

PROXIM WIRELESS CORPORATION

QUARTERLY REPORT

For Second Quarter Ended June 30, 2010

Statements in this quarterly disclosure statement 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 limited capital resources and recent history of significant losses; our possible need or desire to raise additional funds, the availability of any such funds, and the terms of any such fundraising; the recent reverse split of our common stock and subsequent stock price decline; our ability to increase our sales in the Americas and elsewhere; 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; 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 strategic or financing transactions Proxim may evaluate or consummate. Further information on these and other factors that could affect Proxim's actual results is and will be contained in the filings made by Proxim with the OTCQX (available at www.otcqx.com), including without limitation in the Annual Report filed by Proxim on March 30, 2010, and in its other public statements, many of which will be available on Proxim's website (www.proxim.com). Forward-looking statements should be read in light of the cautionary statements and important factors described in this quarterly report, including those described above. As a result, we cannot guarantee future results, outcomes, levels of activity, performance, developments, or achievements, and there can be no assurance that our expectations, intentions, anticipations, beliefs, or projections will result or be achieved or accomplished. We undertake no obligation to update or revise any forward-looking statement to reflect events, circumstances, or new information after the date of this quarterly report or to reflect the occurrence of unanticipated or any other subsequent events. In summary, you should not place undue reliance on any forward-looking statements.

Item 1. Exact Name of the Issuer and the Address of its Principal Executive Offices.

Exact name of issuer:	Proxim Wireless Corporation
Exact names of predecessor entities in past five years and dates of name changes:	Terabeam, Inc. (November 7, 2005 - September 10, 2007) YDI Wireless, Inc. (July 9, 2003 - November 7, 2005)
Principal Executive Offices:	1561 Buckeye Drive Milpitas, CA 95035 Telephone: (408) 383-7600 Facsimile: (408) 383-7680 Website: www.proxim.com
Investor Relations Officer:	David L. Renault 881 North King Street, Suite 100 Northampton, MA 01060 Telephone: (413) 584-1425 Email Address: IR@proxim.com

Item 2. Shares outstanding.

The following table sets forth information concerning the stock of Proxim as of June 30, 2010 (except as otherwise noted):

<u>Class of Stock</u>	<u>Number of Shares Authorized</u>	<u>Number of Shares Outstanding</u>	<u>Freely Tradable Shares (Public Float) (1)</u>	<u>Total Number of Beneficial Stockholders (2)</u>	<u>Total Number of Stockholders of Record</u>
Common	100,000,000	235,088	194,334	2,300	30
Series A Convertible Preferred Stock	2,500,000	2,500,000	-	-	3
Series B Non-Convertible Preferred Stock	1,250,000	1,250,000	-	-	1
Preferred (undesignated)	750,000	-	-	-	-

- (1) For purposes of this calculation only, shares of common equity held by each of Proxim's directors and officers on the given date and by each person who Proxim knows beneficially owned 10% or more of the outstanding common stock on that date have been excluded in that such persons may be deemed to be affiliates.
- (2) Estimate based on beneficial share range analysis as of June 30, 2010.

Item 3. Interim Financial Statements.

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

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	<u>(unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,161	\$ 5,720
Accounts receivable, net of allowance for doubtful accounts, returns and discounts of \$2,151 for June 30, 2010 and \$2,032 for December 31, 2009.....	3,840	2,983
Inventory, net	2,117	2,948
Prepaid expenses.....	315	388
Total current assets	9,433	12,039
Property and equipment, net	2,602	2,615
Other assets:		
Restricted cash	77	77
Intangible assets, net	3,944	4,744
Deposits and prepaid expenses	365	382
Total other assets	4,386	5,203
Total assets.....	<u>\$ 16,421</u>	<u>\$ 19,857</u>
LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 5,256	\$ 5,787
Line of credit payable	1,881	2,055
Deferred revenue.....	1,021	1,344
Total current liabilities.....	8,158	9,186
Deferred revenue, net of current	413	397
Notes payable, net of discount.....	1,587	1,512
Other long term liabilities	145	159
Total liabilities	10,303	11,254
Commitments and contingencies		
Redeemable preferred stock:		
Series A convertible, \$0.01 par value - 2,500,000 shares authorized as of June 30, 2010 and December 31, 2009; 2,500,000 issued and outstanding as of June 30, 2010 and December 31, 2009. Aggregate liquidation preferences \$5,107 as of June 30, 2010 and \$5,047 as of December 31, 2009.....	4,692	4,598
Series B non-convertible, \$0.01 par value - 1,250,000 shares authorized as of June 30, 2010 and December 31, 2009; 1,250,000 issued and outstanding as of June 30, 2010 and December 31, 2009. Aggregate liquidation preferences \$2,783 as of June 30, 2010 and \$2,648 as of December 31, 2009.....	2,576	2,423
Total redeemable preferred stock	7,268	7,021
Stockholders' equity (deficit):		
Common stock, \$0.01 par value, at amount paid in; 100,000,000 shares authorized; 235,088 shares issued and outstanding as of June 30, 2010 and 235,190 shares issued and outstanding as of December 31, 2009	65,489	65,382
Accumulated deficit.....	(66,639)	(63,800)
Total stockholders' equity (deficit)	(1,150)	1,582
Total liabilities, redeemable preferred stock and stockholders' equity (deficit).....	<u>\$ 16,421</u>	<u>\$ 19,857</u>

The accompanying notes are an integral part of the consolidated financial statements.

PROXIM WIRELESS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended Jun 30,		Six Months Ended Jun 30,	
	2010	2009	2010	2009
Revenues	\$ 8,053	\$ 7,213	\$ 15,770	\$ 15,104
Cost of goods sold	3,887	3,574	8,149	7,118
Gross profit	4,166	3,639	7,621	7,986
Operating expenses:				
Research and development	605	539	1,128	1,148
Selling costs	2,707	2,459	5,151	4,665
General and administrative	1,895	1,002	3,887	2,441
Total operating expenses	5,207	4,000	10,166	8,254
Operating loss	(1,041)	(361)	(2,545)	(268)
Other income (expenses):				
Interest income (expense)	(192)	(216)	(379)	(420)
Other income (expense)	(39)	(56)	56	(86)
Total other income (expenses)	(231)	(272)	(323)	(506)
Loss before income tax	(1,272)	(633)	(2,868)	(774)
Benefit(Provision) for income taxes	59	(17)	29	(72)
Net income (loss)	\$ (1,213)	\$ (650)	\$ (2,839)	\$ (846)
Accretion to redemption value of redeemable preferred stock	159	-	247	-
Net loss attributable to common stockholders	\$ (1,372)	\$ (650)	\$ (3,086)	\$ (846)
Weighted average number of shares-basic and diluted used in computing net earnings (loss) per share	235	235	235	235
Basic and diluted net earnings (loss) per share:	\$ (5.84)	\$ (2.77)	\$ (13.13)	\$ (3.60)

The accompanying notes are an integral part of the consolidated financial statements.

PROXIM WIRELESS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE PREFERRED STOCK AND
STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except share data)
(Unaudited)

	Redeemable Preferred Stock				Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity (Deficit)
	Series A Convertible		Series B Non-Convertible						
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances, January 1, 2010	2,500,000	\$ 4,598	1,250,000	\$ 2,423	235,191	\$ 2	\$ 65,380	\$ (63,800)	\$ 1,582
Stock based compensation	-	-	-	-	-	-	356	-	356
Accretion to redemption value of redeemable preferred stock	-	95	-	152	-	-	(247)	-	(247)
Payment for fraction shares in result of reverse stock split					(103)	-	(2)		(2)
Net loss	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ (2,839)	\$ (2,839)
Total comprehensive loss	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ (2,839)	\$ (2,839)
Balances, June 30, 2010	<u>2,500,000</u>	<u>\$ 4,693</u>	<u>1,250,000</u>	<u>\$ 2,575</u>	<u>235,088</u>	<u>\$ 2</u>	<u>\$ 65,487</u>	<u>\$ (66,639)</u>	<u>\$ (1,150)</u>

The accompanying notes are an integral part of the consolidated financial statements.

PROXIM WIRELESS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2010	2009
Cash flows from operating activities:		
Net loss	\$ (2,839)	\$ (846)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,334	1,329
Bad debt allowance.....	214	28
Inventory allowance	87	(710)
Stock-based compensation	356	232
Amortization of debt discount and issuance cost.....	75	75
Restructured lease accrual release.....	-	(949)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(1,071)	(368)
Inventory	744	288
Prepaid expense and other current assets.....	73	452
Other non-current assets	17	56
Accounts payable and accrued expenses	(525)	(1,687)
Deferred revenue.....	(307)	27
Other liabilities.....	(14)	(143)
Net cash used in operating activities	(1,856)	(2,216)
Cash flows from investing activities:		
Purchase of property and equipment.....	(27)	(106)
Investment in capitalized software.....	(500)	(442)
Net cash provided by (used in) investing activities	(527)	(548)
Cash flows from financing activities:		
Payment of fractional shares in result of reverse stock split.....	(2)	-
Proceeds from line of credit	-	2,376
Principal payments on loan obligations	(174)	(1,500)
Payment of license agreement payable	-	(653)
Net cash provided by financing activities	(176)	223
Net change in cash and cash equivalents	(2,559)	(2,541)
Cash and cash equivalents at beginning of period.....	5,720	5,092
Cash and cash equivalents at end of period	\$ 3,161	\$ 2,551
Supplemental disclosure of cash flow information:		
Cash paid for interest.....	\$ 76	\$ 40
Income taxes paid (refund).....	\$ (139)	\$ 85
Supplemental schedule of non-cash investing and financing activities:		
Accretion to redemption value of redeemable preferred stock	\$ 247	\$ -

The accompanying notes are an integral part of the consolidated financial statements.

PROXIM WIRELESS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The consolidated financial statements of Proxim Wireless Corporation (the “Company” or “Proxim”) for the six month period ended June 30, 2010 and 2009 are unaudited and include all adjustments which, in the opinion of management, are necessary to present fairly the financial position and results of operations for the periods then ended. All such adjustments are of a normal recurring nature. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report for the year ended December 31, 2009 filed with the OTCQX (www.otcqx.com). The results of operations for any interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

The Company is a designer, manufacturer, and seller of high-speed wireless communications equipment. Our customers include service providers, enterprises, and governmental organizations worldwide. The company is a leading provider of broadband wireless equipment that delivers data, voice, video and mobility (also known as the “quadruple play”) to organizations of all sizes. Proxim’s portfolio of WLAN, Wi-Fi mesh, WiMAX, and point to point (PTP) products enable a broad range of applications including wireless security and surveillance, enterprise WLANs, last mile connectivity, public safety, cellular backhaul, and more. The Company believes its end to end wireless systems address the growing need of our customers and end-users to rapidly and cost effectively deploy high-speed communication networks.

Proxim’s broadband equipment is used by enterprises, service providers, carriers, government entities, educational institutions, healthcare organizations, municipalities and other organizations that need high-performance, secure and scalable broadband wireless solutions. Proxim is ISO-9001 certified.

One-for-One Hundred Reverse Common Stock Split in May 2010

On December 8, 2009, the Company held its 2009 annual meeting of stockholders. At that meeting, the Company received stockholder approval of a proposal to amend its Certificate of Incorporation, as amended to date, to effect a reverse stock split of the Company’s common stock at a ratio within the range from one-for-ten to one-for-one hundred at any time prior to December 8, 2010.

In April 2010, the Company’s Board of Directors authorized and approved the implementation of a reverse common stock split at a ratio of one-for-one hundred shares and authorized and directed the Company to file an amendment to its Certificate of Incorporation, as amended to date, with the Delaware Secretary of State to effect that reverse stock split. As of May 13, 2010, the effective date of the reverse stock split, every hundred (100) shares of the Company’s common stock outstanding prior to the reverse split was converted into one (1) “new” share of the Company’s common stock outstanding after the reverse stock split. The reverse split reduced the number of outstanding shares of the Company’s common stock from approximately 23.5 million shares to 235,088 shares. Any stockholder who would have received a fraction of a share of common stock after the reverse stock split instead received a cash payment in lieu of that fractional share based on the recent OTCQX trading price of Proxim’s common stock. The exercise price and number of shares of common stock issuable under the Company’s outstanding warrants and options and under its equity incentive plans were proportionately adjusted to reflect the reverse common stock split. The number of common shares issuable upon conversion of the Company’s Series A preferred stock and the number of votes associated with the Company’s Series A preferred stock were proportionately reduced to reflect the reverse common stock split.

All references in this quarterly report to earnings per share, number of common shares, warrants, stock options, and share price have been retroactively restated to reflect the reverse common stock split unless noted otherwise.

2. Recent Accounting Pronouncements

There is no new accounting pronouncement during this period that will have material impact on the Company's financial statement taken as a whole.

3. Inventory, net

Inventory consisted of the following at the indicated dates (in thousands):

	June 30, 2010	December 31, 2009
Raw materials	\$ 1,833	\$ 2,337
Work in process	436	306
Finished goods	1,922	2,440
	<u>\$ 4,191</u>	<u>\$ 5,083</u>
Allowance for excess and obsolescence.....	(2,074)	(2,135)
Inventory, net.....	<u>\$ 2,117</u>	<u>\$ 2,948</u>

4. Intangibles Assets, net

Schedule of Non-Amortizable Assets:

	June 30, 2010	December 31, 2009
	(in thousands)	
Trade names — indefinite useful life	\$ 780	\$ 780
	<u>\$ 780</u>	<u>\$ 780</u>

Schedule of Amortizable Assets:

	June 30, 2010	December 31, 2009
	(in thousands)	
Patents, customer relationships and other technologies with identifiable useful lives	\$ 10,455	\$ 10,455
Less: accumulated amortization.....	(7,291)	(6,491)
Amortizable intangible assets, net.....	<u>\$ 3,164</u>	<u>\$ 3,964</u>

Amortization is computed using the straight-line method over the estimated useful life, based on the Company's assessment of technological obsolescence of the respective assets. Amortization expense for the three months and six months ended June 30, 2010 was approximately \$0.4 million and \$0.8 million, respectively. There is no estimated residual value.

5. Property and equipment, net

Property and equipment, net consisted of the following balances for the dates indicated (in thousands):

	June 30, 2010	December 31, 2009
Leasehold improvement.....	\$ 299	\$ 299
Capitalized software.....	4,227	3,721
Equipment.....	3,626	3,615
	<u>\$ 8,152</u>	<u>\$ 7,635</u>
Less: accumulated depreciation	(5,550)	(5,020)
Property and equipment, net	<u>\$ 2,602</u>	<u>\$ 2,615</u>

Depreciation expenses for the three months and six months ended June 30, 2010 was approximately \$0.3 and \$0.5 million, respectively.

6. Allowance for Product Warranty Costs

The following table presents a summary of the changes to product warranty costs during six months ended June 30, 2010 and 2009 (in thousands):

	2010	2009
Balance at January 1,	\$ 192	\$ 561
Settlements and adjustments	18	(197)
Balance at June 30,.....	<u>\$ 210</u>	<u>\$ 364</u>

7. Security Agreement - Line of Credit

On March 6, 2009, the Company entered into a loan and security agreement (the “Loan Agreement”) with Bridge Bank, N.A. (the “Bank”), which was described in a Form 8-K filed with the Securities and Exchange Commission on March 12, 2009. This agreement has been amended a number of times as described in the Company’s filings with the OTCQX. The Loan Agreement provides for up to a \$5 million revolving line of credit and includes sublimits for letters of credit, cash management, and foreign exchange contracts. The aggregate outstanding amount may not exceed Proxim’s borrowing base as established under the Loan Agreement. Proxim’s borrowing base generally is an amount equal to 65% of Proxim’s eligible domestic accounts receivable plus the lesser of \$1 million or 50% of Proxim’s eligible foreign accounts receivable.

On May 5, 2010, the Company signed documentation with Bridge Bank, N.A. to extend the Company’s existing lending relationship another year through May 10, 2011 on substantially the same terms. In connection with that extension, Proxim agreed to pay Bridge Bank a \$50,000 facility fee. Bridge Bank also consented to Proxim consummating the 1-for-100 reverse stock split and repurchasing fractional shares resulting from that split in the aggregate amount of up to \$50,000.

As of June 30, 2010, Proxim had an outstanding loan balance of \$1.9 million. The weighted average interest rate for this line of credit as of June, 30, 2010 was 7.5%.

8. Long Term Debt - Related Party

On July 25, 2008, the Company entered into a lending transaction with Lloyd I. Miller, III and Milfam II L.P., an entity affiliated with Mr. Miller (together, the “Lenders”). The Lenders are related parties to the Company as described in more detail in the Form 8-K filed by the Company with the SEC on July 29, 2008. Pursuant to a securities purchase agreement dated as of July 25, 2008, the Lenders loaned Proxim the aggregate sum of \$3.0 million. This loan is 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 are unsecured. In connection with this transaction, Proxim paid each Lender a cash 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. 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, at 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. As described in Note 9 below, in August 2009, \$1.25 million of this indebtedness was cancelled. As of June 30, 2010, the principal amount outstanding was \$2,578,787 (which includes principal balance as of June, 2010 plus interest paid in kind).

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 per share were cancelled effective July 25, 2008.

In connection with the transactions contemplated by the securities purchase agreement, 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 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. In August 2009, the exercise price of these warrants was reduced to \$15 per share in connection with the preferred stock issuance transaction described in Note 9 below.

The incremental fair value of the warrants cancelled and regranted in connection with debt issuance was calculated on July 25, 2008 using the Black-Scholes option pricing model and amounted to \$445,000. This fair value increased to \$449,000 with the modification of warrants' exercise price from \$53 to \$15 per share in August 2009. The fair value of the warrants was initially recorded as debt discount and additional paid-in capital and amortized to interest expense over the term of the debt. As of June 30, 2010, the unamortized discount was \$162,855.

9. Redeemable Preferred Stock

On August 13, 2009, Proxim Wireless Corporation received an equity investment of \$7,500,000, with \$5,000,000 coming from SRA OSS, Inc., a wholly owned subsidiary of SRA Holdings, Inc. of Japan, a publicly held company listed on the Tokyo stock exchange, and \$2.5 million coming from existing investors (consisting of \$1.25 million of new cash investment and cancellation of \$1.25 million in existing debt, which debt is described in Note 8 above).

The investment consisted of 2,500,000 shares of Proxim's new Series A Convertible Preferred Stock and 1,250,000 shares of its new Series B Non-Convertible Preferred Stock issued in a private placement all at \$2.00 per share for a total consideration of \$7,500,000. Proxim received gross cash proceeds of \$6,250,000 and \$1,250,000 of subordinated debt issued by Proxim in July 2008 was cancelled. In connection with this transaction, Proxim appointed one SRA designee to its Board of Directors and the Compensation Committee of its Board of Directors.

SRA purchased 1,250,000 shares of the Series A stock and all 1,250,000 shares of the Series B stock while existing investors purchased the remaining 1,250,000 shares of the Series A stock. Each share of Series A stock is initially convertible into 0.1333 shares of Proxim's common stock (determined by dividing the \$2.00 per share Series A purchase price by the initial \$15 conversion price); the Series B stock is not convertible into Proxim's common stock. Dividends accrue monthly on the Series A stock at rate of 7% per annum compounded quarterly, but only while the average market price of Proxim's common stock for such month is less than \$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 if the Company does not achieve certain financial targets for the third or fourth quarters of 2009 or if there is a material breach of the Company's representations and warranties it made in the preferred stock purchase agreement pursuant to which this preferred stock was originally issued. The actual dividend rate for the applicable portion of the third and fourth quarter 2009 was 15% per annum.

The holders of the Series A stock and Series B stock can request redemption of that stock after three years, and Proxim can request redemption of that stock after four years. Holders of the Series A stock will vote with the

holders of Proxim’s common stock as a single class on an as-converted basis; the Series B stock generally has no stockholder voting rights. 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 Proxim’s common stock. However, if the proceeds remaining for distribution after the Series A and Series B preferential return exceed \$30 million, then those remaining proceeds would be distributed pro rata among the holders of the common stock and the holders of the Series A stock on an as-converted basis.

The authorized and issued and outstanding shares of the Company’s redeemable preferred stock and aggregate liquidation preferences thereof as of June 30, 2010 consisted of the following (in thousands except share data):

	<u>Authorized</u>	<u>Issued and Outstanding</u>	<u>Liquidation Preference</u>
Series A, convertible	2,500,000	2,500,000	\$ 5,107
Series B, non-convertible	1,250,000	1,250,000	2,783
Total	<u>3,750,000</u>	<u>3,750,000</u>	<u>\$ 7,890</u>

In accordance with ASC 480-10 (SFAS No. 150), each of our Series A convertible and Series B non-convertible preferred stock is classified outside of equity on the accompanying consolidated balance sheets because this stock is conditional redeemable at the option of the holders after the third anniversary of the date of first issuance and is redeemable at the option of the Company after the fourth anniversary of the date of first issuance.

The company incurred \$0.7 million in costs associated with the issuance of the Series A and Series B preferred stock. The initial carrying amount will be the net of cash received and issuance costs incurred. Per ASC 480-10-S99, each period, we amortize the issuance cost using the interest method to adjust the recorded balance of this preferred stock to an amount equal to its redemption value at its redemption date. The carrying amount is also further periodically increased by accrued dividends. Each type of increase in carrying amount is affected by charges against retained earnings or, in the absence of retained earnings, by charges against paid-in capital.

10. Commitments and Contingencies

Purchase Commitments:

The Company entered into an OEM purchase agreement with a third party supplier in which the Company agreed to purchase a specified quantity of products in tranches on or before January 2010 with all payments due on or before March 31, 2010. As of June 30, 2010, approximately \$0.2 million of products remained to be purchased under that agreement.

IPO Litigation

The Company is party to litigation arising out of the Company’s initial public offering in 2000. This litigation is described above under the “IPO Litigation” subheading of the “Legal Proceedings” heading of Item 5 below.

11. Concentrations

The Company maintains the majority of its cash, cash equivalent, and restricted cash balances at one major US bank. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At June 30, 2010 and 2009, the uninsured portion totaled approximately \$2.9 million and \$2.3 million, respectively.

As of June 30, 2010, we had one customer account for more than 10% of total accounts receivable for the period.

During the six months ended June 30, 2010, there was one customer who accounted for approximately 21% of the consolidated sales, and in the same period of 2009 the same customer accounted for approximately 20% and another unrelated customer accounted for approximately 13% of consolidated sales.

Item 4. Management's Discussion and Analysis or Plan of Operation.

Overview

The Company is a designer, manufacturer, and seller of high-speed wireless communications equipment. Our customers include service providers, enterprises, and governmental organizations worldwide. The company is a leading provider of broadband wireless equipment that delivers data, voice, video and mobility (also known as the "quadruple play") to organizations of all sizes. Proxim's portfolio of WLAN, Wi-Fi mesh, WiMAX, and point to point (PTP) products enable a broad range of applications including wireless security and surveillance, enterprise WLANs, last mile connectivity, public safety, cellular backhaul, and more. The Company believes its end to end wireless systems address the growing need of our customers and end-users to rapidly and cost effectively deploy high-speed communication networks.

Proxim's broadband equipment is used by enterprises, service providers, carriers, government entities, educational institutions, healthcare organizations, municipalities and other organizations that need high-performance, secure and scalable broadband wireless solutions. Proxim is ISO-9001 certified.

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, net revenue and expenses during the reporting period, and related disclosure of contingent assets and liabilities for the period reported and as of the date of the financial reports. We believe that the estimates and judgments upon which we rely are reasonable based upon information available to us at the time that these estimates and judgments are made. To the extent there are material differences between these estimates and actual results, our consolidated financial statements will be affected.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

Product revenue is generally recognized upon shipment, in accordance with Accounting Standards Codification ("ASC") 605-10, when persuasive evidence of an arrangement exists, the price is fixed or determinable and collect- ability is reasonably assured. The company offers most stocking distributors a stock rotation right pursuant to which they may return products that have been recently purchased provided they place an equal value order for new products from us and the value of the returned products is a small fraction of the value of products purchased from us in the preceding quarter. In general, we also offer most stocking distributors price protection on products in their inventory or recently purchased from us in cases where we reduce prices on these products. In both cases, the distributors would receive a credit which can be used for purchase of additional products from us. In a small number of cases, we have agreed to accept return of discontinued or obsolete products. For other customers, we provide quarterly or annual rebates based on achievement of performance targets, loyalty discounts, and/or sales discounts. We apply ASC 605-15-25 "Revenue Recognition When Right of Return Exists," in determining when to recognize revenue. Under ASC 605-15-25, revenue can be recognized if all of the following conditions are met:

1. The price is fixed and determinable at the date of sale;
2. The buyer's payment obligation is not contingent on resale;
3. The buyer's payment obligation would not be changed in the event of theft or physical damage of the product;

4. The buyer acquiring the product for resale has economic substance apart from that provided by the seller;
5. The seller does not have significant obligations for future resale of the product; and
6. The amount of future returns can be reasonably estimated.

Based on our application of the ASC 605-15-25 principles to our different customers, we currently recognize some revenue on a “sell in” basis and some on a deferred “sell through” basis. Generally, factors 1 through 5 are satisfied upon our delivery of the products to our customer. The estimation of future returns depends on contractual terms and our historical experience with the customer.

Proxim revenue consists of direct shipments to customers or other equipment manufacturers (OEM), and distributors who resell our products to third party customers.

In the case of direct customers or OEM manufacturers, we recognize revenue at point of shipment from either Proxim’s facility or from our contract manufacturer’s facilities when the product is shipped from the respective docks since title and acceptance are passed to the end customer. We meet the conditions of ASC 605-10 and ASC 605-15-25 for revenue recognition at point of shipment for direct customer and OEM sales.

In the case of Proxim products which are sold to distributors, we generally recognize revenue to most distributors on a “sell in” basis at point of shipment since we have met all of the conditions specified in ASC 605-10 and ASC 605-15-25 at point of shipment to the distributors.

In the case of our two largest stocking distributors, although they have comparable distribution contracts to the smaller distributors, we have historically deferred revenue for shipments which are either in transit to them, or are included in their period ending inventory reports. This revenue deferral practice for larger distributors has been applied historically by Proxim. These larger distributors have historically returned more product and requested larger stock rotations and price discounts versus the smaller distributors, which were the primary reason that we have historically recognized their revenue using the “sell through” methodology. Under the “sell through” methodology, we recognize revenue when our products are sold by these two largest stocking distributors.

Accounts Receivable Valuation

We maintain allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We assess the customer’s ability to pay based on a number of factors, including past transaction history with the customer as well as their creditworthiness. Management specifically analyzes accounts receivable and historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. If the financial condition of any of our customers were to deteriorate in the future, resulting in an impairment of their ability to make payments, or they express unwillingness to pay for whatever reason, additional allowances may be required. We reserve 100% of outstanding receivable balances (a) from insolvent customers and (b) from customers which are delinquent by six months or more. We reserve 50% of outstanding receivable balances that are between 3 months to 6 months delinquent and subject to adjustments, as considered appropriate for specific situations.

Inventory Valuation

Inventories are stated at the lower of standard cost, which approximates actual cost under the first-in, first-out method, or market value. We perform a detailed assessment of inventory at each year-end balance sheet date, which includes, among other factors, a review of component demand requirements, product lifecycle and product development plans, and quality issues. Manufacturing inventory includes raw materials, work-in-process, and finished goods. Inventory valuation provisions are based on an excess obsolete report which captures all obsolete parts and products and all other inventory, which have quantities in excess of one year’s projected demand, or in the case of service inventories demand of up to five years. As a result of this assessment, we write down inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of the inventory and the estimated liquidation value based upon assumptions about future demand and market conditions.

Capitalized Software

We capitalize certain software development costs in accordance with ASC 985-20-25 (SFAS No. 86), Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed. We begin capitalizing software development costs upon the establishment of technological feasibility, which is established upon the completion of a working model or a detailed program design. Costs incurred prior to technological feasibility are charged to expense as incurred. Capitalization ceases when the product is considered available for general release to customers. Capitalized software costs are amortized on a product-by-product basis. The annual amortization is the greater of the amount computed using (a) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product including the period being reported on. Generally, estimated economic lives of the software products do not exceed three years.

Warranty Provision

Proxim's standard warranty term is one year on the majority of our products and up to two years on a select group of products. At times we provide longer warranty terms. Proxim provides an estimated cost of product warranties at the time revenue is recognized. Factors that affect the Company's warranty liability include the number of installed units, historical and anticipated rates of warranty claims, and costs per claim for repair or replacement. While we engage in extensive product quality programs and processes, including actively monitoring and evaluating the quality of our component suppliers, our warranty obligation is affected by product failure rates, material usage and service labor costs incurred in correcting a product failure. Should actual product failure rates, material usage, service labor or delivery costs differ from our estimates, revisions to the estimated warranty liability would be required.

Valuation of Stock-based Awards

As of June 30, 2010, we have one active stock-based employee compensation plan and four inactive (legacy) plans, which are described more fully in Note 16 of Annual Report for the year ended December 31, 2009 filed with the OTCQX.

We account for stock-based compensation in accordance with the fair value recognition provisions of ASC 718-20 (SFAS No. 123R). Under ASC 718-20 (SFAS No. 123R), stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period of the individual equity instrument. Determining the fair value of stock-based awards at the grant date requires judgment, including estimating the expected term of stock options, the expected volatility of our stock, and expected dividends. The computation of the expected volatility assumption used in the Black-Scholes calculation for option grants is based on historical volatility as options on our stock are not traded. The Company uses the "simplified" method to determine the expected term for the "plain vanilla" options. We are also required to estimate the expected forfeiture of stock options in recognizing stock-based compensation expense. Further, we have elected to use the straight-line method of amortization for stock-based compensation related to stock options granted after January 1, 2006.

Result of Operations

The following table presents the percentage of revenues represented by each item in our unaudited consolidated statements of income and the percentage change in those items for the periods indicated:

(in thousands)	Three months ended Jun 30,		Change		Percentage of Revenue	
	2010	2009	Amount	Percentage	2010	2009
Net revenues	\$ 8,053	\$ 7,213	\$ 840	11.6%	100.0%	100.0%
Cost of sales.....	3,887	3,574	313	8.8%	48.3%	49.5%
Gross profit	4,166	3,639	527	14.5%	51.7%	50.5%
Operating expenses:						
Research and development expense.....	605	539	66	12.2%	7.5%	7.5%
Selling and marketing expense	2,707	2,459	248	10.1%	33.6%	34.1%
General and administrative	1,895	1,002	893	89.1%	23.5%	13.9%
Total operating expenses	5,207	4,000	1,207	30.2%	64.7%	55.5%
Operating income (loss)	(1,041)	(361)	(680)	188.4%	-12.9%	-5.0%
Other income (expense)	(231)	(272)	41	-15.1%	-2.9%	-3.8%
Loss before tax	(1,272)	(633)	(639)	100.9%	-15.8%	-8.8%
Income tax benefit (provision).....	59	(17)	76	-447.1%	0.7%	-0.2%
Net loss	\$ (1,213)	\$ (650)	\$ (563)	86.6%	-15.1%	-9.0%
Accretion to redemption value of redeemable preferred stock.....	159	-	159	-	2.0%	-
Net loss attributable to common stockholders	\$ (1,372)	\$ (650)	\$ (722)	111.1%	-17.0%	-9.0%

(in thousands)	Six months ended Jun 30,		Change		Percentage of Revenue	
	2010	2009	Amount	Percentage	2010	2009
Net revenues	\$ 15,770	\$ 15,104	\$ 666	4.4%	100.0%	100.0%
Cost of sales.....	8,149	7,118	1,031	14.5%	51.7%	47.1%
Gross profit	7,621	7,986	(365)	-4.6%	48.3%	52.9%
Operating expenses:						
Research and development expense.....	1,128	1,148	(20)	-1.7%	7.2%	7.6%
Selling and marketing expense	5,151	4,665	486	10.4%	32.7%	30.9%
General and administrative	3,887	2,441	1,446	59.2%	24.6%	16.2%
Total operating expenses	10,166	8,254	1,912	23.2%	64.5%	54.6%
Operating income (loss)	(2,545)	(268)	(2,277)	849.6%	-16.1%	-1.8%
Other income (expense)	(323)	(506)	183	-36.2%	-2.0%	-3.4%
Loss before tax	(2,868)	(774)	(2,094)	270.5%	-18.2%	-5.1%
Income tax benefit (provision).....	29	(72)	101	-140.3%	0.2%	-0.5%
Net loss	\$ (2,839)	\$ (846)	\$ (1,993)	235.6%	-18.0%	-5.6%
Accretion to redemption value of redeemable preferred stock.....	247	-	247	-	1.6%	-
Net loss attributable to common stockholders	\$ (3,086)	\$ (846)	\$ (2,240)	264.8%	-19.6%	-5.6%

Sales

Sales for second quarter of 2010 were \$8.1 million as compared to \$7.2 million for the same period in 2009, an increase of \$0.9 million or 12%. Sales for six months ended June 30, 2010 were \$15.8 million as compared to \$15.1 million for the same period in 2009, an increase of \$0.7 million or 4.6%. The new 8100 product

line which was introduced in the third quarter of 2009 accounted for \$2.1 million or 26% of revenue during the second quarter of 2010, and accounted for \$3.1 million or 19.7% of total revenue for the six months ended June 30, 2010.

For the three months ended June 30, 2010 and 2009, international sales were approximately \$5.1 million and \$3.7 million, respectively, comprising 63% and 51% of our total sales. For the six months ended June 30, 2010 and 2009, international sales were approximately \$10.0 million and \$8.3 million, respectively, comprising 63% and 55% of total sales.

Cost of goods sold and gross profit

Cost of goods sold and gross profit for three months ended June 30, 2010 were approximately \$3.9 million and \$4.2 million, respectively. For the same period in 2009, costs of goods sold and gross profit were \$3.6 million and \$3.6 million, respectively. Gross profit margin, as percentage of sales, for three months ended June 30, 2010 and 2009 was up slightly to 51.7% from 50.5%.

Costs of goods sold and gross profit for six months ended June 30, 2010 were approximately \$8.1 million and \$7.6 million, respectively. For the same period in 2009, costs of goods sold and gross profit were \$7.1 million and \$8.0 million, respectively. Gross profit margin, as percentage of sales, for the six months ended June 30, 2010 and 2009 was 48.3% and 52.9% respectively. The higher margin for six months ended June 2009 primarily resulted from a one-time benefit of catching up billing and releasing of inventory reserve in the first quarter of 2009.

Research and Development Expenses

Research and development expenses consist primarily of personnel salaries and fringe benefits and related costs associated with our product development efforts. These include costs for development of products and components, test equipment and related facilities. Research and development expenses remained relatively flat year over year. Research and development expenses were \$0.6 million and \$0.5 million for three months ended June 30, 2010 and 2009, respectively, and \$1.1 million for the six months ended both June 30, 2010 and 2009.

Sales and Marketing Expenses

Selling and marketing expenses consist primarily of employee salaries and associated costs for selling, marketing, and customer support. Selling and marketing expenses were relatively flat at \$2.7 million and \$2.5 million for the second quarter of 2010 and 2009, respectively.

Selling and marketing expense increased to \$5.2 million for the six months ended June 30, 2010 from \$4.7 for the same period in 2009. The \$0.5 million increase primarily resulted from headcount increases in new sales territories in 2010 and increased commission and marketing expense of higher sales and selling initiatives.

General and Administrative

General and administrative expenses consist primarily of employee salaries, benefits and associated costs for information systems, finance, legal, and administration expenses. General and administrative expenses increased to \$1.9 million for the three months ended June 30, 2010 from \$1.0 million for the same period in 2009. This \$0.9 million increase was mainly due to a release of restructured lease accrual of \$0.8 million in the second quarter of 2009.

General and administrative expenses increased to \$3.9 million for the six months ended June 30, 2010 from \$2.4 million for the same period in 2009. This increase was primarily due to a release of restructured lease accrual of \$1.0 million in the six months of 2009, a one-time lease termination charge of \$0.2 million in the second quarter of 2010, and higher bad debt expense of \$0.1 million in the first quarter of 2010 compared to the first quarter of 2009.

Other income (expenses)

Other income and expenses totaled approximately \$0.2 million expense for the three months ended June 30, 2010, as compared to \$0.3 million expense for the same period in 2009. Other income and expense totaled \$0.3

million and \$0.5 million for the six months ended June 30, 2010 and 2009, respectively. The net decrease of expense in 2010 was primarily due to \$0.1 million income from the sale of patents in the first quarter of 2010.

Liquidity and Capital Resources

General

At June 30, 2010, we had cash and cash equivalents of \$3.2 million. This excludes restricted cash of \$0.1 million. For the six months ended June 30, 2010, cash used by operations was approximately \$1.9 million. We currently are meeting our working capital needs through cash on hand (including cash we have borrowed) as well as internally generated cash from operations and other financing activities. Net cash used by investing activities was \$0.5 million.

For six months ended June 30, 2010, cash used in financing activity was \$0.2 million. As of June 30, 2010, we had borrowed a total of \$1.9 million from Bridge Bank pursuant to our line of credit with that bank.

We believe that cash from operations, along with our cash on hand and expected ability to borrow additional funds pursuant to our credit line and other resources, should be sufficient to meet our operating cash requirements over the next twelve month period as currently contemplated. Our belief is based largely upon our assumption that our financial operating results will improve. While our revenue has improved in the first half of 2010 compared with the corresponding period of 2009, our overall operating results have not yet improved enough for us to be either cash flow breakeven or GAAP breakeven. Therefore, we recognize that there is significant risk that we may not have sufficient cash on hand. We have extremely limited cash on hand and limited margin for error in implementing our desired business plan and are in a very difficult economic environment. We may well need to obtain additional capital and in any case may desire to obtain additional capital to bolster our balance sheet and for other reasons. Our long-term financing requirements depend upon our growth strategy, which relates primarily to our desire to increase revenue both domestically as well as internationally. In the year of 2010, we must continue our efforts to increase revenues and adjust operating expenses to levels that will produce positive cash flows and return us to ongoing operational profitability.

Since we have historically experienced fluctuations in our level of quarterly revenue, management is closely following revenue trends and operating expenses, and reviewing its long term business strategy to evaluate whether there will be a requirement for external financing to fund our operations. Our current resources may have to be supplemented through additional bank debt financing, public or private debt or equity offerings, product line or asset sales, or other means due to a number of factors. Further, we may want to supplement our current resources for a variety of reasons even if not required and are considering and investigating raising additional funds.

Recently Issued Accounting Standards

See Note 2 of Notes to Consolidated Financial Statements for recent accounting pronouncements that could have an effect on us.

Item 5. Legal Proceedings.

IPO Litigation

During the period from June 12 to September 13, 2001, four purported securities class action lawsuits were filed against Telaxis Communications Corporation, a predecessor company to Proxim Wireless Corporation, in the U.S. District Court for the Southern District of New York: *Katz v. Telaxis Communications Corporation et al.*, *Kucera v. Telaxis Communications Corporation et al.*, *Paquette v. Telaxis Communications Corporation et al.*, and *Inglis v. Telaxis Communications Corporation et al.* The lawsuits also named one or more of the underwriters in the Telaxis initial public offering and certain of its officers and directors. On April 19, 2002, the plaintiffs filed a single consolidated amended complaint which supersedes the individual complaints originally filed. The amended complaint alleges, among other things, violations of the registration and antifraud provisions of the federal securities laws due to alleged statements in and omissions from the Telaxis initial public offering registration statement concerning the underwriters' alleged activities in connection with the underwriting of Telaxis' shares to the public. The amended complaint seeks, among other things, unspecified damages and costs associated with the litigation. These lawsuits have been assigned along with, we understand, approximately 1,000 other lawsuits making

substantially similar allegations against approximately 300 other publicly-traded companies and their public offering underwriters to a single federal judge in the U.S. District Court for the Southern District of New York for consolidated pre-trial purposes. We believe the claims against us are without merit and have defended the litigation vigorously. The litigation process is inherently uncertain, however, and there can be no assurance that the outcome of these claims will be favorable for us.

On July 15, 2002, together with the other issuer defendants, Telaxis filed a collective motion to dismiss the consolidated amended complaint against the issuers on various legal grounds common to all or most of the issuer defendants. The underwriters also filed separate motions to dismiss the claims against them. In October 2002, the court approved a stipulation dismissing without prejudice all claims against the Telaxis directors and officers who had been defendants in the litigation. On February 19, 2003, the court issued its ruling on the separate motions to dismiss filed by the issuer defendants and the underwriter defendants. The court granted in part and denied in part the issuer defendants' motions. The court dismissed, with prejudice, all claims brought against Telaxis under the anti-fraud provisions of the securities laws. The court denied the motion to dismiss the claims brought under the registration provisions of the securities laws (which do not require that intent to defraud be pleaded) as to Telaxis and as to substantially all of the other issuer defendants. The court denied the underwriter defendants' motion to dismiss in all respects.

In June 2003, along with virtually all of the other non-bankrupt issuer defendants, we elected to participate in a proposed settlement agreement with the plaintiffs in this litigation. If the proposed settlement had been approved by the court, it would have resulted in the dismissal, with prejudice, of all claims in the litigation against us and against the other issuer defendants who elected to participate in the proposed settlement, together with the current or former officers and directors of participating issuers who were named as individual defendants. This proposed issuer settlement was conditioned on, among other things, a ruling by the court that the claims against us and against the other issuers who had agreed to the settlement would be certified for class action treatment for purposes of the proposed settlement, such that all investors included in the proposed classes in these cases would be bound by the terms of the settlement unless an investor opted to be excluded from the settlement.

On December 5, 2006, the U.S. Court of Appeals for the Second Circuit issued a decision in re Initial Public Offering Securities Litigation that six purported class action lawsuits containing allegations substantially similar to those asserted against us (the so-called "focus cases") may not be certified as class actions due, in part, to the Appeals Court's determination that individual issues of reliance and knowledge would predominate over issues common to the proposed classes. On January 8, 2007, the plaintiffs filed a petition seeking rehearing en banc of the Second Circuit Court of Appeals' decision. On April 6, 2007 the Court of Appeals denied the plaintiffs' petition for rehearing of the Court's December 5, 2006 ruling but noted that the plaintiffs remained free to ask the District Court to certify classes different from the ones originally proposed which might meet the standards for class certification that the Court of Appeals articulated in its December 5, 2006 decision. In light of the Court of Appeals' December 5, 2006 decision regarding certification of the plaintiffs' claims, the District Court entered an order on June 25, 2007 terminating the proposed settlement between the plaintiffs and the issuers, including us.

On August 14, 2007, the plaintiffs filed amended complaints in the six focus cases. On November 13, 2007, the issuer defendants and the underwriter separately moved to dismiss the claims against them in the amended complaints in the six focus cases. On March 26, 2008, the District Court issued an order in which it denied in substantial part the motions to dismiss the amended complaints in the six focus cases.

Additionally, on September 27, 2007, the plaintiffs moved to certify different classes in the six focus cases. The issuer defendants and the underwriter defendants filed separate oppositions to those motions on December 21, 2007. On October 10, 2008, the plaintiffs voluntarily withdrew their motions for class certification without prejudice.

On February 25, 2009, the parties advised the District Court that they had reached an agreement-in-principle to settle the litigation in its entirety. A stipulation of settlement was filed with the District Court on April 2, 2009. On June 9, 2009, the District Court preliminarily approved the proposed global settlement. Notice was provided to the class, and a settlement fairness hearing, at which members of the class had an opportunity to object to the proposed settlement, was held on September 10, 2009. On October 6, 2009, the District Court issued an order granting final approval to the settlement. Several objectors have since appealed the order approving the settlement, and those appeals remain pending. Because the litigation process is inherently uncertain and unpredictable, there can be no guarantee as to the ultimate outcome of this pending lawsuit. While there can be no assurance as to the

ultimate outcome of these proceedings, we currently believe that the final result of these actions will have no material effect on our consolidated financial condition, results of operations, or cash flows.

General

We are subject to potential liability under contractual, intellectual property, employee, and other matters and various claims and legal actions which are pending or may be asserted against us or our subsidiaries. These matters may arise in the ordinary course and conduct of our business.

Item 6. Defaults upon Senior Securities.

None.

Item 7. Other Information.

None.

Item 8. Exhibits.

The following exhibits are included with this quarterly disclosure statement:

Exhibit Number	Description of Document
1	Certificate of Amendment of Certificate of Incorporation of Proxim, dated May 10, 2010
2	Loan and Security Modification Agreement, dated as of May 5, 2010, between Bridge Bank, N.A. and Proxim
3	Loan and Security Modification Agreement, dated as of May 7, 2010, between Bridge Bank, N.A. and Proxim
4	Loan and Security Modification Agreement, dated as of May 25, 2010, between Bridge Bank, N.A. and Proxim
5	Lease Termination Agreement, dated as of May 11, 2010, between Merry Fields, LLC and Young Design, Inc. and Proxim
6	Letter Agreement dated April 1, 2010, a substantially similar version of which was entered into between Proxim Wireless Corporation and, <i>inter alia</i> , Pankaj Manglik, David Renauld, and Thomas Twerdahl
7	Disclosure about Second Half 2010 Executive Bonus Plan

Item 9. Certifications.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Pankaj S. Manglik, certify that:

1. I have reviewed this quarterly disclosure statement of Proxim Wireless Corporation;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 13, 2010

/s/ Pankaj S. Manglik
Pankaj S. Manglik
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Chun (Cathy) Zhao, certify that:

1. I have reviewed this quarterly disclosure statement of Proxim Wireless Corporation;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 13, 2010

/s/ Chun (Cathy) Zhao
Chun (Cathy) Zhao
Chief Financial Officer

EXHIBIT 1

TO

PROXIM WIRELESS CORPORATION

QUARTERLY REPORT

For Second Quarter Ended June 30, 2010

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 adding a new second and third paragraph thereto which read as follows:

"At the same time as the Certificate of Amendment in which this text is contained becomes effective (the "Effective Time"), the shares of Common Stock issued and outstanding immediately prior to the Effective Time and the shares of Common Stock issued and held in the treasury of the corporation immediately prior to the Effective Time, if any, are reclassified into a smaller number of shares such that each ten to one hundred shares of issued Common Stock immediately prior to the Effective Time is reclassified into one share of Common Stock, without increasing or decreasing the par value thereof, the exact ratio within the ten-to-one hundred range to be determined by the board of directors of the Corporation prior to the Effective Time and publicly announced by the Corporation. Notwithstanding the immediately preceding sentence, no fractional shares shall be issued and, in lieu thereof, upon surrender after the Effective Time of a certificate which formerly represented shares of Common Stock that were issued and outstanding immediately prior to the Effective Time, any person who would otherwise be entitled to a fractional share of Common Stock as a result of the reclassification, following the Effective Time, shall be entitled to receive a cash payment equal to the daily average of the highest and lowest sale prices per share of the Common Stock on the OTCQX averaged over a period of the twenty most recent trading days on which the Common Stock was traded ending on (and including) the date during which the Effective Time occurs multiplied by the number of shares of pre-split Common Stock held by such person that would otherwise have been exchanged for such fractional share, without interest.

Each stock certificate that, immediately prior to the Effective Time, represented shares of Common Stock that were issued and outstanding immediately prior to the Effective Time shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of Common Stock after the Effective Time into which the shares of Common Stock formerly represented by such certificate shall have been reclassified (as well as the right to receive cash in lieu of fractional shares of Common Stock after the Effective Time), provided, however, that each person of record holding a certificate that represented shares of Common Stock that were issued and outstanding immediately prior to the Effective Time shall receive, upon surrender of such certificate, a new certificate evidencing and representing the number of whole shares of Common Stock after the Effective Time into

which the shares of Common Stock formerly represented by such certificate shall have been reclassified.”

5. This Certificate of Amendment and the amendment to the certificate of incorporation of the Corporation, as amended to date, effected thereby shall become effective at 11:59 p.m., eastern time, on May 13, 2010.

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 10th day of May, 2010.

PROXIM WIRELESS CORPORATION

By: /s/ David L. Renaud
Name: David L. Renaud
Title: Vice President

EXHIBIT 2

TO

PROXIM WIRELESS CORPORATION

QUARTERLY REPORT

For Second Quarter Ended June 30, 2010

LOAN AND SECURITY MODIFICATION AGREEMENT

This Loan and Security Modification Agreement is entered into as of May 5, 2010, by and between Proxim Wireless Corporation (the "Borrower") and Bridge Bank, National Association ("Bank").

1. DESCRIPTION OF EXISTING INDEBTEDNESS: Among other indebtedness which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to, among other documents, a Loan and Security Agreement, dated March 6, 2009 by and between Borrower to Bank, as may be amended from time to time (the "Loan and Security Agreement"). Capitalized terms used without definition herein shall have the meanings assigned to them in the Loan and Security Agreement.

Hereinafter, all indebtedness owing by Borrower to Bank shall be referred to as the "Indebtedness" and the Loan and Security Agreement and any and all other documents executed by Borrower in favor of Bank shall be referred to as the "Existing Documents."

2. DESCRIPTION OF CHANGE IN TERMS.

A. Modification(s) to Loan and Security Agreement:

1) The following defined terms in Section 1.1 entitled "Definitions" are hereby amended as follows:

"Cash Management Sublimit" means a sublimit for cash management transactions approved by Bank under the Revolving Line subject to the availability under the Revolving Line and the Borrowing Base in an aggregate amount not to exceed \$100,000.

The first paragraph of the defined term "Eligible Foreign Accounts" is hereby amended as follows: **"Eligible Foreign Accounts"** means Accounts with respect to which the account debtor does not have its principal place of business in the United States or Canada and that (i) are supported by one or more letters of credit in an amount and of a tenor, and issued by a financial institution, acceptable to Bank, or (ii) that Bank approves on a case-by-case basis. Unless otherwise agreed to by Bank, Eligible Foreign Accounts shall not include the following:

"Foreign Exchange Sublimit" means a sublimit for foreign exchange contracts under the Revolving Line, subject to the availability under the Revolving Line and the Borrowing Base, in an aggregate amount not to exceed \$1,000,000 less any amounts outstanding under the Letter of Credit Sublimit.

"Letter of Credit Sublimit" means a sublimit for Letters of Credit under the Revolving Line, subject to the availability under the Revolving Line and the Borrowing Base, in an aggregate amount not to exceed \$1,000,000 less any amounts outstanding under the Foreign Exchange Sublimit.

"Revolving Maturity Date" means May 10, 2011.

2) The first sentence of Section 2.1(b) is hereby amended as follows:

(b) **Letters of Credit.** Subject to the terms and conditions of this Agreement, at any time prior to the Revolving Maturity Date, Bank agrees to issue letters of credit for the account of Borrower (each, a "Letter of Credit" and collectively, the "Letters of Credit") in an aggregate outstanding face amount not to exceed the lesser of the Revolving Line or the Borrowing Base, provided however, that the aggregate face amount of all outstanding Letters of Credit shall not exceed \$1,000,000 less any amounts outstanding under the Foreign Exchange Sublimit.

3) The first sentence of Section 2.1(c) is hereby amended as follows:

(c) **Cash Management Sublimit.** Subject to the terms and conditions of this Agreement and the availability under the Revolving Line and the Borrowing Base, Borrower may request cash management services which may include merchant services, direct deposit of payroll, business credit card, and check cashing services identified in various cash management services agreements related to such services (the “Cash Management Services”) by delivering to Bank such applications on Bank’s standard forms as requested by Bank; provided however, that the total amount of the Cash Management Services shall not exceed \$100,000, and that availability under the Revolving Line shall be reduced by the Cash Management Sublimit.

- 4) The third sentence of Section 2.1(d) entitled “**Foreign Exchange Sublimit**” is hereby amended as follows:

The FX Amount shall at all times be equal to or less than \$1,000,000 minus any amounts outstanding under the Letter of Credit Sublimit.

- 5) Section 2.2 is hereby amended as follows:

2.2 Overadvances. If the sum of the outstanding Advances plus any amounts outstanding under the Letter of Credit Sublimit, the Cash Management Sublimit and the Foreign Exchange Sublimit exceeds the lesser of the Revolving Line or the Borrowing Base at any time, Borrower shall immediately pay to Bank, in cash, the amount of such excess. If the aggregate amounts outstanding under the Letter of Credit Sublimit and the Foreign Exchange Sublimit exceed \$1,000,000, Borrower shall immediately pay to Bank, in cash, the amount of such excess. Unless otherwise agreed by Bank, such payment shall be deemed to be made first on account of the Advances.

- 6) The second paragraph in Section 6.3 entitled “Financial Statements, Reports, Certificates” is hereby amended as follows:

Within fifteen (15) days after the last day of each month, Borrower shall deliver to Bank a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of **Exhibit C-1** and **Exhibit C-2** attached hereto, together with aged listings of accounts receivable and accounts payable.

3. CONSISTENT CHANGES. The Existing Documents are each hereby amended wherever necessary to reflect the changes described above.

4. PAYMENT OF FACILITY FEE. Borrower shall pay Bank a fee in the amount of \$50,000 (the “Facility Fee”) and a fee in the amount of \$50 (the “Renewal Due Diligence Fee”), plus all out-of-pocket expenses.

5. NO DEFENSES OF BORROWER/GENERAL RELEASE. Borrower agrees that, as of this date, it has no defenses against the obligations to pay any amounts under the Indebtedness. Each of Borrower and Guarantor (each, a “Releasing Party”) acknowledges that Bank would not enter into this Loan and Security Modification Agreement without Releasing Party’s assurance that it has no claims against Bank or any of Bank’s officers, directors, employees or agents. Except for the obligations arising hereafter under this Loan and Security Modification Agreement or the Existing Documents, each Releasing Party releases Bank, and each of Bank’s officers, directors and employees from any known or unknown claims that Releasing Party now has against Bank of any nature, including any claims that Releasing Party, its successors, counsel, and advisors may in the future discover they would have now had if they had known facts not now known to them, whether founded in contract, in tort or pursuant to any other theory of liability, including but not limited to any claims arising out of or related to the Agreement or the transactions contemplated thereby. Releasing Party waives the provisions of California Civil Code section 1542, which states:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

The provisions, waivers and releases set forth in this section are binding upon each Releasing Party and its shareholders, agents, employees, assigns and successors in interest. The provisions, waivers and releases of this section shall inure to the benefit of Bank and its agents, employees, officers, directors, assigns and successors in interest. The provisions of this section shall survive payment in full of the Obligations, full performance of all the terms of this Loan and Security Modification Agreement and the Agreement, and/or Bank’s actions to exercise any remedy available under the Agreement or otherwise.

6. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Indebtedness, Bank is relying upon Borrower’s representations, warranties, and agreements, as set forth in the Existing Documents. Except as expressly modified pursuant to this Loan and Security Modification Agreement, the terms of the Existing Documents remain unchanged and in full force and effect. Bank’s agreement to modifications to the existing Indebtedness pursuant to this Loan and Security Modification Agreement in no way shall obligate Bank to make any future modifications to the Indebtedness. Nothing in this Loan and Security Modification Agreement shall constitute a satisfaction of the Indebtedness. It is the intention of Bank and Borrower to retain as liable parties all makers and endorsers of Existing Documents, unless the party is expressly released by Bank in writing. No maker, endorser, or guarantor will be released by virtue of this Loan and Security Modification Agreement. The terms of this paragraph apply not only to this Loan and Security Modification Agreement, but also to any subsequent Loan and Security modification agreements.

7. CONDITIONS. The effectiveness of this Loan and Security Modification Agreement is conditioned upon payment of the Facility Fee and Renewal Due Diligence Fee.

8. COUNTERSIGNATURE. This Loan and Security Modification Agreement shall become effective only when executed by Bank, Borrower, and Guarantors.

BORROWER:

PROXIM WIRELESS CORPORATION

By: /s/ Pankaj Manglik

Name: Pankaj Manglik

Title: President & CEO

BANK:

BRIDGE BANK, NATIONAL ASSOCIATION

By: /s/ Christopher Hill

Name: Christopher Hill

Title: Vice President

Guarantor consents to the modifications to the Indebtedness pursuant to this Loan and Security Modification Agreement, hereby ratifies the provisions of the Guaranty and confirms that all provisions of that document are in full force and effect.

GUARANTOR:

YOUNG DESIGN, INC.

By: /s/ Pankaj Manglik

Date: May 5, 2010

Name: Pankaj Manglik

Title: President

KARLNET, INC.

By: /s/ Pankaj Manglik

Date: May 5, 2010

Name: Pankaj Manglik

Title: President

TERABEAM CORPORATION

By: /s/ Pankaj Manglik

Date: May 5, 2010

Name: Pankaj Manglik

Title: President

RICOCHET NETWORKS, INC.

By: /s/ Pankaj Manglik

Date: May 5, 2010

Name: Pankaj Manglik

Title: President

TERABEAM INTERNATIONAL HOLDINGS, INC.

By: /s/ Pankaj Manglik

Date: May 5, 2010

Name: Pankaj Manglik

Title: President

PROXIM INTERNATIONAL OPERATIONS, INC.

By: /s/ Pankaj Manglik

Date: May 5, 2010

Name: Pankaj Manglik

Title: President

PROXIM PROFESSIONAL SERVICES, INC.

By: /s/ Pankaj Manglik

Date: May 5, 2010

Name: Pankaj Manglik

Title: President

PROXIM EUROPE BV

By: /s/ Pankaj Manglik

Date: May 5, 2010

Name: Pankaj Manglik

Title: President

PROXIM HONG KONG LIMITED

By: /s/ Pankaj Manglik

Date: May 5, 2010

Name: Pankaj Manglik

Title: President

TERABEAM PROXIM WIRELESS PRIVATE LIMITED

By: /s/ Pankaj Manglik

Date: May 5, 2010

Name: Pankaj Manglik

Title: President

EXHIBIT 3

TO

PROXIM WIRELESS CORPORATION

QUARTERLY REPORT

For Second Quarter Ended June 30, 2010

LOAN AND SECURITY MODIFICATION AGREEMENT

This Loan and Security Modification Agreement is entered into as of May 7, 2010, by and between Proxim Wireless Corporation (the "Borrower") and Bridge Bank, National Association ("Bank").

1. DESCRIPTION OF EXISTING INDEBTEDNESS: Among other indebtedness which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to, among other documents, a Loan and Security Agreement, dated March 6, 2009 by and between Borrower to Bank, as may be amended from time to time (the "Loan and Security Agreement"). Capitalized terms used without definition herein shall have the meanings assigned to them in the Loan and Security Agreement.

Hereinafter, all indebtedness owing by Borrower to Bank shall be referred to as the "Indebtedness" and the Loan and Security Agreement and any and all other documents executed by Borrower in favor of Bank shall be referred to as the "Existing Documents."

2. DESCRIPTION OF CHANGE IN TERMS.

A. Modification(s) to Loan and Security Agreement:

1) Section 7.6 entitled "**Distributions**" is hereby amended as follows:

7.6 Distributions. Pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any capital stock, except that (i) Borrower may repurchase the stock of former employees pursuant to stock repurchase agreements as long as an Event of Default does not exist prior to such repurchase or would not exist after giving effect to such repurchase and (ii) on or about May 14, 2010, Borrower may perform a 100 to 1 reverse stock split and pay out any holders of fractional shares in the form of cash in an aggregate amount not to exceed \$50,000.

3. CONSISTENT CHANGES. The Existing Documents are each hereby amended wherever necessary to reflect the changes described above.

4. INTENTIONALLY OMITTED.

5. NO DEFENSES OF BORROWER/GENERAL RELEASE. Borrower agrees that, as of this date, it has no defenses against the obligations to pay any amounts under the Indebtedness. Each of Borrower and Guarantor (each, a "Releasing Party") acknowledges that Bank would not enter into this Loan and Security Modification Agreement without Releasing Party's assurance that it has no claims against Bank or any of Bank's officers, directors, employees or agents. Except for the obligations arising hereafter under this Loan and Security Modification Agreement or the Existing Documents, each Releasing Party releases Bank, and each of Bank's officers, directors and employees from any known or unknown claims that Releasing Party now has against Bank of any nature, including any claims that Releasing Party, its successors, counsel, and advisors may in the future discover they would have now had if they had known facts not now known to them, whether founded in contract, in tort or pursuant to any other theory of liability, including but not limited to any claims arising out of or related to the Agreement or the transactions contemplated thereby. Releasing Party waives the provisions of California Civil Code section 1542, which states:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

The provisions, waivers and releases set forth in this section are binding upon each Releasing Party and its shareholders, agents, employees, assigns and successors in interest. The provisions, waivers and releases of this section shall inure to the benefit of Bank and its agents, employees, officers, directors, assigns and successors in interest. The provisions of this section shall survive payment in full of the Obligations, full performance of all the terms of this Loan and Security Modification Agreement and the Agreement, and/or Bank's actions to exercise any remedy available under the Agreement or otherwise.

6. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Indebtedness, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Documents. Except as expressly modified pursuant to this Loan and Security Modification Agreement, the terms of the Existing Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Indebtedness pursuant to this Loan and Security Modification Agreement in no way shall obligate Bank to make any future modifications to the Indebtedness. Nothing in this Loan and Security Modification Agreement shall constitute a satisfaction of the Indebtedness. It is the intention of Bank and Borrower to retain as liable parties all makers and endorsers of Existing Documents, unless the party is expressly released by Bank in writing. No maker, endorser, or guarantor will be released by virtue of this Loan and Security Modification Agreement. The terms of this paragraph apply not only to this Loan and Security Modification Agreement, but also to any subsequent Loan and Security modification agreements.

7. INTENTIONALLY OMITTED.

8. COUNTERSIGNATURE. This Loan and Security Modification Agreement shall become effective only when executed by Bank, Borrower, and Guarantors.

BORROWER:

PROXIM WIRELESS CORPORATION

By: /s/ Pankaj Manglik

Name: Pankaj Manglik

Title: President & CEO

BANK:

BRIDGE BANK, NATIONAL ASSOCIATION

By: /s/ Christopher Hill

Name: Christopher Hill

Title: Vice President

Guarantor consents to the modifications to the Indebtedness pursuant to this Loan and Security Modification Agreement, hereby ratifies the provisions of the Guaranty and confirms that all provisions of that document are in full force and effect.

GUARANTOR:

YOUNG DESIGN, INC.

By: /s/ Pankaj Manglik

Date: May 7, 2010

Name: Pankaj Manglik

Title: President

KARLNET, INC.

By: /s/ Pankaj Manglik

Date: May 7, 2010

Name: Pankaj Manglik

Title: President

TERABEAM CORPORATION

By: /s/ Pankaj Manglik

Date: May 7, 2010

Name: Pankaj Manglik

Title: President

RICOCHET NETWORKS, INC.

By: /s/ Pankaj Manglik

Date: May 7, 2010

Name: Pankaj Manglik

Title: President

TERABEAM INTERNATIONAL HOLDINGS, INC.

By: /s/ Pankaj Manglik

Date: May 7, 2010

Name: Pankaj Manglik

Title: President

PROXIM INTERNATIONAL OPERATIONS, INC.

By: /s/ Pankaj Manglik

Date: May 7, 2010

Name: Pankaj Manglik

Title: President

PROXIM PROFESSIONAL SERVICES, INC.

By: /s/ Pankaj Manglik

Date: May 7, 2010

Name: Pankaj Manglik

Title: President

PROXIM EUROPE BV

By: /s/ Pankaj Manglik

Date: May 7, 2010

Name: Pankaj Manglik

Title: President

PROXIM HONG KONG LIMITED

By: /s/ Pankaj Manglik

Date: May 7, 2010

Name: Pankaj Manglik

Title: President

TERABEAM PROXIM WIRELESS PRIVATE LIMITED

By: /s/ Pankaj Manglik

Date: May 7, 2010

Name: Pankaj Manglik

Title: President

EXHIBIT 4

TO

PROXIM WIRELESS CORPORATION

QUARTERLY REPORT

For Second Quarter Ended June 30, 2010

LOAN AND SECURITY MODIFICATION AGREEMENT

This Loan and Security Modification Agreement is entered into as of May 25, 2010, by and between Proxim Wireless Corporation (the "Borrower") and Bridge Bank, National Association ("Bank").

1. DESCRIPTION OF EXISTING INDEBTEDNESS: Among other indebtedness which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to, among other documents, a Loan and Security Agreement, dated March 6, 2009 by and between Borrower to Bank, as may be amended from time to time (the "Loan and Security Agreement"). Capitalized terms used without definition herein shall have the meanings assigned to them in the Loan and Security Agreement.

Hereinafter, all indebtedness owing by Borrower to Bank shall be referred to as the "Indebtedness" and the Loan and Security Agreement and any and all other documents executed by Borrower in favor of Bank shall be referred to as the "Existing Documents."

2. DESCRIPTION OF CHANGE IN TERMS.

A. Modification(s) to Loan and Security Agreement:

1) Section 6.10 entitled "**Performance to Plan (Net Income)**" is hereby amended as follows:

6.10 Performance to Plan (Net Income). Borrower shall maintain net income of at least the projected net income amount, as set forth in the annual Board-approved operating plan provided to Bank, *minus* the greater of (i) \$50,000 or (ii) 20% of such plan, to be measured on a quarterly basis beginning with the quarter ended March 31, 2010, provided however, for the quarter ending June 30, 2010 Borrower is permitted to incur an additional expense of not more than \$210,000.

3. CONSISTENT CHANGES. The Existing Documents are each hereby amended wherever necessary to reflect the changes described above.

4. PAYMENT OF DOCUMENTATION FEE. Borrower shall pay Bank a fee in the amount of \$750 (the "Documentation Fee"), plus all out-of-pocket expenses.

5. NO DEFENSES OF BORROWER/GENERAL RELEASE. Borrower agrees that, as of this date, it has no defenses against the obligations to pay any amounts under the Indebtedness. Each of Borrower and Guarantor (each, a "Releasing Party") acknowledges that Bank would not enter into this Loan and Security Modification Agreement without Releasing Party's assurance that it has no claims against Bank or any of Bank's officers, directors, employees or agents. Except for the obligations arising hereafter under this Loan and Security Modification Agreement or the Existing Documents, each Releasing Party releases Bank, and each of Bank's officers, directors and employees from any known or unknown claims that Releasing Party now has against Bank of any nature, including any claims that Releasing Party, its successors, counsel, and advisors may in the future discover they would have now had if they had known facts not now known to them, whether founded in contract, in tort or pursuant to any other theory of liability, including but not limited to any claims arising out of or related to the Agreement or the transactions contemplated thereby. Releasing Party waives the provisions of California Civil Code section 1542, which states:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

The provisions, waivers and releases set forth in this section are binding upon each Releasing Party and its shareholders, agents, employees, assigns and successors in interest. The provisions, waivers and releases of this section shall inure to the benefit of Bank and its agents, employees, officers, directors, assigns and successors in interest. The provisions of this section shall survive payment in full of the Obligations, full

performance of all the terms of this Loan and Security Modification Agreement and the Agreement, and/or Bank's actions to exercise any remedy available under the Agreement or otherwise.

6. **CONTINUING VALIDITY.** Borrower understands and agrees that in modifying the existing Indebtedness, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Documents. Except as expressly modified pursuant to this Loan and Security Modification Agreement, the terms of the Existing Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Indebtedness pursuant to this Loan and Security Modification Agreement in no way shall obligate Bank to make any future modifications to the Indebtedness. Nothing in this Loan and Security Modification Agreement shall constitute a satisfaction of the Indebtedness. It is the intention of Bank and Borrower to retain as liable parties all makers and endorsers of Existing Documents, unless the party is expressly released by Bank in writing. No maker, endorser, or guarantor will be released by virtue of this Loan and Security Modification Agreement. The terms of this paragraph apply not only to this Loan and Security Modification Agreement, but also to any subsequent Loan and Security modification agreements.

7. **CONDITIONS.** The effectiveness of this Loan and Security Modification Agreement is conditioned upon payment of the Documentation Fee.

8. **COUNTERSIGNATURE.** This Loan and Security Modification Agreement shall become effective only when executed by Bank, Borrower, and Guarantors.

BORROWER:

PROXIM WIRELESS CORPORATION

By: /s/ Pankaj Manglik

Name: Pankaj Manglik

Title: President & CEO

BANK:

BRIDGE BANK, NATIONAL ASSOCIATION

By: /s/ Christopher Hill

Name: Christopher Hill

Title: Vice President

Guarantor consents to the modifications to the Indebtedness pursuant to this Loan and Security Modification Agreement, hereby ratifies the provisions of the Guaranty and confirms that all provisions of that document are in full force and effect.

GUARANTOR:

YOUNG DESIGN, INC.

By: /s/ Pankaj Manglik

Date: May 25, 2010

Name: Pankaj Manglik

Title: President

KARLNET, INC.

By: /s/ Pankaj Manglik

Date: May 25, 2010

Name: Pankaj Manglik

Title: President

TERABEAM CORPORATION

By: /s/ Pankaj Manglik

Date: May 25, 2010

Name: Pankaj Manglik

Title: President

RICOCHET NETWORKS, INC.

By: /s/ Pankaj Manglik

Date: May 25, 2010

Name: Pankaj Manglik

Title: President

TERABEAM INTERNATIONAL HOLDINGS, INC.

By: /s/ Pankaj Manglik

Date: May 25, 2010

Name: Pankaj Manglik

Title: President

PROXIM INTERNATIONAL OPERATIONS, INC.

By: /s/ Pankaj Manglik

Date: May 25, 2010

Name: Pankaj Manglik

Title: President

PROXIM PROFESSIONAL SERVICES, INC.

By: /s/ Pankaj Manglik

Date: May 25, 2010

Name: Pankaj Manglik

Title: President

PROXIM EUROPE BV

By: /s/ Pankaj Manglik

Date: May 25, 2010

Name: Pankaj Manglik

Title: President

PROXIM HONG KONG LIMITED

By: /s/ Pankaj Manglik

Date: May 25, 2010

Name: Pankaj Manglik

Title: President

TERABEAM PROXIM WIRELESS PRIVATE LIMITED

By: /s/ Pankaj Manglik

Date: May 25, 2010

Name: Pankaj Manglik

Title: President

EXHIBIT 5

TO

PROXIM WIRELESS CORPORATION

QUARTERLY REPORT

For Second Quarter Ended June 30, 2010

LEASE TERMINATION AGREEMENT

This Lease Termination Agreement (this "Agreement") is entered into as of the 11th day of May, 2010 by and between Merry Fields, LLC, a Virginia limited liability company ("Landlord") and Young Design, Inc., a Virginia corporation ("YDI"), and Proxim Wireless Corporation, a Delaware corporation ("Proxim" with YDI and Proxim being referred to together in this Agreement purely as a matter of simplicity as "Tenant").

WHEREAS, Landlord and YDI entered into a Lease Agreement (the "Lease") in calendar year 2000 for premises located at 8000 Lee Highway in Falls Church, Virginia (the "Leased Premises");

WHEREAS, Proxim is the corporate parent of YDI;

WHEREAS, the term of the Lease currently expires on December 31, 2010;

WHEREAS, the parties hereto desire to terminate the Lease effective as of the date of this Agreement, in accordance with the terms and provisions of this Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Termination of Lease. The Lease is hereby terminated effective immediately.
2. Lease Termination Payments. The parties acknowledge that the Tenant has paid the May, 2010 rent in accordance with the terms of the Lease.

The Tenant promises to pay to the Landlord the sum of \$210,000 (the "Principal") in seven monthly payments of \$30,000 each beginning June 1, 2010. Provided that the Tenant makes timely payments of such installments, no interest shall accrue on the unpaid Principal. In the event that payment of any monthly installment is not timely made, then the unpaid Principal shall bear interest at the rate of one and one-half percent (1 ½%) per month, compounding monthly.

All payments required to be made under this Agreement shall be applied first to the payment of accrued and unpaid interest then due (if any), and the remainder, if any, shall be applied to the unpaid Principal. All payment shall be made by check mailed to Landlord at 3959 Pender Drive, Suite 330, Fairfax, Virginia 22030, or at such other address as the Landlord may at any time and from time to time designate in writing to the Tenant.

The Tenant may prepay the Principal in whole or in part at any time without premium or penalty.

The occurrence of any of the following events shall constitute an Event of Default, and all of the outstanding Principal due under this Agreement shall, at the option of the Landlord, become immediately due and payable without any notice or other action on the party of the Landlord:

- (i) the Tenant makes a general assignment for the benefit of creditors;
- (ii) an order, judgment or decree is entered adjudicating the Tenant bankrupt or insolvent;
- (iii) any order for relief with respect to the Tenant is entered under the Federal Bankruptcy Code;
- (iv) the Tenant petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of the Tenant of any substantial part of the assets of the Tenant, or commences any proceeding relating to the Tenant under any bankruptcy, reorganization,

- arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction;
- (v) any such petition or application is filed, or any such proceeding is commenced, against the Tenant and either (A) the Tenant by any act indicates its approval thereof, consent thereto or acquiescence therein or (B) such petition, application or proceeding is not dismissed or stayed within ninety (90) days; or
 - (vi) the Tenant fails to timely make the payments required under the terms of this Agreement which failure is not cured within three (3) business days of receiving written notice from Landlord of such failure.

Upon an Event of Default, interest shall accrue on the unpaid Principal hereunder at a rate equal to one and one-half percent (1 ½%) per month, compounding monthly. The Tenant shall pay all of the Landlord's reasonable expenses incurred to enforce or collect the balance due under the terms of this Agreement, including without limitation, reasonable attorney's fees and court costs.

Except as provided in Paragraph 2(vi) above, the Tenant waives presentment for payment, protest, demand, notice of protest, notice of non-payment and diligence with respect to the payments due under this Agreement.

3. Mutual Release as to Claims under the Lease. Except for the Tenant's obligation to make payment in accordance with paragraph 2 above, the Landlord hereby releases and forever discharges the Tenant from any and all claims, demands, proceedings, causes of action, obligations, agreements, and liabilities whatsoever, whether known or unknown, at law or in equity, which the Landlord now has, may have in the future, or has ever had, against the Tenant on account of or arising out of any matter pertaining to the Lease.

Tenant hereby releases and forever discharges Landlord from any and all claims, demands, proceedings, causes of action, obligations, agreements, and liabilities whatsoever, whether known or unknown, at law or in equity, which the Tenant now has, may have in the future, or has ever had against the Landlord on account of or arising out of any matter pertaining to the Lease.

4. Landlord's Retention of Security Deposit. In partial consideration for the Landlord's agreements hereunder, the Tenant agrees that the Landlord shall retain the existing security deposit under the Lease in the amount of \$20,625.00.

5. Landlord's Acceptance of the Leased Premises; Tenant's Waiver of Claims as to Any Property located on or about the Leased Premises. Landlord hereby accepts the Leased Premises in its "as is, where is" condition. Tenant acknowledges and agrees that it has no claims to any personal property, real property and/or fixtures located on or about the Leased Premises.

6. Jurisdiction; Venue. The parties irrevocably agree to personal jurisdiction within the Commonwealth of Virginia, and agree that any legal action or proceeding with respect to this Agreement must be brought in courts located within Arlington County, Virginia. The parties further irrevocably consent to service of process out of the Arlington County, Virginia courts, by the mailing of copies thereof by registered or certified mail, postage prepaid, to the following addresses:

If to the Tenant:	Proxim Wireless Corporation 881 North King Street, Suite 100 Northampton, MA 01060 Attention: David Renault, Vice President
-------------------	--

If to the Landlord: Merry Fields, LLC
3959 Pender Drive, Suite 330
Fairfax, Virginia 22030
Attention: Robert Fitzgerald, President

7. Miscellaneous.

A. Governing Law. It is the intention of the parties hereto that all questions with respect to the construction of this Agreement, and the rights and liabilities and the parties hereunder, shall be determined in accordance with the laws of the Commonwealth of Virginia, without respect to its conflict of law principles.

B. Binding Effect. All of the rights and obligations set forth in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Landlord and Tenant.

C. Entire Agreement. This Agreement contains the entire agreement between the parties hereto pertaining to the Lease and the termination thereof. There are no promises, agreements, conditions, undertakings, warranties or representations, oral or written, express or implied, between the parties, other than as set forth herein. This Agreement is intended by the parties hereto to be an integration of all prior or contemporaneous promises, agreements, conditions, negotiations and undertakings between them as to the Lease. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by authorized representatives of both parties hereto.

IN WITNESS WHEREOF, the parties hereto have signed, sealed and delivered this Agreement as their own free act and deed.

Landlord:

Merry Fields, LLC

By: /s/ Robert Fitzgerald
Robert Fitzgerald, President

Tenant:

Young Design, Inc.

Proxim Wireless Corporation

By: /s/ David Renaud
David Renaud, Vice President

By: /s/ David Renaud
David Renaud, Vice President

EXHIBIT 6

TO

PROXIM WIRELESS CORPORATION

QUARTERLY REPORT

For Second Quarter Ended June 30, 2010



April 1, 2010

[Employee Name]

Re: Reduction of Base Salary

Dear _____:

This letter reflects the agreement between you and Proxim Wireless Corporation or an affiliated company ("Proxim") that your base salary during the period from April 1, 2010 through June 30, 2010 will be eighty-five percent (85%) of your base salary as in effect immediately prior to April 1, 2010. Absent further agreement, your base salary will return to that previous level commencing July 1, 2010.

You and Proxim specifically agree that this is a temporary reduction of ordinary course base salary only and that commissions, bonuses, other incentive compensation, and other benefits will not be affected by this reduction. Further, you and Proxim specifically agree that any amounts due to you upon termination of your employment (such as payment for accrued vacation) will not be affected by this temporary reduction and would be calculated based on your base salary as of March 31, 2010, not the temporarily reduced amount.

You and Proxim agree that this letter agreement amends the terms of your employment relationship with Proxim.

Please sign below to indicate your agreement to the terms of this letter.

Very truly yours,

[corporate signatory and title]

Agreed:

[employee name]

EXHIBIT 7

TO

PROXIM WIRELESS CORPORATION

QUARTERLY REPORT

For Second Quarter Ended June 30, 2010

DISCLOSURE ABOUT EXECUTIVE COMPENSATION

The Compensation Committee of the Board of Directors of Proxim Wireless Corporation has approved performance targets which will be used to determine the amount of cash bonus that Pankaj Manglik, President and Chief Executive Officer, and David Renauld, Vice President, Corporate Affairs, General Counsel, and Secretary, will receive for the third and fourth quarters of 2010. The Compensation Committee decided that the bonus would be based on the following components with the following weightings: revenue (50%), EBITDA (20%), cash flow (20%), and new products (10%), with any earned amounts being paid shortly after the Audit Committee of the Board of Directors reviews and approves Proxim's financial statements for the applicable quarter. The executives are expected to use half of the after-tax amount of any bonus to purchase shares of Proxim's common stock in the market. The committee retained the right to adjust and modify the plan if the committee determines appropriate due to changed circumstances.