Proxim Wireless Reports Second Quarter 2009 Financial Results

Recent $7.5 Million Equity Investment Strengthens Financial Condition

SILICON VALLEY, CA, Aug 18, 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 released financial results for the second quarter ended June 30, 2009.

Financial Highlights

On a GAAP basis, revenues for the quarter ended June 30, 2009 were $7.2 million, a decrease of approximately 8.6% from revenue of $7.9 million for the quarter ended March 31, 2009, and a decrease of approximately 52% from revenue of $15.1 million for the quarter ended June 30, 2008. These decreases were primarily attributable to the continuing impact of the worldwide economic slowdown on broadband wireless sales. During the second quarter, sales in the Americas and APAC regions increased, but sales in the EMEA region decreased.

In the second quarter ended June 30, 2009, gross margins were 50%, compared to 55% for the quarter ended March 31, 2009, and 48% for the quarter ended June 30, 2008.

On a GAAP basis, the net loss for the second quarter ended June 30, 2009 was $0.7 million or $0.03 per diluted share, compared to a net loss of $0.2 million, or $0.01 per diluted share, for the quarter ended March 31, 2009, and a net loss of $1.4 million, or $0.06 per diluted share, for the quarter ended June 30, 2008.

The net income was $0.2 million, or $0.01 per diluted share, on a non-GAAP basis for the quarter ended June 30, 2009, which excludes depreciation of fixed assets, amortization of intangible assets, and stock based compensation, compared to a non-GAAP net income of $0.6 million or $0.02 per diluted share for the quarter ended March 31, 2009, and a non-GAAP net loss of $0.1 million or $0.01 per diluted share for the quarter ended June 30, 2008.

The financial results above reflect discontinued operations accounting treatment for a portion of Proxim's consolidated operations. The discontinued operations consisted of the Harmonix Division discontinued during the second quarter of 2008.

"We are encouraged that our financial results reflect the strengthening of the global economy in certain areas," said Pankaj Manglik, President and CEO of Proxim Wireless. "In July we introduced the 8100 series of PtP and PtMP products, which is the most significant product line Proxim has introduced in over a decade. These new products squarely target some of the largest opportunities in the telecommunications market today, and position us to strongly capitalize as the global economy continues to recover. The recent equity investment we announced will provide us the resources to continue our investment in cutting-edge WiMAX and 4G products to meet the increasing broadband deals of an ever more connected world."

Highlights of Recent Press Announcements Include:

-- Proxim received an equity investment of $7.5 million, with $5.0 million coming from SRA and the rest coming from existing investors (through a combination of new investment and cancellation of debt).
-- Proxim's GigaLink point-to-point (PtP) radios were deployed to backhaul municipal buildings in the city of Bee Cave, Texas, saving the city $7,800 a month in leased line costs.
-- Proxim's Tsunami(TM) MP.11 license-free WiMAX equipment was used to provide the point-to-multipoint (PtMP) connectivity for the Washington State Ferry (WSF) system's entire fleet of vessels, enabling Wi-Fi connectivity to more than 25,000 ferry passengers each day.
-- KPN Hotspots B.V., Holland's largest provider of Wi-Fi(R) hotspots, expanded its partnership with Proxim as the provider of its Wi-Fi networking equipment by ordering an additional 600 ORiNOCO access points -- bringing its total to more than 2,600 access points to date.
-- Proxim announced the ORiNOCO(R) 802.11a/b/g/n USB client adapter, which enables best-in-class real-world throughput exceeding 150 Mbps for...
laptops and desktops when used with Proxim's ORiNOCO AP-8000 and AP-800 access points for the industry's highest performance 802.11a/b/g/n WLANs.

-- Proxim announced that it will be extending its award-winning Tsunami(TM) point-to-multipoint line of broadband wireless products to cover the 5.1-6.4 GHz frequency bands, providing an ideal solution for the Russian market.

-- Pemel Security AB, one of the fastest growing camera surveillance businesses in Sweden, selected Proxim Wireless as its wireless networking partner.

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 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, email ir@proxim.com or call +1-413-584-1425.

Use of Non-GAAP Financial Information

To supplement Proxim Wireless' condensed consolidated financial statements presented in accordance with GAAP, Proxim uses certain measures of financial performance that are non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. These non-GAAP measures may include gross margin, net income (loss), and net income(loss) per share data that are adjusted from results based on GAAP to exclude certain expenses, gains, and losses, and to enhance investors’ overall understanding of Proxim's current financial performance and Proxim's prospects for the future. Specifically Proxim believes the non-GAAP measures provide useful information to both management and investors by excluding certain expenses that may not be indicative of its core operating results. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. These non-GAAP measures included in this press release have been reconciled to the GAAP results in the attached tables.

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. Proxim Wireless' 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 the ongoing uncertainty in the telecommunications industry and larger economy; our ability to increase our sales in the Americas and elsewhere; our limited capital resources and recent history of significant losses; the intense competition in our industries and resulting impacts on our pricing, gross margins, and general financial performance; time and costs associated with developing and launching new products; uncertainty about market acceptance of products we introduce; potential long sales cycles for new products such that there may be extended periods of time before new products contribute positively to our financial results; decisions we may make to delay or discontinue efforts to develop and introduce certain new products; time, costs, political considerations, typical multitude of constituencies, and other factors involved in evaluating, equipping, installing, and operating municipal networks; difficulties or delays in developing and supplying new products with the contemplated or desired features, performance, compliances, certifications, cost, price, and other characteristics and at the times and in the quantities contemplated or desired; commitments we may make to our suppliers relating to orders that may end up getting cancelled; the difficulties in predicting Proxim's future financial performance; and the impacts and effects of any other strategic transactions Proxim may evaluate or consummate, including any outcome of the current exploration of strategic options. 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).

PROXIM WIRELESS CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2009</th>
<th>December 31, 2008</th>
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<tbody>
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### Assets

**Current assets:**
- Cash and cash equivalents: $2,551 / $5,092
- Accounts receivable, net of allowance for doubtful accounts: $4,424 / $4,084
- Inventory: $4,369 / $3,947
- Prepaid expenses: $1,161 / $1,613

**Total current assets:** $12,505 / $14,736

**Property and equipment, net:** $2,856 / $2,658

**Other Assets:**
- Restricted cash: $77 / $77
- Intangible assets: $5,545 / $6,479
- Deposits and prepaid expenses: $331 / $387

**Total other assets:** $5,953 / $6,943

**Total assets:** $21,314 / $24,337

### Liabilities and Stockholders' Equity

**Current liabilities:**
- Accounts payable and accrued expenses: $5,451 / $8,100
- Line of credit payable: $2,376 / $1,500
- Deferred revenue: $1,679 / $1,649
- License agreement payable - current maturities: $370 / $1,023

**Total current liabilities:** $9,876 / $12,272

**Deferred revenue, net of current:** $471 / $474

**Notes payable, net of discount:** $2,691 / $2,616

**Other long term liabilities:** $220 / $305

**Total liabilities:** $13,258 / $15,667

**Commitments and contingencies**

**Stockholders' Equity:**
- Preferred stock: $0.01 par value, 4,500,000 authorized, none issued
- Common stock: $0.01 par value, 100,000,000 shares authorized, 23,519,069 issued

**Additional paid-in capital:** $65,061 / $64,829

**Accumulated deficit:** $(57,240) / $(56,394)

**Total stockholders' equity:** $8,056 / $8,670

**Total liabilities and stockholders' equity:** $21,314 / $24,337

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**PROXIM WIRELESS CORPORATION**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

*(In thousands, except per share data)*

*(Unaudited)*

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Revenues</td>
<td>$7,213</td>
<td>$15,088</td>
<td>$15,104 / $25,331</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>$3,574</td>
<td>$7,831</td>
<td>$7,118 / $13,752</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$3,639</td>
<td>$7,257</td>
<td>$7,986 / $11,579</td>
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<tr>
<td>Operating expenses:</td>
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</table>
Selling costs                     2,459      5,137      4,665     10,164
General and administrative        1,002      3,051      2,441      6,424
Research and development            539      1,082      1,148      2,126
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Total operating expenses         4,000      9,270      8,254     18,714
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Operating loss                       (361)    (2,013)      (268)    (7,135)
Other income (expenses):
Interest income                       1          7          4         20
Interest expense                   (217)       (75)      (424)      (114)
Other income (expense)              (56)       (63)       (78)      (118)
Gain (loss) on sale of assets 808         (8)       724
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Total other income (expenses)       (272)       677       (506)       512
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Loss from continuing operations before income tax                   (633)    (1,336)      (774)    (6,623)
Benefit (Provision) for income taxes                          (17)       (41)       (72)      (113)
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Loss from continuing operations $    (650) $  (1,377) $    (846) $  (6,736)
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Income (Loss) from discontinued operations, net of income taxes $   (0.03) $   (0.06) $   (0.04) $   (0.29)
Net income (loss) $    (650) $  (1,364) $    (846) $  (6,636)
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Weighted average number of shares-basic and diluted used in computing net earnings (loss) per share 23,519     23,519     23,519     23,519
Basic and diluted net earnings (loss) per share:
Continuing operations $   (0.03) $   (0.06) $   (0.04) $   (0.29)
Discontinued Operations $   (0.01) $   (0.01) $   (0.01) $   (0.01)
Total $   (0.03) $   (0.06) $   (0.04) $   (0.28)
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RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL RESULTS
Three Months Ended Three Months Ended
30-Jun-09              31-Mar-09

GAAP Adjustments Non-GAAP GAAP Adjustments Non-GAAP
Revenues $ 7,213 $ (114) (a) $ 7,357 $ 7,891 $ (120) (a) $ 7,941
Cost of goods sold 3,574 (105) (c) 3,355 3,544 (97) (c) 3,327
Gross profit 3,639          219       3,858 4,347       217   4,564
Operating expenses:
Selling costs 2,459 (20) (a) 2,445 2,206 (21) (a) 2,212
General and administrative 1,002 (33) (a) 457 1,439 (36) (a) 932
Research and development 539 (24) (a) 505 609 (28) (a) 577
Total
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<th>4,000</th>
<th>(593)</th>
<th>3,407</th>
<th>4,254</th>
<th>(533)</th>
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<tr>
<td><strong>Operating expenses</strong></td>
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<tr>
<td><strong>Operating profit (loss)</strong></td>
<td>(361)</td>
<td>812</td>
<td>451</td>
<td>93</td>
<td>750</td>
<td>843</td>
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<td><strong>Other income (expenses):</strong></td>
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<tr>
<td>Interest income</td>
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<td>3</td>
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<tr>
<td>Interest expense</td>
<td>(217)</td>
<td>(217)</td>
<td>(207)</td>
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<td>(207)</td>
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<tr>
<td>Other income (expense)</td>
<td>(56)</td>
<td>(56)</td>
<td>(22)</td>
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<td>(22)</td>
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<tr>
<td>Gain (loss) on sale of assets</td>
<td>0</td>
<td>0</td>
<td>(8)</td>
<td></td>
<td></td>
<td>(8)</td>
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<tr>
<td><strong>Total other income (expenses)</strong></td>
<td>(272)</td>
<td>(272)</td>
<td>(234)</td>
<td></td>
<td>(234)</td>
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<tr>
<td><strong>Loss before income taxes</strong></td>
<td>(633)</td>
<td>812</td>
<td>179</td>
<td>(141)</td>
<td>750</td>
<td>609</td>
</tr>
<tr>
<td>Benefit (provision) for income taxes</td>
<td>(17)</td>
<td>(17)</td>
<td>(55)</td>
<td></td>
<td>(55)</td>
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<tr>
<td><strong>Loss from continuing operations</strong></td>
<td>$ (650)</td>
<td>$ 812</td>
<td>$ 162</td>
<td>$ (196)</td>
<td>$ 750</td>
<td>$ 554</td>
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<tr>
<td><strong>Discontinued Operations</strong></td>
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<tr>
<td>Income (Loss) from operations of discontinued component - net of income tax</td>
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<tr>
<td>Gain (loss) on sale of discontinued component-net of income tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Income (Loss) from discontinued operations, net of income taxes</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$ (650)</td>
<td>$ 812</td>
<td>$ 162</td>
<td>$ (196)</td>
<td>$ 750</td>
<td>$ 554</td>
</tr>
</tbody>
</table>

Weighted average number of shares - basic and diluted used in computing net earnings (loss) per share:

- Basic and diluted net earnings per share: 23,519
(loss) per share:
Continuing operations  $ (0.03)  $ 0.01  $ (0.01)  $ 0.02
Discontinued operations  -  -  -  -
Total  $ (0.03)  $ 0.01  $ (0.01)  $ 0.02

Three Months Ended 30-Jun-08

<table>
<thead>
<tr>
<th></th>
<th>GAAP</th>
<th>Adjustments</th>
<th>Non-GAAP</th>
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<tr>
<td>Revenues</td>
<td>15,088</td>
<td>7,831</td>
<td>15,088</td>
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<tr>
<td>Cost of goods</td>
<td>7,831</td>
<td>(143)(a)</td>
<td>7,554</td>
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<tr>
<td>Gross profit</td>
<td>7,257</td>
<td>277</td>
<td>7,534</td>
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<tr>
<td>Operating expenses:</td>
<td></td>
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<tr>
<td>Selling costs</td>
<td>5,137</td>
<td>(9)(a)</td>
<td>5,040</td>
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<tr>
<td>General and</td>
<td>3,051</td>
<td>(87)(a)</td>
<td>2,372</td>
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<tr>
<td>administrative</td>
<td></td>
<td>(490)(b)</td>
<td></td>
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<tr>
<td>Research and</td>
<td>1,082</td>
<td>(117)(a)</td>
<td>927</td>
</tr>
<tr>
<td>development</td>
<td></td>
<td>(38)(c)</td>
<td></td>
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<tr>
<td>Total operating expenses</td>
<td>9,270</td>
<td>(931)</td>
<td>8,339</td>
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<tr>
<td>Operating profit (loss)</td>
<td>(2,013)</td>
<td>1,208</td>
<td>(805)</td>
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<td>Other income (expenses):</td>
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<tr>
<td>Interest income</td>
<td>7</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(75)</td>
<td>(75)</td>
<td></td>
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<tr>
<td>Other income</td>
<td>(63)</td>
<td>(63)</td>
<td></td>
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<tr>
<td>Gain (loss) on sale of assets</td>
<td>808</td>
<td>808</td>
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<tr>
<td>Total other income (expenses)</td>
<td>677</td>
<td>677</td>
<td></td>
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<tr>
<td>Loss before income taxes</td>
<td>(1,336)</td>
<td>1,208</td>
<td>(128)</td>
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<tr>
<td>Benefit (provision) for income taxes</td>
<td>(41)</td>
<td>(41)</td>
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<tr>
<td>Loss from continuing operations</td>
<td>$ (1,377)</td>
<td>$ 1,208</td>
<td>$ (169)</td>
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<tr>
<td>Discontinued Operations</td>
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Income (Loss) from operations of discontinued component - net of income tax 13 38(b) 51

Gain (loss) on sale of discontinued component - net of income tax 

Income (Loss) from discontinued operations, net of income taxes $ 13 38(b) $ 51

Net income (loss) $ (1,364) $ 1,246 $ (118)

Weighted average number of shares - basic and diluted used in computing net earnings (loss) per share

Basic and diluted net earnings (loss) per share:
Continuing operations $ (0.06) $ (0.01)
Discontinued operations 
Total $ (0.06) $ (0.01)

(a) The effect of depreciation of fixed assets
(b) The effect of amortization of intangible assets

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

SOURCE: Proxim Wireless
mailto:ir@proxim.com