



## **Airspan Announces \$10 Million Preferred Stock Sale to Oak Investment Partners and 1-for-15 Reverse Split**

### **Oak to Obtain a Controlling Interest in Airspan Following Shareholder Vote**

BOCA RATON, Florida – September 2, 2009 – Airspan Networks Inc. (Pink Quote Symbol: AIRN) announced that it entered into a Preferred Stock Purchase Agreement today with Oak Investment Partners XI, Limited Partnership (“Oak”) under which the Company has agreed to sell to Oak 1,250,000 shares of newly designated convertible participating Series C Preferred Stock for \$10 million in cash (“Series C Preferred Stock”).

The Company also announced that it was implementing a 1-for-15 reverse stock split currently expected to be effective in mid September 2009 so that there will be sufficient authorized common shares to allow the transaction to be completed. Based upon the Company’s capitalization as of the date hereof, and after giving effect to the issuance of the Series C Preferred Stock, these shares of Series C Preferred Stock would:

- initially be convertible at a conversion price of \$.08 per share (\$1.20 after giving effect to the reverse stock split) into a total of approximately 67.6% of the Company’s outstanding Common Stock (assuming no conversion of the Company’s Series B Preferred Stock); and
- represent approximately 61.8% of the Company’s outstanding voting power.

In connection with the transaction, Oak has agreed to include a 10% carve out for the benefit of common stockholders from the net proceeds of any liquidation in the terms of the Series B and Series C Preferred Stock. As a result of the new investment, Oak will have voting control of the Company following the sale and will be entitled to appoint a majority of its Board of Directors. A special meeting of shareholders will be called to hold an advisory vote on the transaction as described below.

On September 1, 2009, the closing price of the Company’s common stock was \$.08 per share.

Eric Stonestrom, Airspan's President and Chief Executive Officer, stated “We are very pleased by Oak's timely investment in the Company. We look forward to continuing our working relationship with Oak as the Company’s new majority owner.” Mr. Stonestrom continued, “This new investment by our largest shareholder would resolve our current funding issues and allow us time to restructure the Company to weather the current downturn.”

Bandel Carano, a Managing Partner at Oak, and Oak’s designee on the Company’s board of directors, commented: “Airspan's WIMAX product leadership and strong market presence in serving rural broadband carriers and Smart Grid applications positions the company to benefit from the recent stimulus initiatives in these two critical communications infrastructure areas. Airspan has a twelve year track record of serving the needs of the rural telco’s and recent product enhancements have optimized the products for the utility and energy vertical markets.”

## **Background**

Before entering into the Purchase Agreement with Oak, the Company conducted an extensive and lengthy strategic review process overseen by a special committee of independent directors which retained Stephens Inc. as its financial advisor in February 2009 to assist with the process. While extensive negotiations were undertaken with several parties, no agreements could be reached on terms acceptable to the Special Committee. Following the termination of discussions with one such party on August 10, 2009, Oak made the offer which, following approximately three weeks of negotiations between the parties, resulted in the execution and delivery of the Purchase Agreement on September 1, 2009.

The sale to Oak eases the Company's cash flow and financing uncertainties that have limited its strategic options. Without the new investment, the Company would deplete its cash resources in the fourth quarter of 2009.

Oak is currently the sole registered holder of the Company's Series B Preferred Stock, which was issued to Oak in September 2006 in exchange for cash and all outstanding shares of the Company Series A Preferred Stock. The Series B Preferred Stock has approximately 22.6% of Airspan's outstanding voting power and is convertible into common stock at \$2.69 per share. Following the Series C Preferred Stock sale, Oak will hold a controlling interest in the Company and will have the right to designate a majority of its board of directors.

## **The Series C Preferred Stock**

Each share of Series C Preferred Stock will initially be convertible into 100 shares (approximately 6.67 shares after giving effect to the 1-for-15 reverse split described below) of the Company's common stock, entitled to 100 votes (approximately 6.67 votes post reverse split) on all matters submitted to a vote of the holders of the Company's common stock, entitled to participate in dividends declared with respect to the common stock as if converted, and entitled to a liquidation preference equal to \$8.00 per share upon the occurrence of certain events and thereafter to certain participation rights with the common stock. The Company's Series B Preferred Stock has similar terms but with a higher conversion price (\$2.69 per share) and liquidation preference (\$290.00 per share) and no participation rights.

In addition, as long as Oak holds a majority of the Series C Preferred Stock and the number of shares into which the then outstanding shares of Series B Preferred Stock and Series C Preferred Stock would then be convertible represents at least 25% of the total issued and outstanding shares of Common Stock of the Company, Oak will be entitled to appoint three members of the Company's Board.

The Purchase Agreement with Oak provides that the Series B Preferred Stock will be amended (the "Series B Amendment") subject to approval by the Company's shareholders, to provide for a 10% carveout for common stockholders from liquidation preference. The carveout will provide that upon a liquidation of the Company (as defined in the Articles of Incorporation of the Company), an amount equal to 10% of the aggregate net proceeds of such liquidation up to \$85.25 million will be payable to holders of common stock. This is in addition to the right of the common stock to participate in any sale price in excess of the amount sufficient to retire the Series B and Series C Preferred Stock. Oak has agreed to vote its Series B Preferred Stock in favor of the Series B Amendment. In addition, 10% of such net proceeds would be available for payment under a new management incentive compensation plan. The Purchase Agreement

also contemplates a new stock option plan covering approximately 15% of the post transaction equity capitalization after deduction of any options remaining outstanding.

The closing of the transaction is subject to a number of material conditions, including there being no material adverse change in the Company's condition, business, properties or results of operations, and other customary conditions. While a pre-closing shareholder vote is not required to approve the issuance of the Series C Preferred Stock under Washington law, the Company intends to call a meeting of its shareholders in early October 2009 for the purpose of seeking an advisory vote of shareholders with respect to the Series C transaction. The Company will also seek the approval of shareholders for the amendment to the Series B Preferred Stock to give common stockholders the benefit of the 10% carveout in the terms of the Series B Preferred Stock. The Company will be seeking approval of the transactions contemplated by the Purchase Agreement by holders of a majority of the Company's voting power (including the Series B Preferred Stock held by Oak) but reserves the right to complete the Series C transaction with a lesser vote.

The Purchase Agreement may be terminated by the Company and Oak at any time by mutual agreement. The Purchase Agreement may also be terminated (i) by the Company in the event a majority of the Company's shareholders affirmatively reject the advisory vote on the Series C Preferred Stock investment or (ii) by either the Company or Oak if the closing does not occur on or before December 31, 2009. The Purchase Agreement may also be terminated by Oak if, among other things, the Company breaches certain of its covenants under the Agreement or suffers a material adverse change. Oak will receive customary registration rights in connection with the transaction.

### **Reverse Split**

Airspan also today announced that its board of directors has authorized a 1-for-15 reverse split of its common stock. The reverse split was authorized by Airspan stockholders at a Special Meeting of Stockholders on December 16, 2008 up to a 1-for-15 share limit. The reverse split will be effective on receipt of notification from FINRA, which is currently expected to be received in mid September 2009 (and which is also expected to be after the record date for the shareholder votes with respect to the transactions contemplated by the Series C Preferred Stock Purchase Agreement).

The 1-for-15 reverse stock split will convert 15 shares of the Company's common stock into one share of common stock. The reverse stock split affects all issued and outstanding shares of the Company's common stock immediately prior to the effectiveness of the reverse stock split. The same 1-for-15 reverse stock split ratio will be used to effect the reverse split of the Company's shares reserved for issuance under its employee stock purchase and stock option plans and shares reserved for issuance on conversion of the Series B Preferred Stock. Letters of transmittal are expected to be sent to stockholders shortly after the reverse split becomes effective.

The number of shares of Airspan common stock issued and outstanding will be reduced from approximately 59,814,232 shares, to approximately 3,987,615 shares post-split, without accounting for fractional shares. Airspan will not issue any fractional shares of its common stock as a result of the reverse stock split. Instead, it will pay an amount equal to \$.08 per whole pre-split share in cash to registered holders of fractional shares. The Company's authorized common shares will remain at 100 million shares and the par value will remain unchanged. As

a result, following the reverse stock split, there will be sufficient authorized shares to be reserved for issuance upon conversion of the Series C Preferred Stock.

Airspan has retained American Stock Transfer & Trust Company ("AST"), its transfer agent, to act as exchange agent for the reverse stock split. AST will manage the exchange of old, pre-reverse stock split shares for new post-reverse stock split shares. Stockholders of record as of the effective time will receive a letter of transmittal providing instructions for the exchange of their shares. Stockholders who hold their shares in "street name" will be contacted by their banks or brokers with any instructions.

*Please read the Proxy Statement for the Special Meeting of Shareholders when it is available because it contains important information. The Proxy Statement will be available without charge on the Company's website, [www.Airspan.com](http://www.Airspan.com), by writing to Airspan Networks Inc., 777 Yamato Road – Suite 310, Boca Raton, Florida 33431, Attention: Secretary, or through the Pink Quote System's OTC Disclosure and News Services at [www.pinksheets.com](http://www.pinksheets.com).*

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About Airspan Networks Inc.

Airspan is a leading WiMAX pure player and the solution-provider of choice for some of the world's largest WiMAX deployments. Developing leading-edge technology for broadband access and IP telephony, Airspan continues to supply operators around the world with best-of-breed solutions. With direct sales offices throughout Asia, EMEA and the Americas, a worldwide network of resellers and agents, and partnership alliances with major OEMs, Airspan boasts over 100 commercial WiMAX deployments worldwide. [www.airspan.com](http://www.airspan.com).

This press release contains forward-looking statements. All statements, other than statements of historical facts, including statements regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives of management, may be deemed to be forward-looking statements. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" and similar expressions or negative variations thereof are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. There are a number of important factors that could cause actual results or events to differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. Investors and others are therefore cautioned that a variety of factors, including certain risks, may affect our business and cause actual results to differ materially from those set forth in the forward-looking statements. The Company is subject to, among other things, the risks and uncertainties described in its Annual Report on Form 10-K for the year ended December 31, 2008, filed today with the Securities and Exchange Commission. You should read those factors as being applicable to all related forward-looking statements wherever they appear in this press release. We do not assume any obligation to update any forward-looking statements.

About Oak Investment Partners

Oak and its affiliated funds (collectively, "Oak Investment Partners") are a multi-stage venture capital firm. The primary investment focus is on high growth opportunities in communications, information technology, internet, new media, financial services, information technology, healthcare services and consumer retail. Over a 31-year history, Oak Investment Partners has achieved a strong track record as a stage-independent investor funding more than 481 companies at key points in their lifecycle. Oak Investment Partners has been involved in the formation of companies, funded spinouts of operating divisions and technology assets, and provided growth equity to mid- and late-stage private businesses and to public companies through PIPE investments. Oak Investment Partners has helped innovators exploit new business opportunities and anticipate trends through long-term relationships that endure the changing economic landscape.

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