



LAMBDA OPTICALSYSTEMS SECURES \$14 MILLION IN SERIES B FUNDING

New Company Developing Affordable, All-Optical Networking Solutions Poised to Transform Government and Carrier Markets

Reston, VA, April 12, 2004 – Lambda OpticalSystems, an advanced optical network solutions provider, today announced that it has secured \$14 million in Series B funding from Sevin Rosen Funds and ComVentures, two venture firms with strong track records in the telecommunications sector. The funding follows \$10 million in Series A capital awarded to the company in March 2003.

“This second round of funding reflects Lambda OpticalSystems’ strong performance to date, in introducing the first all-optical networking solutions to the government and carrier markets. It also indicates the high level of confidence our investors have in our technology and management team’s ability to deliver innovative solutions that meet market requirements,” said Dr. John C.W. Taylor, Chairman, Lambda OpticalSystems. “With ever-increasing demands for higher bandwidth and the proliferation of IP, telecommunications carriers are pressed to deliver enhanced services as cost-effectively as possible. At the same time, government agencies have growing requirements for fast, high-bandwidth data delivery, particularly in the realm of homeland security.”

“Sevin Rosen Funds has confidence in Lambda OpticalSystems management team,” said Amra Tareen, Partner, Sevin Rosen Funds. “We believe Lambda OpticalSystems will help carriers and government agencies meet their unique challenges.”

“Lambda OpticalSystems has the ability to truly transform optical networking as we know it today,” said Cliff Higginson, Partner, ComVentures. “We are pleased to be a part of this exciting organization.”

Lambda OpticalSystems offers a family of optical networking products, including the LAMBDA CREATE[™] software suite of integrated network management tools and the LAMBDA NODE[™] all-optical switching family. The company’s Lambda Optical Control Plane (LOCP) enables integrated visibility and management of the entire end-to-end network from a single dashboard or operation center.

Lambda OpticalSystems’ key differentiator is its ability to deliver an all-optical network by integrating true optical switching with Dense Wavelength Division Multiplexing (DWDM) technology. DWDM technology allows data from different sources (SONET, IP, ATM, etc.) to travel together at the same time on one optical fiber, with each signal on a separate wavelength – maximizing network speed and optimization. However, when the signal reaches a node in a traditional DWDM network, it must convert to an electric signal before switching and routing to its next location – a process that is time-consuming and requires expensive transponder equipment.

Lambda OpticalSystems solutions combine DWDM technology with an industry-first capability to switch at the wavelength level. Signals do not have to convert from optical to electric and back to optical again at each node. Instead, all signal conversion and protocol-specific functions occur on the edge of the network, allowing core transmissions to be rapidly switched, routed, protected, and managed at the individual wavelength level – unobstructed by traditional switching technology. This



capability enables customers to realize significant cost savings, as it reduces network capital requirements by up to 80 percent.

Additional benefits of Lambda OpticalSystems technology include:

- **Protocol Independence** – The core network is protocol and bit-rate independent, carrying each signal on its own wavelength and enabling cost-avoidances through the elimination of dedicated protocol conversion equipment
- **Fixed Latency** – The technology addresses the Federal market's requirement for non-variable delivery of critical data. It eliminates the random delays caused by signal processing at the nodes in traditional optical network topologies. Point-to-point delay is fixed, allowing the delivery of previously unattainable real-time, high-speed services throughout the network
- **Transparency** – Because Lambda OpticalSystems solutions are designed to operate in an overlay fashion across existing network configurations, network components provide genuine transparency without any disruption of existing signals
- **Simplicity and Scalability** – Network managers can plan, build, and manage new networks easily from one remote interface. For example, managers can provision new accounts or bring third-party access or long-distance equipment online rapidly and remove these services with the same ease. The solutions' scalability enables organizations to expand capacity without large capital expenses, addressing the carrier market's requirement to increase bandwidth and availability at the lowest possible cost



About Lambda OpticalSystems

Lambda OpticalSystems, an advanced optical network solutions provider, is committed to the development of next-generation all-optical networks that enable signals to pass through the core without conversion—enhancing network management efficiency and affordability. Sevin Rosen Funds and ComVentures, two very highly respected venture firms with strong track records in successful telecommunications companies' investments and business development, incorporated the company in March of 2003. With a clear new vision for its future, Lambda OpticalSystems has developed and brought to market a complete family of optical networking products which allow end-to-end services delivery and network management over all-optical networks at the individual wavelength level.

Headquartered in Reston, Virginia, Lambda OpticalSystems also operates an additional product development location in Holmdel, New Jersey. For more information, please visit www.lambdaopticalsystems.com.

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