



December 2008

To Our Customers and Shareholders:

It is the end of 2008 and we would like to update you on the journey we began one year ago. This has been a year of change, introspection and rebirth for GigaBeam and we are proud to be here today. In the past twelve months, we have made significant improvements to the GigaBeam business and we have an ambitious plan for the coming year. For those of you not familiar with the company, we will begin with a brief synopsis of our business, highlight the accomplishments of the past year and present our goals and objectives for 2009.

Background and Summary of 2008

Prior to 2008, GigaBeam was a single product business, addressing an embryonic niche market with a new wireless technology offering unprecedented ultra broadband capacities of 1.25 gigabits per second (Gb/s) in the 71-86GHz (70/80GHz) spectrum bands. The company believed this was its future. From listening to our customers, and as referenced in previous letters to you, we learned that the market requires a more solutions-based approach. Therefore, in 2008, we expanded our product base to include products in spectra from 4 to 90 GHz, in licensed and unlicensed bands, offering capacities from 10 Mb/s to 1000Mb/s, in various and flexible configurations, effectively making us a one-stop-shop for communications transport. This new collection of tools, anchored by our core capability in the 70/80GHz bands, positions GigaBeam to provide solutions in the communications space including wireless carrier, campus communication, security and surveillance, disaster recovery, and scores of other applications in underserved markets around the world. Our customers have responded to this change, and this past year we have witnessed not only increased sales of our core product, but also bundled/solutions-based sales of our entire portfolio.

As we look back at 2008, we believe it will be seen as the year GigaBeam rationalized its business to be in line with its immediate market opportunity. This is best evidenced by how our operations have evolved since we last raised money in our April 2008 debenture offering. That offering injected just enough capital into GigaBeam to set it on its turnaround course and, since then, we have not needed to raise further funds and we have become self sustaining. As part of our cash management, we have also begun to repay the many debts that accumulated prior to 2008. Our obligations to the many in debt to GigaBeam has hindered our ability to make timely SEC filings, conduct proactive investor relations, and has limited our general corporate marketing and operation budgets. As our business advances, we hope to incorporate more of these activities on a regular basis to keep our customers and shareholders more informed.



Highlights of 2008:

- Reduction of Operating Expenses. We reduced the cash requirement to operate our business from approximately \$800K per month near the end of 2007 to just under \$400K per month at the end of 2008.
- Increase in Bookings. We increased our bookings of our marquee product operating at 70/80 GHz over 30% this year over last year while reducing the cash requirements to operate the business by nearly 50%. We also have bookings for our new products, both as stand alone sales and as bundled solutions complementing the 70/80GHz
- Recapitalization of Balance Sheet. We converted certain of our debt and equity instruments to Series D Convertible Preferred Stock that offers cash and administrative savings.
- SEC Filings. We are temporarily listed on the pink sheets where we can preserve capital. We intend to return to the OTCBB when appropriate.
- Expanded Product Offerings. As described above, we now offer products in the 4.9GHz, 5.8GHz, and 18GHz spectrum to complement our marquee product in the 70/80 GHz bands.
- Introduced Equipment Leasing Program. We introduced a new program to proactively address the needs of a contracting market and support flexibility for customers to use operations expense budgets in addition to capital expense budgets.
- Formed GigaBeam Middle East. We increased in-region sales and field engineering capability to meet the needs of this growing sector.
- Awarded First Research Grant from Federal Government. We received a cash award to research study for data rates 100 times the current data rate capability.
- Delivered 10/100 Mb/s Radio in Lab. Productization in process. This is a component of our strategy to offer solutions from 10Mb/s to 10,000Mb/s in the 70/80GHz bands along with our other offerings.

In 2008, we began the turn around of our business and demonstrated that GigaBeam can survive on its own merits. While we have made progress, we have much more to do.

2009

We face a contracting global economy, the reality of domestic recession, and a liquidity crisis unprecedented in our lifetime. GigaBeam, we believe, is battle hardened and prepared to fight through difficult times having sustained operations during its own credit crisis over the past year. While thinly capitalized, we've engaged in a turn around, balance sheet recapitalization, product expansion and growth of our top line. We are ready for the challenges ahead.



As we move into 2009, the following are some of the goals and objectives we have for our business:

- Cash Conservation: Our business has been paying for itself but we intend to do even better. Given the economic climate, we are making every effort to preserve cash and with some good fortune, build a war chest with the goal of creating the means to take advantages of some of the opportunities a contracting market will provide.
- Market Leadership: We believe that we are the global leader in our marquee offering at 70/80GHz and we intend to build on this. In a contracting environment, we believe occupying a market leadership position is essential.
- Harvest Sales: We will make every effort to continue to harvest sales in the regions of the world where we are well positioned for success. We have Sales and Field Support in the United States, European Union (EU), Middle East and North Africa (MENA) and Australia. At the end of 2008, there is a Gigabeam employee working, every hour of the day
- Bring SEC Filings Current: We remain committed to getting our filings done. As we have been conserving cash and servicing the heavy debt burden the company created prior to 2008, we have fallen behind on this element of our business, but we have set a goal to return to the OTCBB in 2009.
- New Products: We continue to develop new offerings. We intend to continue to work on the low cost 10/100Mb/s radio link as we are receiving good interest in this offering. We also have other items planned which we will be telling you about as we move through the year.
- A New Image. We invite you to keep an eye on us during the first quarter of 2009 because we are refreshing GigaBeam's image. We have come a long way and our strategy and vision has changed. We are in the process of taking steps to illustrate our solutions-based approach and we are looking forward to sharing it with you.

We move into 2009 in considerably better shape than when we started 2008. We must continue to execute on all aspects of our business plan, listen to and take good care of our customers and be pragmatic about the overall economic situation.

As always, we thank you deeply for your continued interest and support.

Sincerely,

S. Jay Lawrence
Chief Executive Officer
GigaBeam Corporation



Safe Harbor Statement

The information contained herein contains forward-looking statements that involve risks and uncertainties. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in our annual report on Form 10-K and other reports we file with the Securities and Exchange Commission. Although we believe the expectations reflected in the forward-looking statements are reasonable, they relate only to events as of the date on which the statements are made. We do not intend to update any of the forward-looking statements after the date of this press release to conform these statements to actual results or to changes in our expectations, except as required by law.

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