Proxim Wireless Receives $5 Million Strategic Investment From SRA to Advance WiMAX and 4G

Leading Global Provider of Wireless/Mobile Solutions Invests in Proxim for Enhanced Broadband & 4G Wireless Partnership

SILICON VALLEY, CA, Aug 13, 2009 (MARKETWIRE via COMTEX News Network) -- Proxim Wireless Corporation (OTCQX: PRXM) (PINKSHEETS: PRXM), a leading provider of end-to-end broadband wireless systems that deliver the quadruple play, today announced that it has received an equity investment of $7.5 million, with $5 million coming from SRA OSS, Inc. (www.sraoss.com), a wholly owned subsidiary of SRA Holdings, Inc. of Japan (www.sra.co.jp), a publicly held company listed on the Tokyo stock exchange (JP3817), and the rest coming from existing investors (through a combination of new investment and cancellation of debt). SRA is a software and services company and a leading provider of software for 4G, WiMAX, mobile devices (smart/cell phones, PDA), Wi-Fi, and broadband & wireless security solutions. The company's investment in Proxim will aid in the continued development and marketing of Proxim's WiMAX and 4G wireless solutions for the carrier, service provider, government and enterprise markets.

SRA chose to invest in and partner with Proxim Wireless for the development of 4G products based on Proxim's long history of innovation in the broadband wireless access (BWA) market. The combined wireless hardware and software expertise of Proxim and SRA will help to advance the ongoing development of high-performance, cost-effective WiMAX and 4G wireless products, services and solutions for carriers, service providers, governments and enterprises of all sizes.

"At Proxim, we have a long history of developing broadband wireless access and backhaul solutions, and this investment will help us push even further into our target markets with an emphasis on 4G technologies," said Pankaj Manglik, President and CEO of Proxim Wireless. "SRA brings a wealth of wireless software solutions and services expertise, which will help round out our carrier, service provider, government and enterprise solutions portfolio worldwide."

"As one of the world's premier providers of wireless and mobile software solutions, we have extensive expertise in WiMAX and 4G wireless systems," said Dr. Rao Papolu, President at SRA OSS. "Proxim Wireless is a natural fit as a partner given their end-to-end broadband wireless portfolio. Not only are we excited about the combination of our two companies' technologies, but the combination of our collective worldwide carrier, enterprise and channel relationships will also be very beneficial."

B. Riley & Co., LLC served as the exclusive financial advisor to Proxim Wireless in connection with this private placement of securities.

Key Facts About Companies

-- SRA OSS, Inc., a wholly owned subsidiary of SRA Holdings Inc., one of Japan's oldest (since 1967) publicly-held software products, services and systems integration companies.
-- SRA Holdings is one of Japan's leading software services and solutions company and has over 42 years of experience primarily focused on leading edge technologies.
-- Proxim Wireless is a leading global provider of end-to-end broadband wireless systems that deliver the quadruple play of voice, video, data and mobility to all organizations today. Proxim has shipped over 1.8 million wireless devices to over 235,000 customer in 65 countries to date.
-- SRA has over 2,000 industry, domain & technology experts in 12 offices worldwide and covers verticals including:
  -- Manufacturing
  -- Telecommunications
  -- Semiconductor
  -- Automotive
  -- Consumer Electronics/Retail
  -- Banking & Financial
  -- Life Sciences & Healthcare
-- Similar to Proxim's end-to-end wireless broadband portfolio, SRA is a provider of software for a broad range of wireless and mobile systems, including:
-- 4G (including WiMAX)
-- Mobile devices (smart/cell phones, PDA)
-- Wi-Fi
-- Broadband & wireless security solutions

Key Facts About Investment

-- 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
-- Of the total $7.5 million consideration, Proxim received gross cash proceeds of $6.25 million and $1.25 million of subordinated debt issued by Proxim in July 2008 was cancelled
-- SRA purchased 1.25 million shares of the Series A stock and all 1.25 million shares of the Series B stock while existing investors purchased the remaining 1.25 million shares of the Series A stock
-- Proxim has appointed one SRA designee to its board of directors and compensation committee
-- Each share of Series A stock is initially convertible into 13 1/3 shares of Proxim's common stock (determined by dividing the $2.00 per share Series A purchase price by the $0.15 conversion price); the Series B stock is not convertible into Proxim's common 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 $0.15 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 certain situations)
-- 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 that stock after three years; Proxim can request redemption of that stock after four years
-- 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

The foregoing summary of the transaction and the terms of the Series A Convertible Preferred Stock and the Series B Non-Convertible Preferred Stock does not purport to be complete. Proxim will file a disclosure statement with the OTCQX shortly that will contain additional information about this transaction. Interested parties are encouraged to read that filing for more information.

The securities issued in this private placement have not been registered under the Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration under the Securities Act and applicable state securities laws or an applicable exemption from those registration requirements.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which such offer, solicitation or sale, would be unlawful prior to the registration or qualification under the securities laws of any such state.
About SRA

SRA OSS is a wholly owned subsidiary of SRA Holdings, Inc. Japan (www.sra.co.jp), a global, publicly held (JP3817) software services, products and systems integration company. It is a premier global provider of IT solutions and it offers systems integration, deep domain technology expertise, intellectual leadership, worldwide presence and a global workforce advantage driving strategic long term value to its customers.

About Proxim Wireless

Proxim Wireless Corporation (OTCQX: PRXM) is a leading provider of end-to-end broadband wireless systems that deliver the quadruple play of voice, video, data and mobility to all organizations today. Our systems enable a variety of wireless applications including security and surveillance, VoIP, last mile access, enterprise LAN connectivity and Point-to-Point wireless backhaul. We have shipped more than 1.8 million wireless devices to more than 235,000 customers in over 65 countries worldwide. Proxim is ISO-9001 certified. Information about Proxim can be found at www.proxim.com. For investor relations information, e-mail ir@proxim.com or call +1 413-584-1425.

About B. Riley & Co., LLC

B. Riley & Co., LLC is an independent West Coast-based investment bank servicing the corporate finance needs of a wide range of middle market private and public companies. For more information, please visit www.brileyco.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 and arising from dilution, changed voting power, stock preferential rights, and other issues resulting from the stock sale described in this press release; possible stagnation and decline in the price of Proxim's common stock as a result of these transactions; the reactions, positive or negative, of customers, investors, employees, competitors, and others to the stock sale described in this press release and its ramifications; uncertainties as to the extent of any specific equipment or service offerings; delays or changes in or cancellation of contemplated product or service developments or offerings; and difficulties or delays in supplying products with the features, performance, compliances, certifications, cost, price, and other characteristics desired by customers, investors, or other partners. Further information on these and other factors that could affect Proxim's actual results is contained in the filings made by Proxim with the Securities and Exchange Commission (available at www.sec.gov), including without limitation in the Annual Report on Form 10-K filed by Proxim on March 31, 2009, and will be included in postings made by Proxim from time to time with the OTCQX (www.otcqx.com) and in its other public statements, which may be available on Proxim's website (www.proxim.com).

Contact Information:
Dave Renauld
Vice President, Corporate Affairs
Proxim Wireless
(413) 584-1425
ir@proxim.com

SOURCE: Proxim Wireless
mailto:ir@proxim.com

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