



August 2008

To Our Customers and Shareholders:

We have just passed mid-year and want to update you all on the happenings with our business. As usual, we will begin with a brief synopsis of our history, for those of you not familiar with the Company and then address recent developments and milestones.

### *Background*

Since our inception we have been promoting a single product used for point to point fixed wireless communications of 1.25 gigabits per second (Gbps) using spectrum bands from 71-86GHz. These bands, pioneered by several key parties including the founders of GigaBeam, provide many advantages over previous spectra including low cost licensing, little or no spectrum pollution and immunity to interference, and the ability to achieve very high data transfer rates. In the beginning, GigaBeam explored both product and managed service revenue models, but found it difficult to achieve profitability or positive cash flow because our product model had been limited to a single product and we were not sufficiently capitalized to approach managed services.

As part of our repositioning, beginning this year we shifted our focus to our equipment business and have expanded our product offerings to increase our serviceable market. We now have products in the 4.9, 5.8 and 18 GHz spectrum. As a result, we can provide solutions to customers from 10 Mbps to 1000 Mbps in both point to point and point to multipoint configurations. The combined offering can provide ultra broadband high-speeds for core network applications and lower speed and economical edge/access offerings. We have become a one stop shop for fixed IP wireless and offer an ideal product suite for a Metro Ethernet rollout. In addition, we have recently announced an equipment financing program through a partnership with Presidio Technology Capital that offers our customers the possibility of shifting acquisition costs from capital to operational budgets. Also, we have expanded our service offerings to include, in addition to basic product warranty, product training and education, a 24/7 helpdesk and upgrade support programs. We have responded to the needs of our customers and to market conditions and believe we now offer the combination of products and services our customers have been asking us to deliver.

### *General Notes*

We are currently behind schedule on our filings with the Securities and Exchange Commission and, as a result, we are now listed on the Pink Sheets: GGBM.PK. We are disappointed that our annual report on Form 10-K for 2007 and our Form 10-Qs for the first and second quarter are not yet complete. To remedy this delay, we have elected to move to a smaller and more fitting



professional audit firm, J. Crane and Company, who we believe will be better able to respond to the needs of a smaller company like GigaBeam. We believe this change in independent auditors will allow us to complete our filings in the shortest possible time at a reasonable cost.

While we have been going through the process of getting the audit completed we have made measurable progress in improving our financial controls and reporting as an organization. We believe as a result, going forward the filing process will cost less money, take less time and be done on time. We still plan to file our annual report and quarterly reports as soon as possible.

### *Sales Activities and New Developments*

We are pleased to announce several internal changes aimed at growing our sales and enhancing our customer service. Mr. James Kennett has been promoted to the role of Chief Marketing Officer and will continue developing our international client base. Mr. Kennett is relocating to Australia where, in conjunction with a developing strategic partnership, Gigabeam will be able to offer global 24/7 sales and customer support. Mr. Mike Hinton has been promoted to Vice President of Worldwide Sales and Marketing and Mr. Tony Breland as Vice President of Field and Sustaining Engineering. These organization shifts are directly driven to further the voice of the customer in our selling, service and product improvement/development efforts. Each of these individuals has demonstrated themselves in the company as customer advocates and has made substantive contributions in our turnaround effort.

Our sales continue to progress. Notable accomplishments include:

- Total radios in the field today: over 800 radios globally;
- New purchase orders year to date of over 70 links. We sold 78 links during 2007; and we expect to eclipse our 2007 sales imminently;
- We have launched our new suite of point-to-point and point-to-multipoint products utilizing spectrum at 4.9 GHz and 5.8 GHz with payload from 10 to 108 Mbps and 18 GHz in licensed point-to-point with payloads up to 170 Mbps. These products are featured on our website at <http://www.gigabeam.com/products/cfm>;
- We have fulfilled orders for new products with both our GigaBeam 18 (18 GHz) and GigaBeam 5.8 (5.8 GHz) products;
- We have launched an equipment leasing program with Presidio Technology Capital, LLC, a leading provider of technology financing solutions. For more information on this development see our release at: <http://tiny.cc/aAsqJ>



- We are also pleased to announce the formation of a new strategic initiative: GigaBeam Middle East. We believe this will enhance our selling, technical support and customer response efforts in the region; and
- We have recently been awarded a research grant for \$285,000 from the Federal Government to be used exclusively to evaluate ultra high speed communications.

We believe that listening to our market base and studying market trends have positioned the company to be responsive to customers and to weather the current global economic slow down.

### *Financial*

We continue to focus on keeping our operations lean. Previously we reported an initiative to operate the company at a cash spend level below \$500,000 per month and based on our current analysis of spending we believe we are achieving that initiative. Our goal remains to become cash flow positive in the foreseeable future.

One of our larger challenges has been the management and resolution of the many debts the company had accumulated during the period prior to December 2007. Over the past several years, the company has accumulated significant debt much of which is well past due. As part of our effort in turning the company around, we have been working through a plan to pay down and manage our debt. To that end, we have been renegotiating contracts, working out structured payments and evaluating other remedies to distribute the small amount of capital we have over the broadest base possible. While this will take some time to resolve due to our cash situation, we feel it is an important point that deserves our attention.

### *New Product Development*

The development of our low cost 70/80GHz radio with capacities at 10 and 100Mbps continues. We are presently engaged with a set of early adopter customers to finalize feature sets and specifications prior to launch. Engagement with these customers will help shape this product to most successfully meet the requirements of the broader market place. This is consistent with our corporate culture of shaping our offerings to the voice of the customer.

As mentioned above, we have recently been awarded a grant from the Federal Government, the funds from which are to be used exclusively to study ultra high speed communications. We believe that this research will complement our ongoing development of a 10 Gbps radio and lead to new product and intellectual property developments in coming periods.

Our plan remains to be the most comprehensive one stop shop for fixed IP wireless solutions. We see ourselves positioned to offer customized network packages with many scaleable, interoperable products working to solve our customers' particular needs. We believe that the benefits of this approach are just starting to take hold.



We are encouraged by our progress and recognize that we still have much to do to achieve our goals for 2008.

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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