Proxim Wireless Selects Four Recipients Under Equipment Grant Program

Barrie, Ontario; Carrollton, Texas; Malden, Massachusetts; and Wilmington, North Carolina to Benefit From Proxim Wireless Metropolitan Outdoor Wi-Fi(R) Mesh Products

San Jose, CA, August 8, 2006 – Proxim Wireless Corporation, a global provider of broadband wireless equipment and wholly owned subsidiary of Terabeam, Inc. (NASDAQ: TRBM), today announced it has awarded grants under its Equipment Grant Program for deployment in four cities: Barrie, Ontario (Canada); Carrollton, Texas; Malden, Massachusetts; and Wilmington, North Carolina. The company’s Equipment Grant Program was announced on April 27, 2006 to speed the benefits of Proxim Wireless municipal wireless solutions -- including outdoor Wi-Fi® mesh products for Internet access and public safety communications -- to deserving communities.

“We received a significant number of applications from communities planning wireless networks, confirming that this trend is continuing unabated across North America,” said Robert Fitzgerald, Chief Executive Officer of Proxim Wireless. “Each of the four cities was distinguished by the intent to deploy or expand a wireless network serving a significant population; pursuit of a network serving multiple user groups such as citizens, municipal government and public safety departments; commitment to a scalable network based on complementary technologies; and the thorough planning already done, including establishment of a team of experts to ensure the network is soundly designed, installed and maintained.”

Each of the cities will benefit from individual grants of approximately $50,000 worth of Proxim Wireless metropolitan outdoor Wi-Fi mesh equipment.

Barrie, Ontario

Barrie is a city of approximately 135,000 residents in Ontario, Canada and is the 39th largest city in Canada by population. According to Lawrence Bacik, Director of Information and Communications Technology, the city has a sufficient penetration of broadband Internet access via common carriers, but sees tremendous opportunity to enhance communications using wireless technology for local police, fire and various municipal departments. “In 2005, we began implementation of a wireless backbone using Proxim Wireless products providing a self-healing 200 Mbps ring around Barrie to provide a City-owned and City-controlled service,” said Bacik. “Our commitment to wireless is so strong that we moved our emergency response two-way radio inter-tower linking to the backbone. The savings to taxpayers from our wireless initiative, including the mesh network, will be $135,000 per year.”

Carrollton, Texas

Carrollton, a suburb of Dallas, Texas with a population of approximately 125,000, was recently named by Money Magazine as one of the top 20 cities in which to live in the United States. The city has in place a 100 Mbps wireless ring serving point-to-multipoint microwave wireless to each of the city’s facilities, and is seeking new cutting edge technology to support additional services, such as digital mobile video. "The city of Carrollton strives to be on the cutting edge in our integration of wireless data and VoIP technology," said Barry Turner, Communications Manager. "As we attempt to address demands for higher bandwidth and more sophisticated applications, we are excited about the opportunity to discover how Proxim Wireless mesh technology can help the city develop a more robust and scalable network."

Malden, Massachusetts

Located just northwest of Boston, Malden is a vibrant and diverse community of approximately 58,000 people. Recently, the city was recognized by the Massachusetts High Tech Journal for its progressive stand on wireless technology. Already committed to point-to-multipoint technology using Proxim Wireless solutions to connect municipal offices and public safety facilities, the city is now turning to mesh to deliver connectivity in key transit corridors and commercial areas and to help municipal and public safety personnel deliver key services. "Malden is grateful to Proxim Wireless for the Equipment Grant," said Anthony Rodrigues, Director of Information Technology. "As a municipal wireless pioneer in the Commonwealth of Massachusetts, we have a clear vision of how this technology can empower and improve our city, and this grant award brings that vision one step closer to fruition."

Wilmington, North Carolina
Known as the "Port City" of North Carolina, Wilmington is home to approximately 95,000 residents. In 2005, the City of Wilmington and Epproach Communications, LLC formed a public-private partnership to create a wireless broadband network to provide city departments, businesses, residents, and visitors with high-speed communications services. The Wilmington Wireless Initiative is aimed at addressing a wide range of needs, a small sample of which includes: diminishing the digital divide that exists within the community; high-speed, highly secure and highly available VoIP connections among all fire stations; mobile connectivity for the city's police and fire department vehicles; mobile connectivity for the city's transportation authority along bus routes; and city-wide, ubiquitous multi-purpose commercial Wi-Fi Internet access. A wireless backhaul network based on Proxim Wireless backhaul and point-to-multipoint products will be augmented using Proxim Wireless mesh. "The public-private model that we have established in Wilmington is the ideal way to achieve our goals," said Larry Bergman, Information Technology Director. "We are delighted that Proxim Wireless has awarded us a grant, and now look forward to working with Epproach to aggressively deploy the next phase of Wilmington Wireless."

More About Proxim's Outdoor Mesh Products

The ORiNOCO® AP-4000MR family of ruggedized, dual-radio wireless mesh access points is based on the world-renowned ORiNOCO enterprise-class Wi-Fi platform for metropolitan scale deployments. One radio provides Wi-Fi (802.11b/g) end user access, while the other radio in the same compact product enclosure provides mesh backhaul using a pre-802.11s protocol. By using two radios operating at different frequencies, system capacity is doubled and interference is significantly reduced. Furthermore, the mesh protocol secures links using AES encryption, supports both fixed mesh (all APs mounted statically) or mobile mesh (in-vehicle versions of the mesh AP interacting with APs mounted statically) configurations, and VLAN information is kept intact over mesh links to enable virtual networking. Another advantage is draft 802.11e and draft 802.1p quality of service (QoS) enabling converged but differentiated carriage of voice, video and data traffic.

End-to-End Solutions for Enterprise-Quality, Cost-Effective Wireless Mesh

Proxim Wireless has the depth of experience and breadth of product portfolio to offer end-to-end (from very high capacity backhaul to end user access) wireless solutions. A complete, advanced municipal network will need to encompass backhaul, middle mile, edge access, client devices, and network optimization. Proxim Wireless provides the entire solution:

ORiNOCO AP-4000MR family for simultaneous 802.11a and 802.11b/g Wi-Fi edge access with mesh networking

ORiNOCO AP-4900MR family for simultaneous 4.9 GHz public safety and 802.11b/g Wi-Fi edge access with mesh networking

Tsunami MP.11, providing capabilities of WiMAX in license-free frequency bands worldwide, for last mile connectivity to a wireless mesh network

Tsunami MP.16 for last-mile WiMAX connectivity in the 3.5 GHz licensed frequency band

Point-to-point wireless backhaul products which offer data rates up to 1 Gigabit per second

ProximVision Network Management

This product breadth delivers a number of advantages to customers of Proxim Wireless. First, customers are able to deal with a single vendor for all their networking needs, thereby increasing personnel efficiency and speed of deployment. Second, customers can receive products that have been engineered and designed to work together, rather than worrying about interoperability of products acquired from multiple vendors. Third, for support after the sale, customers can place a single call to Proxim Wireless to resolve questions rather than calling multiple vendors.

About Proxim Wireless

Proxim Wireless Corporation is a wholly owned subsidiary of Terabeam, Inc. (NASDAQ: TRBM). Proxim Wireless is a global pioneer in developing and supplying scalable broadband wireless networking systems for enterprises, governments, and service providers. From Wi-Fi to wireless Gigabit Ethernet -- our WLAN, mesh, point-to-multipoint, and point-to-point products are available through our extensive global channel network, backed by world-class support. Proxim is a Principal Member of the WiMAX Forum and is ISO-9001 certified. Information about Proxim and its products and support can be found at http://www.proxim.com.

Safe Harbor Statement

Statements in this press release that are not statements of historical facts are forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from the results anticipated in these forward-looking statements. The forward-looking statements involve risks and uncertainties that could contribute to such differences including those relating to the intense competition in our industries and resulting impacts on our pricing, gross margins, and general financial
performance; difficulties or delays in obtaining any necessary Federal Communications Commission or other governmental or regulatory certifications, permits, waivers, or approvals; and difficulties or delays in developing and supplying new products with the contemplated or desired features, performance, compliances, certifications, cost, price, and other characteristics. Further information on these and other factors that could affect our actual results is and will be included in filings made by Terabeam from time to time with the Securities and Exchange Commission and in our other public statements.