



FOR IMMEDIATE RELEASE

MAGNOLIA BROADBAND RECEIVES \$10 MILLION IN FUNDING

*New Investment to Help Fund Commercialization of CDMA, EVDO Rev A
and UMTS DiversityPlus™ Technology Products for North America and European
markets*

BEDMINSTER, N.J. (Sept. 6, 2006) – Magnolia Broadband, Inc., a fabless semiconductor company and a leader in antenna diversity solutions for the wireless industry, today announced that it has closed \$10 million of new financing. Existing investors were joined by new investor Grosvenor Funds and venture lender Western Technology Investment.

Magnolia will leverage its new funding to speed the commercialization of its DiversityPlus™ Technology in both the United States and European marketplaces.

The deployment of Magnolia's DiversityPlus technology in cell phones enables wireless carriers to substantially increase subscribers within the same wireless infrastructure, eliminating the need for additional cell towers, while boosting capacity, coverage, mobile data throughput and as well as increasing battery life. Additional benefits for carriers and consumers will include more reliable connections, fewer "dead zones," improved quality of service and a substantial lowering in the amount of energy the phone emits. Previous commercial field testing has shown up to 4.2 dB improvement on the uplink to the network.

"We are very fortunate to have the continued backing and support of such an experienced group of investors with deep expertise in the wireless industry," said Osmo Hautanen, CEO of Magnolia Broadband. "We will leverage this new funding for the commercialization of our DiversityPlus technology in the United States and European marketplaces."

"This financing which was a significant up round, further validates the tremendous recognition the Company has received in recent months and the progress it has made in delivering its products to customers" said Yaron Eitan, Chairman of Magnolia Broadband and Partner of SCP Partners. "We are excited about the deployment of this innovative technology in the marketplace and the realization of its benefits for both carriers and consumers."

About Magnolia Broadband

Magnolia is an innovative developer of semiconductors for the wireless industry and the first company to provide mobile transmit diversity antenna technology, DiversityPlus™

using a unique RF (Radio Frequency) chipset. With DiversityPlus™ technology, wireless carriers are able to increase up to twice as many subscribers within the same wireless infrastructure while boosting phone coverage, data rates and battery performance without any changes to their infrastructure or related wireless air interface standards.

DiversityPlus™ technology benefits all wireless protocols and is currently being commercialized for CDMA2000, UMTS/WCDMA and WiMAX standards. Magnolia's notable investors include Draper Fisher Jurvetson Gotham, ECentury Capital Partners, Intel Capital, SCP Private Equity Partners, Selway Partners, Grosvenor Funds and Silverstar Holdings. Magnolia has filed numerous patents related to its core technology. For more information, go to www.magnoliabroadband.com.

DiversityPlus™ is a trademark of Magnolia Broadband, Inc.

Magnolia Contact information

Melissa Dolan
Fusion Public Relations
570 Seventh Avenue
NY, NY 10018
(212) 651-4236
Melissa.Dolan@fusionpr.com

Larry Wasylin
Vice President Sales & Marketing
Magnolia Broadband, Inc.
550 Hills Drive
Bedminster, NJ 07921
(908) 234-0885
lwasylin@magnoliabroadband.com