



FOR IMMEDIATE RELEASE

DRAGONWAVE AND NEXTLINK WIRELESS ANNOUNCE MASTER PURCHASE AGREEMENT

Nextlink Selects DragonWave's Ethernet Radios to Deliver Licensed Broadband over LMDS Spectrum

Ottawa, Canada, January 28, 2008 - DragonWave Inc. ("DragonWave") (TSX/AIM: DWI) a leading global supplier of next-generation wireless networks, today announced that Nextlink Wireless Inc., a subsidiary of XO Holdings Inc., has completed a Master Purchase Agreement to purchase DragonWave's AirPair and Horizon Compact products providing highly scalable, carrier grade radio solutions in support of Nextlink's portfolio of broadband wireless services.

Nextlink owns licensed wireless spectrum covering 75 metropolitan US markets and is the largest Local Multipoint Distribution Service (LMDS) wireless spectrum holder in the United States. Nextlink will use DragonWave's Horizon and AirPair products to offer backhaul solutions that enable wireless service providers to more cost-effectively support next generation mobile applications, content and data across their networks as an alternative to conventional wireline networks.

"Convergence places new demands on our customers to find alternative sources of local network access and backhaul to support higher bandwidth, next generation services over their networks," said Bob Beran, President of Nextlink. "The DragonWave Ethernet radios add to our portfolio of broadband wireless service offerings and provide our customers with another option to cost-effectively transform their networks."

"The need for scalable, easy to deploy and cost-effective wireless links optimized for high capacity networking is gathering momentum, and we are very pleased to have been selected by Nextlink," said Peter Allen, President and Chief Executive Officer of DragonWave. "We look forward to continuing to work closely with Nextlink to address their customers' evolving needs for broadband services."

DragonWave's Horizon and AirPair products operate within both licensed and unlicensed radio frequencies in the 6-to-38-GHz range, ensuring interference-free performance for customers' traffic. DragonWave product solutions provide scalable, ultra-low latency, wire-speed native Ethernet connectivity up to 800 Mbps full duplex. The systems are extremely easy to deploy and manage, with a full suite of network management options. DragonWave has indoor and outdoor deployment options, and is a highly reliable platform enabling 99.999% service availability.

About Nextlink

Nextlink, a subsidiary of XO Holdings, Inc. (OTCBB: XOHO.OB), provides alternative access, backhaul and diverse network solutions and services for the carrier, business and government markets. As one of the nation's largest holders of fixed wireless spectrum, Nextlink delivers high-quality, carrier-grade broadband wireless solutions that scale to meet the demands of today's converged world of communications – supporting next-generation mobile and wireline voice, data and video applications. For more information, visit www.nextlink.com.

About DragonWave

DragonWave™ 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. The company's Web site is <http://www.dragonwaveinc.com>

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