



FOR IMMEDIATE RELEASE

DRAGONWAVE ANNOUNCES EQUITY FINANCING AND NASDAQ LISTING APPLICATION

Ottawa, Ontario, September 24, 2009 – DragonWave Inc. (TSX: DWI) (“DragonWave” or the “Company”) announced today that it has filed a registration statement in the United States concurrently with a preliminary short form base PREP prospectus in all of the provinces of Canada, except Quebec. This will constitute the Company’s initial public offering of common shares in the United States (the “U.S. IPO”). The Company proposes to offer 7,454,050 common shares and certain selling shareholders propose to offer 5,518,250 common shares (the “Offering”). In connection with its U.S. IPO, DragonWave has received conditional approval to list its common shares on the NASDAQ Global Market. Listing of the common shares on NASDAQ will be subject to DragonWave fulfilling all applicable listing requirements.

The Offering will be conducted through a syndicate of underwriters led by Canaccord Capital Corporation and Piper Jaffray & Co. (collectively, the “Underwriters”). DragonWave has agreed to grant the Underwriters an over-allotment option to purchase that number of additional common shares of DragonWave equal to 15% of the common shares sold pursuant to the Offering, exercisable at any time, in whole or in part, up to 30 days from the closing of the Offering. The Offering will be priced in the context of the market with the final terms of the Offering to be determined at the time of pricing.

DragonWave expects to use the net proceeds from the Offering (excluding any net proceeds to the selling shareholders) primarily:

- to strengthen the Company’s balance sheet in preparation for new mobile broadband network deployments and to better position DragonWave to be selected as an equipment vendor for large network service providers;
- to fund working capital requirements associated with accelerating sales and production of DragonWave’s products, and
- to continue to fund efforts to increase sales penetration in regions outside North America.

Any remaining balance of the net proceeds will provide an available source of funding for potential future acquisition opportunities.

The common shares of DragonWave will be registered in the United States pursuant to a registration statement filed under a multi-jurisdictional disclosure system permitted for certain Canadian companies filing registration statements in the United States and are being offered by way of a short form base PREP prospectus in all of the provinces of Canada, except Quebec.

The registration statement has been filed with the United States Securities and Exchange Commission but has not yet become effective. The common shares may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these common shares in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration of qualification under the securities laws of any such jurisdiction.

The Offering is subject to certain customary conditions and regulatory approvals, including the approval of the Toronto Stock Exchange, and in connection with our listing application in connection with the U.S. IPO, to the approval of NASDAQ. A copy of the registration statement can be accessed through the SEC's website at <http://www.sec.gov/> and a copy of the preliminary prospectus may be obtained by visiting SEDAR at <http://www.sedar.com/>.

ABOUT DRAGONWAVE

DragonWave® is a leading provider of high-capacity Ethernet microwave solutions that drive next-generation IP networks. DragonWave's carrier-grade point-to-point packet microwave systems transmit broadband voice, video and data, enabling service providers, government agencies, enterprises and other organizations to meet their increasing bandwidth requirements rapidly and affordably. The principal application of DragonWave's products is wireless network backhaul. Additional solutions include leased line replacement, last mile fiber extension and enterprise networks. DragonWave's corporate headquarters are located in Ottawa, Ontario, with sales locations in Europe, the Middle East and North America. DragonWave's web site is <http://www.dragonwaveinc.com>.

Caution Regarding Forward-Looking Statements

This press release contains certain information that may constitute "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and United States securities laws, including statements regarding DragonWave's planned U.S. IPO and public offering in Canada, planned listing on the NASDAQ Global Market, the expected closing date and anticipated use of proceeds. These statements are based upon the assumptions that the Offering will be successfully completed on the terms described above, and that the proceeds of the Offering can successfully be used as described above. There can be no assurance that DragonWave will complete the proposed Offering or that its common shares will be listed on the NASDAQ Global Market. All forward looking information and forward-looking statements are necessarily based on a number of estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies. All statements other than statements which are reporting results as well as statements of historical fact set forth herein are forward-looking statements that may involve a number of known and unknown risks, uncertainties and other factors; many of which are beyond the ability of DragonWave to control or predict. Forward-looking statements include, without limitation, statements regarding strategic plans, future production, sales and revenue estimates, cost estimates and anticipated financial results, capital expenditures and objectives. These statements relate to analysis and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements.

Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology. There can be no assurance that such statements will prove to be accurate and actual results and

future events could differ materially from those anticipated in such statements. Some of the most important factors that could cause actual results or events to differ materially from those discussed in the forward-looking statements are disclosed under “Risk Factors” in the preliminary short form base PREP prospectus and the registration statement on Form F-10 filed with securities regulatory authorities in every province of Canada, except the province of Quebec, and the United States, respectively.

Although DragonWave has attempted, in its preliminary short form base PREP prospectus and the registration statement on Form F-10, to identify important factors that could cause its actual results to differ materially from expectations, intentions, estimates or forecasts, there may be other factors that could cause its results to differ from what it currently anticipates, estimates or intends. Recent unprecedented events in global financial and credit markets have resulted in high market price volatility and contraction in credit markets. These on-going events could impact forward-looking statements contained in this press release in an unpredictable and possibly detrimental manner. In light of these risks, uncertainties and assumptions, the forward-looking events described in this press release might not occur or might not occur when stated.

Except as required under applicable securities legislation, DragonWave undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

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