

**CEO
CFO**



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**With Demand For Transmitting Voice, Video And Data Wirelessly Increasing Worldwide,
DragonWave Is In The Right Place At The Right Time With Their Backhaul Technology,
Which Allows Their Carriers, Service Providers, Utilities, WISP's And Enterprise
Customers To Provide Greater Bandwidth And Capacity**

**Communications
Broadband
(DWI-TSX)**

DragonWave Inc.

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**Peter Allen
President and CEO**

BIO:
Peter Allen brings 21 years of industry experience in Broadband Telecommunications. Prior to joining DragonWave, Peter was founder, President and CEO Innovance Networks. Prior to Innovance, Peter was the Vice-President of Business Development and General Manager of the Optoelectronics organization within Nortel Networks' Optical Networks division, where he had responsibilities for both the system and component businesses. Peter's experience in business leadership includes heading up a 5000-employee global operation spanning R&D, manufacturing as well as Sales & Marketing. Peter has extensive experience in mergers and acquisitions and has been involved in numerous multi-billion dollar transactions, as well as establishing business partnerships in North America, Europe and Japan. Peter has also held managerial positions at Ford Motor Company and Rothmans International, and has lived and worked in North America, Europe and Africa.

Company Profile:

DragonWave(TM) is a leading provider of high-capacity wireless Ethernet equipment used in emerging IP networks. DragonWave designs, develops, and markets carrier-grade microwave radio frequency networking equipment that wirelessly transmit broadband voice, video and other data. DragonWave's wireless Ethernet products, which are based on a native Ethernet platform, function as a wireless extension to an existing fibre-optic core telecommunications network. The principal application for DragonWave's products is the backhaul function in a wireless communications network. Additional applications for DragonWave's products include point-to-point transport in private networks, including municipal and enterprise networks. DragonWave's corporate headquarters is located in Ottawa, Ontario, with sales locations in Europe, Middle East and North America.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Mr. Allen:, what is the vision for DragonWave?

Mr. Allen: “There are many investments being made by wireless operators around the world to increase the capacity in their Wireless Access systems. If you are like me, then you probably have a Blackberry or a similar device and we have been using it for email and voice. Increasingly people are wanting to have a full internet experience using that device, but we are being thwarted in that the amount of bandwidth available to us in mobile requirements has been very limited. However, the investment in technology has changed that. There are two routes for us and one of them is a technology called WiMAX. Then there are similar technologies from 3-G up to 4-G technology with something called LTE. Both of these will give us a many fold increase in the capacity for many settings including when we are away from our homes and offices, where we traditionally relied on wireline or tethered connections.

If you look at the network, for example in North America, the cell towers that have these basestations located on them are rarely co-located with the optical fiber that represents the co-network. To deploy a network there has to be a function known as backhaul, which in North America we have largely dealt with copper lines that are leased from the local telephone companies. But if you increase the capacity on the edge of the network with WiMAX access technologies, the backhaul that has existed in the past is now insufficient from a standpoint of capacity, and from the standpoint of the technical attributes necessary to support the new traffic. It is also inadequate in terms of the network availability. The problem that DragonWave has been brought into existence to solve is primarily the backhaul connection, and we do it wirelessly, with a microwave technology that has been around for many years. However, we have taken that technology and optimized it specifically for the problem of backhaul in forward network architectures. This is happening all around the world. As a company we grew up in North America and that is our strongest customer base today, but we have been lately in Europe in the Middle-East and the problem that we solve is equally present in the overseas market.”

CEOCFO: What do you actually provide?

Mr. Allen: “We provide the cell tower and another connection from the cell tower wirelessly. We deploy half of tower, pointing to another We as a result make a of megabits of capacity.”

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- Peter Allen

equipment that gets located on locations. It provides a back to the other locations our link at one end of one tower, maybe ten miles away. connection to support hundreds

CEOCFO: What is your revenue model?

Mr. Allen: “It is primarily an equipment sale. There are some recurring revenues associated with some of the pricing models that allow them to increase the bandwidth over time. However, essentially it is an equipment sale.”

CEOCFO: Do most providers know they have a problem, and are they actively looking for solutions, or do you have to explain to them that they have a problem?

Mr. Allen: “I think there are various waves of the market and the first wave of the market is people employing pre-standards equipment. WiMAX is the first access technology to become available that these people are deploying now. Our company has grown from inception back in 2000 to over \$40 million in revenue in the last year. The best example of a service provider adopting WiMAX is Clearwire, which recently merged with Sprint Wireless and got a big infusion of equity, as they got \$3.2 billion of new equity to build out the network. Therefore, the WiMAX operators are here today and yes, they know they have a problem, and yes, they are buying the product. The next wave is probably some of the more traditional cellular operators as they move away from 2-G technologies, through 3-G to 4-G. For sure they know they will have the problem when they get to 4-G. Their Basestation technology is probably a couple of years away, so their need for backhaul will exist in about 18 months time.”

CEOCFO: What is the competitive landscape like for you?

Mr. Allen: “Microwave has been around a long time, so if you look at the traditional market for microwave it is the big guys, such as Erickson, NEC and Alcatel. They’ve largely made old world microwaves; it is used in 2-G networks, and it is largely low capacity and largely supports TDM protocols. If you look at the new world in terms of high capacity Ethernet based networkable microwave, which is the optimization that we think is necessary to solve the problem, I would say our principle competitor around the world is a company called Ceragon. They are based in Televiv, Israel, and listed on the NASDAQ. Generally only a few competitors have made the leap to high capacity Ethernet products.”

CEOCFO: So you are a step ahead of the game?

Mr. Allen: “We believe so, yes.”

CEOCFO: Tell me about the invest-as-you-grow, scalability portion of what you do.

Mr. Allen: “Our most recent radio that we provide, the Horizon Compact, can generate 400 megabits (mbps) of capacity, but the average cell tower today in the network needs less than 10 mbps in capacity. Therefore, this leaves room for the service provider should they need all of the 400 mbps. One of their offers is to combine the product at a lower price point, let’s say only using 50 mbps. However, when he needs more capacity, rather than taking that equipment down and buying new equipment, he can come to us and says he would like to buy a software license to release more of the capacity. We will then sell him a license that takes it from 50 mbps to any number up to the maximum. He can implement that without having to go and climb the tower to change the equipment. He can in fact do it from his network operations over the web in a matter of 60 seconds. It gives him an opportunity to match his investment in his network with his ability to secure revenues from increased traffic through more services to the same customers or more customers.”

CEOCFO: You mentioned international; is that a growing area for you DragonWave?

Mr. Allen: “The area that we focused on is Europe and the Middle East. We have locations in the UK, Paris, and Dubai. We are focusing on those markets and they are tremendously large markets. I think we have it covered and before you see us show up in more places, we would probably continue to invest in those locations as we grow our customer bases.”

CEOCFO: How are you faring in the current economic times, and what, if anything, is changed for DragonWave over the last few months?

Mr. Allen: “The biggest impact we had was probably back in April of last year when the Sprint/Clearwire deal was announced. Both of those companies are customers, so when they announced the merger that was good news because it creates a critical mass customer with more cash. The problem was that the transaction was subject to regulatory approval, both from the competition authorities in the United States and the FCC. It took until December of last year before the transaction could be completed. Inevitably when that happens it causes a pause in the investments being made by both companies, so we saw our revenues particularly with Clearwire our largest customer, were impacted during the couple of quarters after the onset. There have been new entities that have come into existence and we have allotted new money, so we are in good position to take advantage of that. During the first three quarters of our current fiscal year, we have essentially been posting flat revenues and that has not actually been too bad, because within our flat revenues, the revenues from our largest customers declined significantly because of this pause due to the regulatory review. So it speaks to the growth that we have been able to achieve with other customers in other markets. Now as we come into calendar 2009, the opportunity I hope is there for us to post some growth as the funds associated with the network build for the new Clearwire come online.”

CEOCFO: What is ahead two or three years down the line; do you do much in the way of research and development with newer versions and equipment updates?

Mr. Allen: “It is the telecom equipment market, which is a bit like the PC market. What ever we sell today, to get the same value next year, you have to offer more features and functions with the product. So there is a continuous innovation cycle going on, but I think we’ve used that to our advantage because we have stolen the lead over some of these established clients. We think that the prospects for our company are very good, our largest customer is building out, and we’ve posted growth in difficult times. However, one has to be very alert, because the current liquidity environment is impacting the deployment plans of some of our customers. Therefore, it’s a matter of in the next while of being very alert to the uncertainty that exists in the market and adjusting our investment levels accordingly.”

CEOCFO: In closing, why should potential investors be looking at DragonWave?

Mr. Allen: “An investment in DragonWave is an investment into part of the ecosystem that supports higher bandwidth availability to the individuals and to small enterprises in more settings. We think people will not give up their communication devices easily and we think DragonWave, because we solve the problem that is equally created by the competing technologies, we are to some extent agnostic to the technology choice. Therefore, you can play both technologies by investing in DragonWave. You look around the world, there are parts of the world, the Middle East is an example, where liquidity challenges that we face here are not quite as acute there. There are people in those countries that are crying out for bandwidth and basic connectivity to be provided. In the North

American market, we think about advanced capabilities like video streaming and so on, but if you've got someone like Pakistan, it is about getting people their first connection. There are a lot of markets like that, particularly where money from the Middle East is being invested, so you have diversified opportunities there."



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