Porte.....	47	Nominee for director

Lee M. Gopadze has been our President and Chief Executive Officer since January 2011. Prior to that, Mr. Gopadze was with Covad Communications for six years, most recently serving as the Senior Vice President and General Manager for Covad's Wholesale Business Division where he oversaw all sales, marketing, product management, and operations for that division. Mr. Gopadze also held similar positions with Covad's Branded Business and Wireless Divisions during his 6-year tenure there. Mr. Gopadze began his career in wireless communications in 1981. He has held a variety of senior executive positions in Marketing, Sales and Operations at the wireless subsidiaries of Metromedia Telecommunications, Southwestern Bell, and AirTouch Communications. From 1997 thru early 2000, Lee held the positions of Corporate Vice President - Marketing & Sales, Senior Vice President - Network Operations, and Senior Vice President - Corporate Planning & Development at Metricom Inc. In 2000, Mr. Gopadze left Metricom to co-found SkyRiver Communications Inc., a license-exempt broadband wireless carrier and served as its President and Chief Executive Officer. Mr. Gopadze holds a B.A. from the University of California at Los Angeles and an M.A. from the University of Southern California.

Chun (Cathy) Zhao has been our Chief Financial Officer and Treasurer since July 2010. Ms. Zhao had been our Corporate Controller since August 2009 and, before that, acted as our SEC manager beginning in June 2008. From September 2006 to May 2008, Ms. Zhao was a Finance and Accounting consultant at Accretive Solution, a national consulting firm. In that role, she provided consulting service to Quantum, Mysql (acquired by Sun Microsystems), Transmeta, and Applied Microcircuits. From April 2004 to September 2006, Ms. Zhao was a Corporate Controller at Hunter Technology. Earlier in her career, she held various positions at Beiersdorf Corp. and Ferrstaal Inc. China operations. Ms. Zhao has a B.S. in Accounting and an MBA from San Jose State University. She has been a licensed Certified Public Accountant in the State of California since 2004.

David L. Renauld has been our Vice President, Corporate Affairs, General Counsel, and Secretary since May 2005. From November 1999 to May 2005, he was our Vice President, Legal and Corporate Affairs and Secretary. From January 1997 to November 1999, he was an attorney with Mirick, O'Connell, DeMallie & Lougee, LLP, a law firm in Worcester, Massachusetts. From September 1991 to December 1996, he was an attorney with Richards, Layton & Finger, a law firm in Wilmington, Delaware. Mr. Renauld holds a B.A. in mathematics/arts from Siena College and a J.D. from Cornell University.

Michael Foster has been our Senior Vice President Worldwide Sales since January 2011. He has been exclusively focused in the wireless business since 1993 and has been heavily involved in wireless since 1987. From 2009 to January 2011, he was Principal at Foster & Associates providing sales and marketing consulting services. From 2008 to 2009, he was Vice President, Sales of PureWave Networks. From 2004 to 2007, he was Vice President, Sales and Customer Service of NextWave Wireless. His earlier experience includes sales and sales

management positions with BridgeWave Communications, P-Com, and Alactel. Mr. Foster holds a B.S. in Business Administration from San Diego State University.

Alan B. Howe has been a director since May 2007 and Chairman of the Board of Directors since March 2008. Mr. Howe is currently Managing Partner of Broadband Initiatives, LLC, a privately-held boutique consulting firm focused primarily on the wireless, telecom and technology sectors, and oversees the firm's operations. Mr. Howe also serves as Managing Director at B. Riley & Co., LLC in their Corporate Governance Advisory Services Group in Los Angeles, under a consulting agreement between Broadband Initiatives, LLC and B. Riley & Co., LLC. Mr. Howe is also a member of the board of directors of Altigen Communications (OTCQX: ATGN), Chairman of Ditech Networks (Nasdaq: DITC), and Chairman of Selectica, Inc. (Nasdaq: SLTC). In addition, Mr. Howe serves on a number of private boards. Mr. Howe was a board member of Kitty Hawk, Inc., a company which commenced a Chapter 11 bankruptcy reorganization proceeding in October 2007. From the period of May of 2005 to October of 2008, Mr. Howe also served as Vice President of Strategic Development for Covad Communications Group, Inc., a nationwide provider of integrated voice and data communications. From April 1995 to April 2001, Mr. Howe served as the Vice President of Finance and Corporate Development and Chief Financial Officer of Teletrac, Inc. Previously, Mr. Howe worked in several positions with Sprint Corporation, including Director of Corporate Development, and as Assistant Vice President for Manufacturers Hanover Trust (now JP Morgan). Mr. Howe holds a B.S. in Business Administration and Marketing from the University of Illinois and an MBA in Finance from Indiana University's Kelley Graduate School of Business. Mr. Howe was originally recommended to be a member of our board of directors by Lloyd I. Miller, III, our largest stockholder.

John W. Gerdelman has been a director since June 2004. Since January 2004, Mr. Gerdelman has been Executive Chairman of Intelliden Corporation, a leading provider of intelligent networking software solutions. From April 2002 to December 2003, Mr. Gerdelman took on the bankruptcy reorganization of Metromedia Fiber Networks, a provider of digital communications infrastructure, as President and Chief Executive Officer. Metromedia Fiber Networks successfully emerged from Chapter 11 bankruptcy in September 2003 as AboveNet, Inc. From January 2000 to April 2002, Mr. Gerdelman was Managing Partner of Morton's Group LLC, an information technology and telecommunications venture group. From April 1999 to December 1999, he served as President and Chief Executive Officer of USA.NET, a provider of innovative email solutions. Previously, he had served as an Executive Vice President at MCI Corporation. Mr. Gerdelman serves on the boards of directors of Brocade Communications Systems Inc., a provider of storage area networks solutions, and Sycamore Networks, an optical gear company. Mr. Gerdelman is a graduate of the College of William and Mary with a degree in Chemistry and currently serves on their Board of Visitors.

J. Michael Gullard has been a director since November 2007. Since 1984, he has been General Partner of Cornerstone Management, a company he founded which focuses on providing hands-on investing, strategic focus and direction for technology companies primarily in software and data communications. From 1979 until 1984, he held various positions at Telecommunications Technology Inc., a manufacturer of microprocessor controlled telecommunications test equipment. From 1972 until 1979, he held various financial and operational management positions with Intel Corporation, a semiconductor manufacturer. Mr. Gullard is a member of the board of directors of Alliance Semiconductor Corporation, JDA Software Group, Inc., and Planar Systems, Inc. and Chairman of the board of directors of Dyntek, Inc. Mr. Gullard holds a B.A. in economics and an M.B.A. in business, both from Stanford University. Mr. Gullard was originally recommended to be a member of our board of directors by Lloyd I. Miller, III, our largest stockholder.

Dr. Rao Papolu was appointed as a director in August 2009 pursuant to the strategic investment made by SRA in Proxim. He is the President of SRA OSS Inc, which he founded in July 2005 as a subsidiary of SRA Holdings, Inc. of Japan. Prior to this, Dr. Rao was been the Vice President & COO of SRA America Inc. since May 2001, which he also founded. In the past he has held senior management positions as Country Manager for EMRC Japan as well as General Manager of Moldflow Japan, Inc, a wholly subsidiary of Moldflow Inc., a pre IPO company which he was instrumental in taking public, which later got acquired by Autodesk. He has also held positions in the manufacturing and financial services industry with companies such as Lehman Brothers (Asia Securities), JP Morgan, and its derivatives spin-off Cygnify. Dr. Rao received his Doctorate degree from the Indian Institute of Technology (IIT), Madras. He has published 25 research publications in various international journals.

He has also been a visiting scientist at the University of Michigan (Ann Arbor) as well as the Institute of Space and Astronautical Science (ISAS) Japan.

Robert A. Wiedemer has been a director since December 2003. Since February 2002, he has been Managing Partner of Business Valuation Center, a company he co-founded that is focused on the valuation of private, middle-market companies throughout the United States. From June 2000 until January 2002, he held various positions at Priceroundtheworld.com, an Internet-based price research services firm, where he was promoted from Chief Financial Officer to Chief Executive Officer. From October 1998 until May 2000, he was Managing Partner of The Netfire Group, a financial and marketing consulting firm. Mr. Wiedemer holds a Masters Degree in Marketing from the University of Wisconsin – Madison. Mr. Wiedemer is the author of *America's Bubble Economy*, published in 2006, which has been recognized as the first book to predict the current popping of the world's bubble economy. Mr. Wiedemer has recently written a sequel, *Aftershock*, which was published in October 2009.

Mr. Kashima is a nominee for election as a director of Proxim. Since April 2003, he has been President, Chief Executive Officer, and Chairman of SRA Inc. and SRA Holdings, Inc. Our significant stockholder SRA OSS Inc. is a wholly owned subsidiary of SRA Inc. Mr. Kashima has been nominated at the request of SRA OSS Inc.

Robert M. Pons is a nominee for election as a director of Proxim. He is Chairman of Livewire Mobile, a mobile content platform for wireless carriers. From January 2008 to January 2011, he was Senior Vice President of Capital Markets for TMNG, a professional services firm catering to the telecommunications and media industries. From January 2003 to April 2007, he was President and Chief Executive Officer of Uphonia/Smartserv, which developed wireless applications for carriers. Mr. Pons is also on the board of directors of Network-1.

David J. Porte is a nominee for election as a director of Proxim. Since April 2010, he has been Chief Operations Officer of Telecom Global Inc., which owns and operates a global portfolio of telecommunications services and infrastructure companies focused on designing, building and operating wireless and terrestrial networks. The companies include LCC International, Inc., Wireless Facilities, Inc. (WFI) and Opticore Networks, Inc. He has also been Chairman of WFI for that same period. Since March 2011, he has also been President of Opticore. From June 2008 to April 2010, he was Chief Executive Officer of WFI prior to its purchase by Telecom Global. From October 2006 to May 2008, he was Vice President of Powerwave Technologies, a telecommunications equipment supplier. From March 2004 to August 2006, he was Chief Executive Officer of OpenCell Corporation, also a telecommunications equipment supplier.

There are no family relationships among our directors and executive officers.

## **The Board of Directors and Corporate Governance**

We have established corporate governance practices designed to serve the best interests of Proxim and its stockholders. We are in compliance with the currently applicable corporate governance requirements. We may make additional changes to our policies and procedures in the future to ensure continued compliance with developing standards in the corporate governance area.

Our board of directors has determined that each of John W. Gerdelman, J. Michael Gullard, Alan B. Howe, Dr. Rao M. Papolu, and Robert A. Wiedemer is an "independent director" as defined in the rules of the Nasdaq Stock Market (even though the rules of the Nasdaq Stock Market no longer apply to us). In making this determination, the board considered the fact that Messrs. Gullard and Howe were originally nominated for election as a director of the Company on the recommendation of Lloyd I. Miller, III, our largest stockholder. The board also considered the fact that Dr. Papolu was nominated for election as a director at the request of SRA OSS Inc. in connection with its investment in the Company and serves as the President of SRA OSS Inc., a major stockholder of the Company. These five directors constitute all of our current directors.

Our board of directors has determined that each of Toru Kashima, Robert Pons, and David Porte will be an "independent director" as defined in the rules of the Nasdaq Stock Market (even though the rules of the Nasdaq Stock Market no longer apply to us) assuming that each of those director nominees is elected at the upcoming

annual meeting. In making this determination, the board considered the background of each of these gentlemen, including the fact that Mr. Kashima was nominated for election as a director at the request of SRA OSS Inc. in connection with its investment in the Company and serves as the President of SRA Holdings, Inc. and SRA Inc., the parent company of SRA OSS Inc., a major stockholder of the Company.

Each member of our board of directors is elected each year at the annual meeting of stockholders for a one-year term of office. Our executive officers serve at the discretion of the directors.

### **Contacting the Board of Directors**

Stockholders interested in communicating directly with our board of directors, any committee of the board, the Chairman, the non-management directors as a group, or any specific director may do so by sending a letter to the Proxim Wireless Corporation Board of Directors, c/o Secretary, Proxim Wireless Corporation, 881 North King Street, Suite 100, Northampton, MA 01060. Our Secretary will review the correspondence and forward it to the Chairman of the Board, Chairman of the Audit Committee, Chairman of the Compensation Committee, Chairman of the Governance and Nominating Committee, or to any individual director, group of directors, or committee of the board to whom the communication is directed, as applicable, if the communication is relevant to our business and financial operations, policies, and corporate philosophies.

### **Attendance of Directors at Annual Meetings**

It is a policy of our board of directors that attendance of all directors at the annual meeting of stockholders is strongly encouraged but is not required. Our 2010 annual meeting of stockholders was attended by all of our current directors who were serving on our board at the time of the meeting.

### **Board of Director Meetings and Committees**

The board of directors meets on a regularly scheduled basis and holds special meetings as required. The board met nine times during 2010. None of our incumbent directors attended fewer than 75% of the total number of meetings of the board and committees on which such board member served in 2010 during the period he served as a director or member of the committees.

We have a standing Audit Committee, Compensation Committee, and Governance and Nominating Committee, each of which was established by the board of directors. Each of these committees operates under a written charter adopted by our board of directors defining their functions and responsibilities. Each of the charters for our Audit Committee, Compensation Committee, and Governance and Nominating Committee is available on our website at the following respective locations:

[http://www.proxim.com/corporate\\_governance/PRXM\\_WebDoc\\_3991.pdf](http://www.proxim.com/corporate_governance/PRXM_WebDoc_3991.pdf);  
[http://www.proxim.com/corporate\\_governance/PRXM\\_WebDoc\\_3992.pdf](http://www.proxim.com/corporate_governance/PRXM_WebDoc_3992.pdf); and  
[http://www.proxim.com/corporate\\_governance/PRXM\\_WebDoc\\_3993.pdf](http://www.proxim.com/corporate_governance/PRXM_WebDoc_3993.pdf).

Each of the current members of each of these committees is, and each of the members of each of these committees during 2010 was, independent as defined in the rules of the Nasdaq Stock Market.

The members of our Audit Committee during 2010 were Mr. Wiedemer (Chair), Mr. Gullard, and Mr. Howe. The members of our Audit Committee currently are Messrs. Wiedemer (Chair), Gullard, and Howe. The Audit Committee held five meetings during 2010. The Audit Committee selects and engages our independent auditors, reviews and evaluates our audit and control functions, reviews the results and scope of the audit and other services provided by our independent auditors, and performs such other duties as may from time to time be determined by the board of directors. The board of directors has determined that each of Messrs. Wiedemer, Gullard, and Howe is an "audit committee financial expert" as defined in Item 407 of Securities and Exchange Commission Regulation S-K. The board made this determination after a qualitative assessment of each of their levels of knowledge and experience based on a number of factors, including formal education and work and other professional experience.



The members of our Compensation Committee during 2010 were Mr. Gerdelman (Chair), Mr. Gullard, Dr. Papolu, and Mr. Wiedemer. The members of our Compensation Committee currently are Messrs. Gerdelman (Chair), Gullard, Papolu, and Wiedemer. The Compensation Committee held one meeting during 2010. The Compensation Committee reviews the compensation and benefits of our executive officers, recommends and approves stock option grants under our stock option plans (a shared power with the full board of directors), makes recommendations to the board of directors regarding compensation matters, and performs such other duties as may from time to time be determined by the board of directors.

The members of our Governance and Nominating Committee during 2010 were Mr. Gullard (Chair), Mr. Gerdelman, and Mr. Howe. The members of our Governance and Nominating Committee currently are Messrs. Gullard (Chair), Gerdelman, and Howe. The Governance and Nominating Committee did not hold any meetings during 2010. The Governance and Nominating Committee recommends candidates for membership on the board of directors based on committee-established guidelines, consults with the Chairman of the board on committee assignments, considers candidates for the board of directors proposed by stockholders, periodically evaluates the processes and performance of the board, monitors and reports on developments in corporate governance, and performs such other duties as may from time to time be determined by the board of directors.

### Non-Management Directors' Compensation for Fiscal 2010

<u>Name</u>	<u>Fees Paid in Cash</u>	<u>Stock Options (1)</u>
John W. Gerdelman .....	\$19,500	150 (2)
J. Michael Gullard .....	\$23,000	150 (3)
Alan B. Howe .....	\$30,500	150 (4)
Dr. Rao Papolu .....	-	-
Robert A. Wiedemer.....	\$25,500	150 (5)

- (1) In 2010, each of Messrs. Gerdelman, Gullard, Howe, and Wiedemer was granted fully-vested options to purchase 150 shares of our common stock at a per share exercise price of \$11.50 per share.
- (2) In addition to the stock options granted in 2010, as of December 31, 2010, Mr. Gerdelman had fully-vested options outstanding to purchase 600 shares of our common stock.
- (3) In addition to the stock options granted in 2010, as of December 31, 2010, Mr. Gullard had vested options outstanding to purchase 650 shares of our common stock.
- (4) In addition to the stock options granted in 2010, as of December 31, 2010, Mr. Howe had vested options outstanding to purchase 800 shares of our common stock.
- (5) In addition to the stock options granted in 2010, as of December 31, 2010, Mr. Wiedemer had fully-vested options outstanding to purchase 725 shares of our common stock.

All of the director compensation in the foregoing table was made in accordance with our policy statement concerning the compensation of directors of Proxim who are not insiders. This policy statement was unanimously adopted by our board of directors on February 9, 2005. This policy statement sets out guidelines for compensation of our board members who are not employees or other insiders of Proxim. Any board member determined by the board to be an employee or other insider of Proxim does not receive any compensation pursuant to this policy statement.

The policy statement contemplates the following cash compensation:

- a \$17,000 annual retainer for serving on the board
- an additional \$9,000 annual retainer for serving as chairperson of the board
- an additional \$7,500 annual retainer for serving as chairperson of the Audit Committee of the board
- an additional \$4,000 annual retainer for serving as a non-chair member of the Audit Committee of the board
- an additional \$2,000 annual retainer for serving as chairperson of the Compensation Committee of the board
- an additional \$1,000 annual retainer for serving as a non-chair member of the Compensation Committee of the board

- an additional \$1,000 annual retainer for serving as chairperson of the Governance and Nominating Committee of the board
- an additional \$500 annual retainer for serving as a non-chair member of the Governance and Nominating Committee of the board

No additional compensation is paid for attending board or committee meetings. Directors are also entitled to reimbursement for expenses incurred to attend board and committee meetings held in person or otherwise incurred on our behalf.

The policy statement also contemplates the following equity compensation:

- for each new director elected or appointed to the board, a non-qualified stock option to purchase 500 shares of our common stock that vests in three equal annual installments beginning on the date of grant
- for each incumbent director, a fully vested, non-qualified stock option to purchase 150 shares of our common stock granted immediately following each annual meeting of stockholders, as long as the director has served at least one complete year before the date of the annual meeting and continues to serve as a director after the meeting

The exercise price for all stock options granted pursuant to this policy statement is to be the fair market value of our common stock on the date of grant.

In addition to the compensation described above, the policy statement contemplates that board members may be periodically granted special additional consideration, in cash or non-qualified stock options, in recognition of extraordinary demands, additional committee assignments, or other circumstances deserving of special consideration.

The policy statement may be altered at any time by the board of directors. The policy statement does not constitute a contract, and the terms of the policy statement are not intended to create any binding obligations on us or enforceable rights of any director.

### **Director Nomination Process**

The Governance and Nominating Committee believes that candidates for director should have certain minimum qualifications, including being able to read and understand basic financial statements and having the highest personal and professional integrity and ethics. The Governance and Nominating Committee will seriously consider only those candidates who have demonstrated exceptional ability and judgment and who are expected to be effective, in connection with the other nominees to or members of our board of directors, in providing the skills and expertise appropriate for Proxim and serving the long-term interests of our stockholders. Candidates for director are reviewed in the context of the current composition of the board, Proxim's operating and other business requirements, and the long-term interests of stockholders to maintain a balance of knowledge, experience, and capability on our board. In the case of incumbent directors, the Governance and Nominating Committee reviews such directors' overall service to Proxim during their term, including the number of meetings attended, level of preparation and participation, quality of performance, and any other relationships and transactions that might impair such directors' independence. In the case of new director candidates, the Governance and Nominating Committee also determines whether the nominee must or should be independent, which determination is based upon applicable listing standards, applicable rules and regulations, the committee's expectations, and the advice of counsel, if necessary. The Governance and Nominating Committee then uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Governance and Nominating Committee conducts any appropriate inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the board. The Governance and Nominating Committee considers such candidates' qualifications and then selects a nominee or nominees for recommendation to the board. The Governance and Nominating Committee retains the right to modify the qualifications and processes described in this paragraph from time to time.

The Governance and Nominating Committee will consider any qualified director candidates recommended by stockholders. The Governance and Nominating Committee does not intend to alter the manner in which it evaluates candidates based on whether the candidate was recommended by a stockholder or not. Stockholders who wish to recommend individuals for consideration by the Governance and Nominating Committee to become nominees for election to the board may do so by delivering a written recommendation to the Governance and Nominating Committee at the following address: c/o Secretary, Proxim Wireless Corporation, 881 North King Street, Suite 100, Northampton, MA 01060, which should be submitted no later than 90 days prior to the first anniversary of the preceding year's annual meeting. Submissions must include, at a minimum, the full name of the candidate, sufficient biographical information concerning the candidate, including age, five-year employment history with employer names, positions held, and description of the employers' businesses, whether such candidate can read and understand basic financial statements, and board memberships, if any. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected.

## **MATERIAL RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

### *Summary of Relationship with Two Major Stockholders*

As a result of the transactions described below, SRA OSS Inc. and Mr. Miller (including their affiliated entities) together controlled approximately 65% of the outstanding "as-converted" stockholder voting power of Proxim as of March 25, 2011. As of that date (the record date for this annual meeting), Proxim had 235,088 shares of common stock outstanding, 2,500,000 shares of Series A Convertible Preferred Stock outstanding, and 1,250,000 shares of Series B Non-Convertible Preferred Stock outstanding. As described in this document, the holders of the common stock and the holders of the Series A stock generally vote together as a single class on items presented for a stockholder vote (with the holders of Series A stock having 0.1333 votes for each share of Series A stock for a total of approximately 333,333 votes). As a result, on an "as converted" basis, there are approximately 568,421 votes that may be cast on items presented for a stockholder vote, of which Mr. Miller controls approximately 36% and SRA OSS controls approximately 29%. As described below, Mr. Miller also has the ability to purchase 48,831 additional shares of Proxim common stock through the exercise of his warrants, and SRA OSS also has the ability to purchase 18,165 additional shares of Proxim common stock through the exercise of its warrants. Therefore, Mr. Miller and SRA OSS together can determine the outcome of most items submitted to the stockholders for approval regardless of how any other stockholder acts.

Further, as a result of the January and March 2011 transactions described below, our two largest stockholders SRA OSS and Mr. Miller (including their affiliated entities) now also are our secured senior and junior lenders with a security interest in all of our assets.

### *January 2011 Secured Lending Transaction*

In January 2011, Proxim Wireless Corporation entered into a lending transaction with Lloyd I. Miller, III and Milfam II L.P., an entity affiliated with Mr. Miller (together, the "Initial Lenders"). Pursuant to a securities purchase agreement dated as of January 4, 2011, the Initial Lenders loaned Proxim the aggregate sum of \$3.5 million. This loan was reflected by promissory notes dated January 4, 2011 from Proxim to each of the Initial Lenders in the initial principal amount of \$1.75 million. The proceeds of this loan were used in part to repay in full the loan that had been made to Proxim by Bridge Bank, National Association.

In addition, the Initial Lenders agreed to lend Proxim an additional amount up to \$1.5 million upon the request of Proxim and satisfaction of various specified conditions to lending subsequent amounts, and Proxim agreed to pay the Initial Lenders a 0.75% commitment fee on the undrawn, available amount of this potential subsequent loan.

All outstanding amounts are scheduled to be repaid on January 4, 2014. Proxim may prepay any or all outstanding principal amounts at any time by paying to the Initial Lenders 102% of the principal amount being repaid. All outstanding amounts must be prepaid upon a change of control of Proxim (as defined in the securities purchase agreement) by paying 102% of the entire principal amount then outstanding. Further, all principal and interest amounts in excess of 135% of Proxim's borrowing base as calculated in accordance with the securities purchase agreement must be repaid immediately. Amounts may also be required to be repaid earlier upon the occurrence of specified defaults by Proxim.

The notes accrue interest at 11% per annum. Interest payments are due and payable quarterly in arrears on the last day of each calendar month beginning on March 31, 2011. In lieu of paying accrued interest in cash on each interest payment date, Proxim, in its sole discretion, may elect to pay interest in kind at the rate of 15% per annum, compounding quarterly, in which case the accrued interest will be added to the outstanding principal amount of the notes and interest will accrue on that aggregate principal amount thereafter. However, if the total principal and interest amount of the loan outstanding exceeds 120% of Proxim's borrowing base as calculated in accordance with the securities purchase agreement, the applicable interest rate is increased by 2%. Also, the option to pay interest in kind is not available to Proxim if the aggregate outstanding principal plus interest would exceed \$5.0 million. In March 2011, Proxim did inform the Initial Lenders that it had elected to pay the interest due in kind.

In the securities purchase agreement, Proxim made customary representations and warranties and gave customary affirmative and negative covenants to the Initial Lenders. Covenants include notifications of certain events, maintenance of business, and limitations on Proxim's ability to pay dividends on its capital stock, to make capital expenditures, to conduct mergers, acquisitions and/or assets sales or acquisitions, to incur future indebtedness, to place liens on assets, and to prepay other indebtedness.

The Initial Lenders are entitled to accelerate repayment of the loans under the securities purchase agreement upon the occurrence of any of various customary events of default, which include, among other events, failure to pay when due any principal or interest in respect of the loans, breach of any of Proxim's covenants (subject, in some cases, to certain grace periods) or representations under the securities purchase agreement and related documents, failure by Proxim to pay its other obligations, Proxim becoming involved in specified financial difficulties such as bankruptcy or insolvency proceedings, attachment or seizure of a material portion of Proxim's assets, a significant unsatisfied judgment against Proxim, and the occurrence of a material adverse change in Proxim's business or financial condition taken as a whole. Upon default by Proxim, the Initial Lenders may declare the entire unpaid amounts under the notes to be due and payable.

To secure its obligations under the securities purchase agreement, Proxim granted the Initial Lenders a security interest generally in all of Proxim's personal property (including without limitation accounts receivable, inventory, equipment, intellectual property, and cash). In addition, Proxim's subsidiary Terabeam International Holdings, Inc. guaranteed Proxim's obligations set forth in the securities purchase agreement and related documents and Proxim pledged the Terabeam International Holdings stock to the Initial Lenders as collateral.

In connection with the transactions contemplated by the 2011 securities purchase agreement, Proxim issued the two Initial Lenders warrants, dated January 4, 2011, to purchase an aggregate of 36,330 shares of Proxim's common stock (subject to adjustment) at an exercise price of \$5.47 per share (subject to adjustment). The warrants may be exercised at any time until January 4, 2016. The warrants may be exercised by paying the exercise price to Proxim or by cashless exercise pursuant to a formula.

In related transactions, the Initial Lenders also agreed to extend the maturity of the subordinated notes issued by Proxim to the Initial Lenders pursuant to a Securities Purchase Agreement, dated as of July 25, 2008. The maturity of those notes was extended from July 25, 2011 to July 25, 2012. In consideration for this extension, Proxim granted the Initial Lenders a security interest generally in all of Proxim's personal property (including without limitation accounts receivable, inventory, equipment, intellectual property, and cash). In addition, Proxim issued the two Initial Lenders warrants, dated January 4, 2011, to purchase an aggregate of 18,166 shares of Proxim's common stock (subject to adjustment) at an exercise price of \$5.47 per share (subject to adjustment). The warrants may be exercised at any time until January 4, 2016. The warrants may be exercised by paying the exercise price to Proxim or by cashless exercise pursuant to a formula.

The lenders under the 2011 Securities Purchase Agreement and the lenders under the 2008 Securities Purchase Agreement also entered into a subordination agreement in which they agreed that the rights of the lenders under the 2011 Securities Purchase Agreement generally were prior to the rights of the lenders pursuant to the 2008 Securities Purchase Agreement.

Given the relationship with Mr. Miller, the Proxim board of directors delegated the negotiation of the January 2011 transactions described above with Mr. Miller to a Transaction Committee of the board of directors. The Transaction Committee consisted of Robert A. Wiedemer and John W. Gerdelman, two independent directors of Proxim who were not originally recommended by Mr. Miller. After negotiation, the Transaction Committee approved the transactions described above with Mr. Miller and recommended approval by the full board of directors. The full board of directors accepted the Transaction Committee's recommendation and approved the recommended transactions without modification.

#### *March 2011 Assignment of Secured Financing Transaction Rights*

In March 2011, the two Initial Lenders under the 2011 Securities Purchase Agreement described above each assigned half their rights and obligations under that document and related documents to SRA OSS Inc. Rights and obligations under the 2008 Securities Purchase Agreement were not assigned.

In connection with that assignment, the original notes and warrants that had been issued to the Initial Lenders were cancelled and new notes and warrants were issued by Proxim. The Initial Lenders were issued new notes for the aggregate initial principal sum of \$1.75 million, and SRA OSS was issued new notes for the aggregate initial principal sum of \$1.75 million. The Initial Lenders were issued new warrants to purchase an aggregate of 18,165 shares of Proxim's common stock, and SRA OSS was issued new warrants to purchase an aggregate of 18,165 shares of Proxim's common stock. The new notes and warrants were otherwise on substantially similar terms as the original documents.

#### *August 2009 Financing Transaction*

On August 13, 2009, Proxim entered into a Preferred Stock Purchase Agreement with SRA OSS Inc. (a wholly owned subsidiary of SRA Holdings, Inc.), Lloyd I. Miller, III, and Milfam II L.P. The primary terms of that stock purchase agreement are summarized as follows:

- Proxim issued 2.5 million shares of its new Series A Convertible Preferred Stock and 1.25 million shares of its new Series B Non-Convertible Preferred Stock in a private placement all at \$2.00 per share for total consideration of \$7.5 million
- SRA OSS purchased 1.25 million shares of the Series A stock and all 1.25 million shares of the Series B stock for total cash consideration of \$5.0 million with the funds coming from its parent company SRA Holdings, Inc.
- Each of Mr. Miller and Milfam II purchased 625,000 shares of Series A stock for cash consideration of \$625,000 and debt cancellation of \$625,000 (as discussed in more detail below)
- The agreement contains various representations, warranties, covenants, indemnifications, and other terms relating to the private placement transaction, Proxim, its subsidiaries, their businesses, and the investors
- The investors agreed not to engage in a variety of short-sale transactions
- Proxim agreed to increase the size of its board of directors and Compensation Committee by one and to name an SRA OSS designee to the board and Compensation Committee, with that SRA OSS designee initially being Dr. Rao Papolu
- Thereafter, so long as SRA OSS (with its affiliates) owns at least 51% of its original investment, Proxim agreed to nominate one SRA OSS designee for election as a member of Proxim's board of directors and, if the designee is elected, to put that SRA OSS designee on Proxim's board of directors Compensation Committee

- Further, so long as SRA OSS (with its affiliates) owns at least 51% of its original investment, SRA OSS has right to designate one observer to meetings of the Proxim board of directors (two observers if the SRA OSS board of directors designee is not elected as a director)

The terms of the new Series A and Series B preferred stock are set forth in a Certificate of Designation filed by Proxim with the Delaware Secretary of State on August 13, 2009. That certificate, which became effective on filing, amended Proxim's Certificate of Incorporation, as previously amended to date. The primary terms of the Series A and Series B stock set forth in that certificate of designation are summarized as follows:

- 2.5 million shares of Series A Convertible Preferred Stock and 1.25 million shares of Series B Non-Convertible Preferred Stock were authorized from Proxim's 4.5 million shares of undesignated preferred stock
- Dividends accrue on the Series A stock at a rate of 7% per annum compounded quarterly (but only while the market price of Proxim's common stock is less than the split-adjusted \$15.00 conversion price); dividends accrue on the Series B stock at a rate of 10% per annum compounded quarterly (but that dividend rate could be increased to 15% per annum in three specific situations)
- Proxim may not pay dividends on any other class or series of stock unless all Series A and Series B accrued dividends have been paid or unless the holders of a majority of the Series B shares otherwise approve
- In the case of most acquisition and liquidation situations, first the holders of the Series A stock and the Series B stock would receive their original investment plus accrued dividends and then the remaining proceeds would be distributed among the holders of the common stock (but if the proceeds remaining available for distribution after the Series A and Series B preferential return exceed \$30 million, then those remaining proceeds are distributed pro rata among the holders of the common stock and the holders of the Series A stock on an as-converted basis)
- The holders of the Series A stock and Series B stock can request redemption of all of that stock after three years for an amount equal to the purchase price plus accrued dividends; Proxim can request redemption of that stock after four years also on an "all or none" basis
- Holders of the Series A stock will vote with the holders of the common stock as a single class on an as-converted basis; the Series B stock generally has no stockholder voting rights
- Each share of Series A stock was initially convertible at the option of the holder into 13 1/3 shares of Proxim's common stock (determined by dividing the \$2.00 per share Series A purchase price by the initial \$0.15 conversion price); each share of Series A stock is currently convertible at the option of the holder into 0.1333 shares of Proxim's common stock (determined by dividing the \$2.00 per share Series A purchase price by the split-adjusted \$15.00 conversion price); the Series B stock is not convertible into Proxim's common stock
- The initial \$0.15 conversion price is subject to typical adjustments for stock splits and combinations, stock dividends and distributions, and mergers and reorganizations; the conversion price is currently \$15.00 based on the reverse 1-for-100 stock split Proxim implemented in May 2010
- The initial \$0.15 conversion price was subject to anti-dilution adjustment if Proxim issues additional equity securities at a per share price less than the conversion price on or before February 13, 2010; Proxim did not issue any such equity prior to February 13, 2010
- Proxim agreed not to take certain actions relating to primarily the Series B stock without the consent of the holders of a majority of the Series B stock (with the consent rights existing only so long as at least 51% of the originally-issued number of Series B shares remain outstanding and SRA OSS (with its affiliates) owns at least 51% of the outstanding shares of Series B stock)

In connection with these transactions, Proxim also entered into an Investors Rights Agreement, dated as of August 13, 2009, with the other parties to the Preferred Stock Purchase Agreement. The primary terms of that Investors Rights Agreement are summarized as follows:

- Proxim made various covenants to the investors and granted them various access and information rights
- Proxim agreed not to issue any more shares of Series A or Series B stock without the consent of the holders of the majority of the then-outstanding shares of the relevant class

- Proxim granted piggyback registration rights to the investors as well as Form S-3 registration rights
- Proxim granted a right of first offer on subsequent capital-raising equity financings to the investors (so long as the investor wanting to participate holds at least 51% of its original investment) for up to one year after closing (through August 13, 2010)

Proxim also entered into a Strategic Alliance Agreement, dated as of August 13, 2009, with SRA OSS. That agreement provides for each party to promote the products and services of the other party to the original party's customers as well as commissions that each party would pay to the other on business generated from these cross-promotional activities. Proxim also agreed not to promote to its major and strategic customers services offered by entities that compete with SRA OSS' software services.

Proxim entered into a Statement of Agreements, dated as of August 13, 2009, with Lloyd I. Miller, III and Milfam II L.P. addressing three topics:

- Mr. Miller and Milfam consented to the transactions described above (which consent was required pursuant to previous documentation in place between Proxim and those entities)
- Proxim agreed to reduce the exercise price of the two warrants previously issued to Mr. Miller and Milfam, each to purchase 6,250 shares of Proxim common stock for a total of 12,500 shares, from \$53.00 per share to \$15.00 per share
- Proxim, Mr. Miller, and Milfam agreed that half the purchase price from each of Mr. Miller and Milfam for the shares of Series A stock purchased pursuant to the Preferred Stock Purchase Agreement (\$625,000 each) would be paid in cash and the remaining half would be paid by cancellation of indebtedness owed to each of Mr. Miller and Milfam pursuant to a Securities Purchase Agreement, dated as of July 28, 2008, and related notes issued pursuant thereto (which agreement is described in the Form 8-K filed by Proxim with the Securities and Exchange Commission on July 29, 2008). Thus, of the aggregate \$2.5 million purchase price for the shares of Series A stock they acquired, Mr. Miller and Milfam together paid \$1.25 million in cash and \$1.25 million of existing debt was cancelled.

These transactions were approved by Proxim's board of directors.

#### *July 2008 Borrowing Transaction with Lloyd I. Miller, III*

Lloyd I. Miller, III, personally and through affiliated entities, is our largest stockholder. Mr. Miller holds no board or management position with our company. Two of our directors, Messrs. Gullard and Howe, were originally nominated for election as a director of the Company on the recommendation of Mr. Miller. In addition to the January 2011 and August 2009 financing transactions described above, we have engaged in the following transaction with Mr. Miller in July 2008.

In July 2008, Mr. Miller and an affiliated entity lent us \$3.0 million. This loan was reflected by promissory notes dated July 25, 2008 from Proxim to each of the lenders in the initial principal amount of \$1.5 million. The notes originally were unsecured (as described above, the notes currently are secured). In connection with this transaction, Proxim paid each lender a fee of \$22,500, being 1.5% of the amount lent by each lender. All outstanding amounts are scheduled to be repaid on July 25, 2011 (as described above, this maturity date has been extended to July 25, 2012). Proxim may prepay any or all outstanding principal amounts at any time by paying to the lenders 102% of the principal amount being repaid. All outstanding amounts must be prepaid upon a change of control of Proxim (as defined in the securities purchase agreement) by paying 102% of the entire principal amount then outstanding. Amounts may also be required to be repaid earlier upon the occurrence of specified defaults by Proxim. The notes accrue interest at 16% per annum. Interest payments are due and payable monthly in arrears on the last day of each calendar month beginning on July 31, 2008. In lieu of paying accrued interest in cash on each interest payment date, Proxim, in its sole discretion, may elect to pay interest in kind at the rate of 19% per annum, compounding monthly, in which case the accrued interest will be added to the outstanding principal amount of the notes and interest will accrue on that aggregate principal amount thereafter. In December 2008, Proxim did elect to pay the interest in kind and has continued to do so.

In the securities purchase agreement, Proxim made customary representations and warranties and gave customary affirmative and negative covenants to the lenders. Covenants include notifications of certain events, maintenance of business, and limitations on Proxim's ability to pay dividends on its capital stock, to make capital expenditures, to conduct mergers, acquisitions and/or assets sales or acquisitions, to incur future indebtedness, to place liens on assets, and to prepay other indebtedness. The lenders are entitled to accelerate repayment of the loans under the securities purchase agreement upon the occurrence of any of various customary events of default, which include, among other events, failure to pay when due any principal or interest in respect of the loans, breach of any of Proxim's covenants (subject, in some cases, to certain grace periods) or representations under the securities purchase agreement and related documents, failure by Proxim to pay its other obligations, Proxim becoming involved in specified financial difficulties such as bankruptcy or insolvency proceedings, attachment or seizure of a material portion of Proxim's assets, a significant unsatisfied judgment against Proxim, and the occurrence of a material adverse change in Proxim's business or financial condition taken as a whole. Upon default by Proxim, the lenders may declare the entire unpaid amounts under the notes to be due and payable.

In connection with the transactions contemplated by the securities purchase agreement, the lenders agreed to cancel warrants that had been issued to the lenders in July 2007. In the aggregate, warrants to purchase 9,250 shares of Proxim's common stock at an exercise price of \$245.00 per share were cancelled effective July 25, 2008. Proxim issued the two lenders warrants, dated July 25, 2008, to purchase an aggregate of 12,500 shares of Proxim's common stock (subject to adjustment) at an exercise price of \$53.00 per share (subject to adjustment). The warrants may be exercised at any time until July 25, 2018. The warrants may be exercised by paying the exercise price to Proxim or by cashless exercise pursuant to a formula. As discussed above under the subheading "*August 2009 Financing Transaction*," in August 2009 the exercise price of these warrants was reduced to \$15.00 per share.

Given the relationship with Mr. Miller, the Proxim board of directors delegated the negotiation of the July 2008 transactions described above with Mr. Miller to a Transaction Committee of the board of directors. The Transaction Committee consisted of Robert A. Wiedemer and John W. Gerdelman, two independent directors of Proxim who were not originally recommended by Mr. Miller. After negotiation, the Transaction Committee approved the transactions described above with Mr. Miller and recommended approval by the full board of directors. The full board of directors accepted the Transaction Committee's recommendation and approved the recommended transactions without modification.

The aggregate amount of interest paid in cash relating to this July 2008 indebtedness through December 31, 2010 was \$170,000. No principal amount of this indebtedness to Mr. Miller was repaid through December 31, 2010. As discussed above under the subheading "*August 2009 Financing Transaction*," in August 2009 \$1.25 million of this indebtedness was cancelled. As of December 31, 2010, the principal amount outstanding was \$2.8 million, which includes the original principal amount plus interest paid in kind less the cancelled portion.

#### *Transactions with B. Riley & Co., LLC*

Mr. Howe currently serves as a Managing Director of B. Riley & Co., LLC, an investment bank. B. Riley served as Proxim's financial advisor in connection with the August 2009 financing transaction described above and was paid a fee in connection with the completion of that transaction. In addition, in connection with Proxim qualifying for listing on the OTCQX trading market in 2010, Proxim had engaged B. Riley to serve as Proxim's required Designated Advisor for Disclosure and paid B. Riley a quarterly fee to act in this role during 2010.

#### *Related Party Transaction Consideration*

We do not have a written policy specifically addressing approval of related party transactions. Our Statement of Business Conduct and Code of Ethics contains provisions specifically addressing actual or apparent conflicts of interest that could affect the duty of loyalty we believe all of our directors, officers, and employees owe the Company. Under that policy, all actual and reasonably apparent conflicts of interest must be promptly disclosed and terminated unless approved. Such approvals must be made by (i) our Chief Executive Officer in the case of a Company employee, (ii) the Chairperson of our Audit Committee in the case of a Company officer, or (iii) the non-interested members of our board of directors in the case of a director. In general, under its written charter, our Audit Committee is responsible for monitoring compliance with this policy.



## **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND OUR DIRECTORS AND MANAGEMENT**

The following table provides information regarding the beneficial ownership of our outstanding voting capital stock as of March 25, 2011 (unless otherwise noted) by:

- each person or group that we know owns more than 5% of any class of our voting capital stock,
- each of our current directors,
- each of our current executive officers,
- each of our nominees for election as director who are not currently directors, and
- all of our current directors and executive officers as a group.

Beneficial ownership is determined under rules of the Securities and Exchange Commission and includes shares over which the beneficial owner exercises voting or investment power. The percentage beneficially owned by each person is based upon 568,421 shares, which is the sum of the 235,088 shares of our common stock outstanding on March 25, 2011 plus the 333,333 shares of our common stock into which the outstanding shares of our Series A Convertible Preferred Stock are convertible. Shares of common stock that we may issue upon the exercise of options or warrants currently exercisable or exercisable within 60 days of March 25, 2011 are deemed outstanding for computing the percentage ownership of the person holding the options or warrants but are not deemed outstanding for computing the percentage ownership of any other person. Except as otherwise indicated, we believe the beneficial owners of the common stock listed below, based on information furnished by them, have sole voting and investment power over the number of shares listed opposite their names.

Name of Beneficial Owner	Shares Issuable pursuant to Options and Warrants Exercisable within 60 days of March 25, 2011	Number of Shares Beneficially Owned (Including the Number of Shares shown in the first column)	Percentage Beneficially Owned
Lloyd I. Miller, III 4550 Gordon Drive Naples, FL 34102 (1).....	48,831	251,035	40.7%
Milfam II L.P. (same address as Mr. Miller) (1).....	24,415	126,192	21.3%
SRA OSS Inc. 5300 Stevens Creek Blvd., Suite 460 San Jose, CA 95129 (2) .....	18,165	184,831	31.5%
Lee M. Gopadze .....	-	-	*
Chun (Cathy) Zhao .....	-	-	*
David L. Renauld (3) .....	682	1,001	*
Michael Foster .....	-	-	*
John W. Gerdelman .....	750	750	*
J. Michael Gullard.....	800	800	*
Alan B. Howe .....	950	983	*
Dr. Rao M. Papolu (2) .....	18,165	189,547	32.3%
Robert A. Wiedemer .....	875	875	*
Toru Kashima (2).....	18,165	184,831	31.5%
Robert M. Pons .....	-	-	*
David J. Porte.....	-	-	*
All current executive officers and directors as a group (9 persons) .....	22,222	193,956	32.8%

\* Less than 1%.

- (1) The number of shares beneficially owned by Mr. Miller is based on information provided to us by Mr. Miller. Based on this information, we believe that (1) Mr. Miller directly owns 11,899 shares of our common stock and has the right to acquire an additional 24,416 shares of our common stock upon exercise of warrants; (2) Mr. Miller has sole voting and dispositive power of the 18,444 shares of our common stock owned by Milfam II L.P. and the additional 24,415 shares of our common stock that may be acquired upon exercise of warrants held by Milfam II L.P.; and (3) Mr. Miller has shared voting and dispositive power of the 5,195 shares of our common stock owned by Trust A-4. Further, each of Mr. Miller and Milfam II L.P. owns 625,000 shares of our Series A Convertible Preferred Stock which is convertible into 83,333 shares of our common stock. Mr. Miller disclaims beneficial ownership of the shares beneficially held by Milfam II L.P. and Trust A-4 except to the extent of his pecuniary interest in those shares.
- (2) SRA OSS Inc. owns 1,250,000 shares of our Series A Convertible Preferred Stock which is convertible into 166,666 shares of our common stock. SRA OSS Inc. is wholly owned by SRA Inc. Mr. Kashima is President, Chief Executive Officer, and Chairman of SRA Inc. Dr. Papolu is the president of SRA OSS. We believe that each of Mr. Kashima and Dr. Papolu disclaims beneficial ownership of the shares beneficially held by SRA OSS Inc. except to the extent of his pecuniary interest in those shares. In addition, Dr. Rao owns 4,716 shares of our common stock personally.
- (3) Mr. Renauld has joint ownership and shared voting and investment power with his wife with respect to 319 shares of our common stock.

## OTHER MATTERS

The board of directors knows of no other matters that will be presented for consideration at the annual meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

/s/ David L. Renauld

April 8, 2011

David L. Renauld, Secretary

Further information about Proxim is contained in (i) any filings made by Proxim from time to time with the OTC Markets ([www.otcmarkets.com](http://www.otcmarkets.com)), (ii) the historical filings made by Proxim with the Securities and Exchange Commission (available at [www.sec.gov](http://www.sec.gov)), and (iii) its other public statements, which may be available on Proxim's website ([www.proxim.com](http://www.proxim.com)). Proxim will provide, without charge, a copy of materials filed publicly by Proxim to any stockholder upon written request by the stockholder. Requests should be addressed to David L. Renaud, Proxim Wireless Corporation, 881 North King Street, Suite 100, Northampton, MA 01060.

**APPENDIX A**

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
PROXIM WIRELESS CORPORATION

Pursuant to Section 242 of the General Corporation Law of the State of Delaware, Proxim Wireless Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify as follows:

1. The name of the Corporation is Proxim Wireless Corporation, and the Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on May 5, 2003.
2. The Board of Directors of the Corporation has duly adopted a resolution pursuant to Section 242 of the General Corporation Law of the State of Delaware setting forth a proposed amendment to the Certificate of Incorporation of the Corporation, as amended to date, and declaring said amendment to be advisable.
3. The requisite stockholders of the Corporation have duly approved said proposed amendment in accordance with Section 242 of the General Corporation Law of the State of Delaware.
4. The amendment amends Article Fourth of the Certificate of Incorporation of the Corporation, as amended to date, by replacing the first paragraph thereof in its entirety with the following:

"The total number of shares of stock which the corporation shall have authority to issue is nine million five hundred thousand (9,500,000), consisting of four million five hundred thousand (4,500,000) shares of Preferred Stock, par value \$.01 per share (hereinafter referred to as "Preferred Stock"), and five million (5,000,000) shares of Common Stock, par value \$.01 per share (hereinafter referred to as "Common Stock")."

5. This Certificate of Amendment and the amendment to the certificate of incorporation of the Corporation, as amended to date, effected hereby shall become effective immediately upon filing this Certificate of Amendment with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its Chief Executive Officer or other duly authorized officer this \_\_\_\_ day of \_\_\_\_\_, 2011.

PROXIM WIRELESS CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

## APPENDIX B

### PROXIM WIRELESS CORPORATION

#### 2004 STOCK PLAN

(as amended to date)

1. Purpose. This 2004 Stock Plan is designed to enable Proxim Wireless Corporation and its Affiliates to attract and retain capable key employees, officers, directors and consultants and to motivate such persons to exert their best efforts on behalf of the Company by providing them with compensation in the manner provided in this Plan.

2. Definitions.

"Act" means the Securities Exchange Act of 1934, as amended.

"Award" means Common Stock awarded under this Plan.

"Affiliate" means any parent corporation or subsidiary corporation of the Company as those terms are defined in Section 424 of the Code.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the committee established to administer this Plan as provided in Section 3 or, if no such committee is established, the Board.

"Common Stock" means shares of common stock of the Company and such substitutions therefor as are determined by the Committee pursuant to Section 11 to be appropriate.

"Company" means Proxim Wireless Corporation, a Delaware corporation.

"Date of Grant" means the date on which the Committee authorizes the grant of a Stock Right, or such later date as may be specified by the Committee at the time of such authorization.

"Disability" means a disability that entitles the Grantee to disability income benefits under the terms of any long-term disability plan maintained by the Company which covers the Grantee, or if no such plan exists or is applicable to the Grantee, the permanent and total disability of the Grantee within the meaning of Section 22(e)(3) of the Code.

"Disqualifying Disposition" means any disposition (including any sale) by an Optionee of Common Stock acquired pursuant to the exercise of an ISO before the later of (a) two years after the Date of Grant of the ISO or (b) one year after the date the Optionee acquired such Common Stock by exercising the ISO. The foregoing rules do not apply to dispositions of Common Stock after the death of an Optionee by his or her estate or by a person who acquired the Common Stock or the right to exercise the ISO by bequest or inheritance or by reason of the death of the Optionee.

"Grantee" means a person to whom a Stock Right has been granted under this Plan.

"ISO" means an Option which qualifies as an incentive stock option under Section 422(b) of the Code.

"Non-Qualified Option" means an Option which does not qualify as an ISO.

"Option" means a right to purchase Common Stock granted pursuant to this Plan.

"Optionee" means a person to whom an Option has been granted under this Plan.

"Plan" means the Proxim Wireless Corporation 2004 Stock Plan.

"Purchase" means the right to make a direct purchase of Common Stock granted pursuant to this Plan.

"Stock Appreciation Right" means a right granted under Section 7.

"Stock Rights" collectively refers to Options, Awards, Purchases and Stock Appreciation Rights.

3. Administration of the Plan.

(a) The Board may administer this Plan or may appoint a Committee to administer this Plan. Members of the Committee, while members, will be eligible to participate in this Plan only as provided in Section 3(d). Subject to any limits or restrictions imposed by the Board from time to time (which limits or restrictions may be amended and/or removed by the Board at any time), the Committee will have the authority to (i) determine the employees and other persons to whom Stock Rights may be granted; (ii) determine when Options, Awards and Stock Appreciation Rights may be granted or Purchases made; (iii) determine the purchase price, if any, of Stock Rights and the shares underlying them; (iv) determine the other terms and provisions of each Stock Right (which may vary among Grantees in the Committee's discretion), including but not limited to the timing, vesting and duration of the exercise period and the nature and duration of transfer and/or forfeiture restrictions; (v) amend, modify, convert, or replace any Stock Right to the extent allowed by law, (vi) accelerate a Stock Right exercise date in whole or in part, subject only to the ISO acceleration provisions of Section 422(d) of the Code (if applicable); (vii) employ attorneys, consultants, accountants or other persons upon whose advice the Committee may rely; (viii) establish the maximum aggregate number of Stock Appreciation Rights which may be granted under this Plan from time to time; and (ix) interpret this Plan and prescribe and rescind rules and regulations relating to it. All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding on all parties, unless otherwise determined by the Board.

(b) No member of the Board or the Committee will be liable for any action or determination made in good faith with respect to this Plan or any Stock Right granted under it. Each member of the Committee will be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by such member or liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with this Plan unless arising out of such member's own fraud or bad faith. Such indemnification will be in addition to any rights of indemnification the members of the Committee may have as directors or otherwise under the by-laws of the Company, or any agreement, vote of stockholders or disinterested directors, or otherwise.

(c) The Committee may select one of its members as its chair, and will hold meetings at its discretion. A majority of the Committee will constitute a quorum. The acts of a majority of the members of the Committee present at any meeting at which a quorum is present or acts approved in writing by a majority of the members of the Committee will be the valid acts of the Committee. From time to time the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint replacement members, fill vacancies however caused, and remove all members of the Committee and thereafter directly administer this Plan.

(d) Stock Rights may be granted to members of the Committee pursuant to this Plan if such grants have been approved by a majority vote of the disinterested members of the Board.

4. Stock.

(a) The aggregate number of shares of Common Stock which may be issued under this Plan is One Hundred Thirty-One Thousand Five Hundred (131,500), subject to adjustment as provided in Section 11. The Committee may grant Options and Stock Appreciation Rights and may authorize Purchases and Awards with respect to such shares in such combinations and for such amount of shares as it determines are appropriate, provided that the aggregate number of shares issuable upon exercise of such Options, Purchases and Stock Appreciation Rights and upon grant of such Awards does not exceed such number, as adjusted. Stock subject to Stock Rights may be authorized but unissued shares of Common Stock or Common Stock held in the treasury of the Company. If any Stock Right expires or terminates for any reason without having been exercised in full or ceases for any reason to be exercisable in whole or in part, or if the Company reacquires any unvested shares issued pursuant to Stock Rights, then the unexercised shares subject to such Stock Right and any unvested shares so reacquired by the Company will again be available for grants of Stock Rights.

(b) In no event may any Grantee or other Plan participant be granted Stock Rights (including Stock Appreciation Rights) with respect to more than 500,000 shares of Common Stock (which number may be adjusted by the Committee as contemplated in Section 11) in any calendar year. The number of shares of Common Stock relating to a Stock Right granted to a Grantee in a calendar year that is subsequently forfeited, cancelled, or otherwise terminated shall continue to count toward the foregoing limitation in such calendar year. In addition, if the exercise price of a Stock Right is subsequently reduced, the transaction shall be deemed a cancellation of the original Stock Right and the grant of a new one so that both transactions shall count toward the maximum shares issuable in the calendar year of each respective transaction.

5. Granting of Stock Rights; Eligibility. The Committee is authorized to grant Stock Rights to such employees, consultants, officers and directors (whether or not an employee) of the Company or its Affiliates at such time or times as it may determine, all in its sole discretion. Each Stock Right will be evidenced by a written agreement in such form as the Committee may from time to time approve. Each agreement for an ISO will require the Optionee to notify the Company in writing immediately after the Optionee makes a Disqualifying Disposition of any Common Stock acquired pursuant to the exercise of the ISO. The Committee may from time to time confer authority on one or more of its own members and/or one or more officers of the Company to execute and deliver such agreements. The officers of the Company are authorized and directed to take any and all action necessary or advisable from time to time to carry out the terms of each agreement entered into pursuant to this Plan.

6. Option Price and Term; ISO Limitations.

(a) The exercise price for each Option to acquire a share of the Company's Common Stock will be at least equal to the fair market value per share of that Common Stock on the Date of Grant. However, if the Optionee owns more than ten percent of the total combined voting power of all classes of stock of the Company or an Affiliate, the exercise price for an ISO share must be at least one hundred ten percent (110%) of the fair market value per share on the Date of Grant, determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

(b) Each Option will expire on the date specified by the Committee. However, any ISOs granted to an employee owning more than ten percent of the total combined voting power of all classes of stock of the Company or an Affiliate must expire not more than five years from the Date of Grant and all other ISOs must expire not more than ten years from the Date of Grant.

(c) ISOs may be granted only to employees of the Company or an Affiliate. Non-Qualified Options may be granted to any director or officer (whether or not an employee), employee or consultant of the Company or an Affiliate.

(d) To the extent that the aggregate fair market value (determined as of the Date of Grant) of Common Stock with respect to which ISOs (determined without regard to this paragraph) are exercisable for the first time by any Optionee during any calendar year under all plans of the Company and its Affiliates exceeds \$100,000, such ISOs will be treated as Non-Qualified Options.

(e) The fair market value of a share of Common Stock on the Date of Grant will be the closing price on such date on the securities market where the Common Stock of the Company is traded, or if there were no sales on the Date of Grant, on the next preceding date within a reasonable period (as determined in the sole discretion of the Committee) on which there were sales. In the event that there were no sales in such a market within a reasonable period or if the Common Stock is not publicly traded on the Date of Grant, the fair market value will be as determined in good faith by the Committee in its sole discretion after taking into consideration all factors which it deems appropriate including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length.

7. Stock Appreciation Rights.

(a) The Committee will have the authority to grant Stock Appreciation Rights with or apart from the grant of Options under this Plan. Stock Appreciation Rights may be paid in cash or shares of Common Stock, or any combination of each, as the Committee may determine and will be subject to such terms and conditions as the Committee may specify.

(b) Each Stock Appreciation Right granted with a specified Option will entitle the Grantee to receive the following amount if and when the specified Option becomes exercisable: unless the Committee determines otherwise, the amount to be received by the Grantee will equal the difference between (i) the fair market value of a share of Common Stock on the date of exercise of the Right and (ii) the exercise price of a share under the specified Option.

(c) Each Stock Appreciation Right granted without reference to a specified Option will entitle the Grantee to receive, unless the Committee determines otherwise, the difference between (i) the fair market value of a share of Common Stock on the date of exercise of the Right and (ii) the fair market value of a share of Common Stock on the date the Right was granted.

(d) Notwithstanding the foregoing, for those Grantees subject to Section 16(b) of the Act, any transaction involving the exercise of a Stock Appreciation Right will be structured to satisfy the requirements of Rule 16b-3.

8. Means of Exercising Stock Rights. To exercise a Stock Right (or any part thereof), a Grantee must give written notice to the Company at its designated office address identifying the Stock Right being exercised, specifying the portion of the Stock Right being exercised (including the number of shares, if any, for which Stock Right is being exercised), and accompanied by full payment of the purchase price (if any) either (a) in United States cash or cash equivalent or (b) at the discretion of the Committee, (i) in shares of Common Stock having a fair market value on the date of exercise equal to the exercise price of the Stock Right, (ii) by delivery of the Grantee's promissory note to the Company in an amount equal to the exercise price of the Stock Right, (iii) by written notice to the Company to withhold from those shares of Common Stock that would otherwise be obtained on the exercise of such Stock Right the number of shares having a fair market value on the date of exercise equal to the exercise price, (iv) in cash by a broker-dealer acceptable to the Company to whom the Grantee has submitted an irrevocable notice of exercise, or (v) by any combination of the foregoing. The holder of a Stock Right will not have the rights of a shareholder with respect to any shares covered by the Stock Right until the date of issuance of a stock certificate for such shares. Except as otherwise determined by the Committee, no adjustment will be made for dividends or similar rights for which the record date is before the date such stock certificate is issued.

9. Termination of Employment; Limitations on Exercise. Upon termination of a Grantee's employment with or service to the Company, (a) no further vesting of the Grantee's Options and Stock Appreciation Rights will occur subsequent to the date of termination, (b) the Grantee's ISOs will terminate on the earlier of (i) their specified expiration dates, (ii) in the case of a termination due to the Grantee's death or Disability, one (1) year after the date of termination, or (iii) in the case of termination for any other reason, on the date three months after the date of termination, (c) the Grantee's Non-Qualified Stock Options and Stock Appreciation Rights will terminate one (1) year after the date of termination or on their specified expiration dates, if earlier, except to the extent otherwise provided by the Committee, and (d) all other types of Stock Rights will immediately terminate and



cease to be exercisable except to the extent otherwise provided by the Committee. Nothing in this Plan will be deemed to give any Grantee the right to continued employment with the Company.

10. Assignability. No Stock Right will be assignable or transferable by a Grantee, either voluntarily or by operation of law, except by will or by the laws of descent and distribution or as permitted by the Committee in a specific situation. During the lifetime of the Grantee no Stock Right will be exercisable by or payable to anyone other than the Grantee or his legal representative or permitted assignee.

11. Adjustments. Notwithstanding any other provision of this Plan, the Committee shall at any time make or provide for such adjustments to this Plan, to the number and class of shares available under this Plan or to any outstanding Stock Rights, as it deems appropriate to prevent dilution or enlargement of rights, including adjustments in the event of distributions to holders of Common Stock of other than a normal cash dividend, and changes in the outstanding Common Stock by reason of stock dividends, split-ups, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, reorganizations, liquidations and the like. In the event of any general offer to holders of Common Stock relating to the acquisition of their shares, the Committee may make such adjustment as it deems equitable in respect of outstanding Stock Rights including, in the Committee's discretion, revision of outstanding Stock Rights so that they may be exercisable for the consideration payable in the acquisition transaction. Any such determination by the Committee will be conclusive.

12. Amendment of Plan. The Board may terminate or amend this Plan in any manner allowed by law at any time, provided that no amendment to this Plan will be effective without approval of the stockholders of the Company if stockholder approval of the amendment is then required under Rule 16b-3 of the Act, Sections 162(m) or 422 of the Code, the rules of any stock exchange or other applicable federal or state law. In no event may action of the Board or stockholders adversely alter or impair the rights of a Grantee, without the Grantee's consent, under any Stock Right previously granted to such Grantee. Stock Rights may be granted prior to the date of stockholder approval of this Plan.

13. Application Of Funds. All proceeds received by the Company with respect to Stock Rights will be used for general corporate purposes.

14. Governmental Regulation. The Company's obligation to sell and deliver shares of Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares and the availability of federal and appropriate state securities law registrations, qualifications, and/or exemptions.

15. Withholding of Additional Income Taxes. It will be a condition of the Company's obligation to issue Common Stock or make any payment upon exercise of a Stock Right that the person exercising the Stock Right pay, or make provision satisfactory to the Company for the payment of, any taxes which the Company is obligated to collect in connection with such issuance or payment.

16. Governing Law. This Plan and any agreements entered into under this Plan will be governed and construed in accordance with the laws of the State of Delaware.

17. Effective Date. This Plan is effective as of August 5, 2004, the date of its adoption by the Board. Unless previously terminated, the Plan will terminate at midnight on August 4, 2014 and no Stock Right may be granted after such date.