



Enabling Open Tolerant Networks

Press Release, July 10/ 2006

CoreOptics announces closing of \$28 million round of financing

Nuremberg, Germany and Manchester NH, USA, July 10, 2006: CoreOptics Inc., a leading designer and manufacturer of 10Gb/s and 40Gb/s optical networking subsystems, today announced the closure of \$28 million round of financing from new and existing investors, bringing the company's total funding to date to over \$68 million.

CoreOptics mission is to deliver innovative 10G/40G transponder subsystems products to overcome optical layer impairments using advanced digital signal processing techniques based on Maximum Likelihood Sequence Estimator (MLSE) algorithm. CoreOptics currently offers complete 10G DWDM, 40/43G Single Channel Short Reach and DWDM 300 pin MSA transponder subsystems; including key building blocks such as 43 Gb/s Ultra-FEC, 40G Mux/DeMux for 4x10G client signals and Interface Converter supporting SFI-5s, SFI-4, XFI.

"CoreOptics has been in the forefront of developing distortion tolerant 10G/40G solutions which have enabled the next generation of open tolerant optical networks around the world. Our solutions deliver the highest level of Chromatic Dispersion and PMD Tolerance in the market today.", said Hamid Arabzadeh, CoreOptics President and CEO. "CoreOptics has successfully completed product introduction phase with a number of topTier-1 system providers and is now focusing on ramping up volume manufacturing to address the significant growth in demand for our products."

CoreOptics' 10G transponder product is enabled by the company's MLSE electronic equalization engine that acts adaptively as part of the receiver to compensate for both optical and electrical distortions accumulated along the transmission link. CoreOptics 10G DWDM transponder product is in deployment with 15 service providers globally.

"I am very pleased to join CoreOptics board of directors and I'll be looking forward to working with the other board members as well as the executive management team of the company to contribute towards CoreOptics future growth.", said Rudi Severijns, Executive Investment Manager at GIMV ICT group. "Having successfully completed introduction of its MLSE technology into deployment with service providers globally, CoreOptics will be now entering into the second phase of its successful journey to accelerate the completion of its product roadmap and drive towards making MLSE a de-facto equalization platform."

Ian Jenks, CoreOptics chairman of the board commented, "The ability of CoreOptics to raise this level of funding in an oversubscribed financing round with the existing and new investors, is a testament to their value proposition. Furthermore, it is an independent validation of CoreOptics clear technological and market leadership position in delivery of distortion tolerant 10G and 40G transponder subsystems."

Key benefits of this product platform include reduction in first-in CAPEX, by eliminating the need for the conventional Dispersion Compensation Modules (DCMs) and Dual-Stage amplifiers. The OPEX savings include simplification of network planning, installation and provisioning by enabling a complete set of plug-and-play features. The distortion tolerant transponder will enable transmission of 10 Gb/s services on the widely deployed 2.5 Gb/s metro networks, enabling service providers to maximize revenue generation from their installed base.

About CoreOptics

CoreOptics with operations in Nuremberg, Germany and Manchester New Hampshire, USA develops and manufactures subsystems for ultra high-speed optical networking applications in the telecommunications and information technology industries.

CoreOptics current portfolio includes advanced 10Gbps and 40Gbps transponders for Metropolitan, Regional and Long Haul optical systems using DWDM, OTN, SONET/SDH, ATM and IP protocols.

The company was founded in January 2001 and has received financing from leading venture capital firms, GIMV, Quest for Growth, Crescendo Ventures, TVM Capital, High Tech Private Equity, Atila Ventures and others. The team includes over 70 highly skilled engineers with extensive experience in RF and digital ASIC design as well as optical systems, applications and network architecture. Additional information about CoreOptics can be found at www.CoreOptics.com

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