



Deutsche Venture Capital



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PRESS RELEASE

MergeOptics Raises €7.5 M / \$9.7 M - in Second Round Led by DVC Deutsche Venture Capital

Berlin, – 24th November, 2004 MergeOptics GmbH, a leading developer of highly integrated, low power, fiber optics components and subsystems, announced today that the company has raised €7.5 M / \$9.7 M – in its second round of financing led by DVC Deutsche Venture Capital, along with early stage investors Earlybird and TargetPartners.

Established in November 2000, MergeOptics has built a leading position in the fast growing market for 10 Gbit/s modules used in data and telecommunications networks. The investment will be used to ramp up production, fund further product development and complete the product portfolio.

The funds will allow the company to specifically focus on the expansion of the LX4 product line to include the X2 version. This product will be offered in addition to the currently available XENPAK modules. MergeOptics will complete its X2 product line by adding the SR and ER versions to the currently shipping LR product. In addition, the core OptoPack™ technology will form the basis of a new line of high-speed long wavelength SFP modules ranging from 4 Gbit/s to 10 Gbit/s.

Commenting on the financing round, Dag Neumeuer, CEO of MergeOptics, says:

“We are very pleased to have the support of a prestigious investment team who understands MergeOptics business and technology value propositions. The company’s proprietary technology, OptoPack, is a highly integrated development platform that has allowed us to very quickly develop and deploy new products to support emerging standards such as LX4. We have won major international customers through our ability to develop cost competitive solutions, and the new funds will enable us to continue our strong position”.

Cyril Bertrand, Partner of DVC, confirmed: “We are extremely proud to be able to contribute to building such a best-of-breed company as MergeOptics. Through a mix of visionary technology and relentless execution, the management of MergeOptics has weathered the dismal performance of the optical market in the recent years. MergeOptics emerges today as a worldwide leader for 10 Gbit/s Ethernet transponder modules and we at DVC believe it is an interesting timing to re-enter the strongly growing LAN & Metro infrastructure segment, where the flagship OptoPack product enjoys unrivalled customer traction within the Tier-1 customer group. In order to realize the full potential of this market window, MergeOptics can now leverage the long-term strategic commitment of DVC”.

“MergeOptics management team has led the company since inception to a solid point of growth and has gained recognition in the marketplace with its exceptional core technology”, says Dr. Christian Nagel, Partner at Earlybird. “Coupled with a focused effort on capital efficiency, and business planning, the company has developed into a highly efficient organization that has gained significant customer traction”, adds Waldemar Jantz, Partner at Target Partners.

About MergeOptics

MergeOptics GmbH, was founded in Germany, in September 2000. They develop highly integrated components for the rapidly growing high-speed fiber optic data transfer market. The company integrates optical components (lasers, modulators and photo diodes) with high-frequency electrical circuits to create compact modules that operate with industry standard optical and electrical interfaces. MergeOptics' business objective is to specialize in high-speed optical products that are world-class for both integration and performance. MergeOptics has partnerships with several leading German universities and research facilities, including the prestigious Heinrich-Hertz-Institute in Berlin, Germany. For more information, please visit the company's website at www.mergeoptics.com.

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About DVC Deutsche Venture Capital

DVC Deutsche Venture Capital, a leading venture capital firm based in Munich, focuses primarily on European growth companies in the areas of information, telecommunication, semiconductor and industrial technologies as well as life sciences. In the field of life sciences DVC invests in the development of therapeutic and diagnostic products as well as in platform and medical technologies. DVC's total administrated fund volume amounts to €300 millions. For investments in private companies, DVC invests approximately €1 - 10 millions as lead investor or, in the case of larger financing rounds, as co-lead investor. DVC is a “value-added” financial investor. Each sector team consists of experienced investment managers with relevant backgrounds. Since its formation in 1998, DVC has invested in approximately 70 companies.

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About Earlybird

Earlybird is an international venture capital firm with offices in Hamburg and Munich, Germany and in Palo Alto, California. The firm was founded in 1997 and currently has approximately \$300 millions of capital under management. Earlybird invests primarily in early stage companies within the industries of Software/IT, Communications, Healthcare, and Convergent Technologies in Europe and the US. Earlybird's strategy is to identify companies that will achieve global success in their respective industries while optimizing resources on a transatlantic basis. Most of Earlybird's companies draw on a technology base in which Europe provides unique strengths and lower entry valuations. Earlybird's mature companies have developed international operations in the US, Europe, and Asia; and in several cases, relocated to the US in order to take advantage of market locale, entrepreneurial leadership, expansion, and exit opportunities.

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About TargetPartners

Munich-based Target Partners is a venture capital partnership focused primarily on investments in the IT and communications industries. With many years of experience as managers, entrepreneurs and venture capitalists, the team at Target Partners supports entrepreneurs in developing and marketing products and services, building organizations, raising funds and taking companies public in Europe and the United States. Target Partners' fund capital of €112 millions is intended for investment in young start-ups, primarily during the first or second rounds of funding. Target Partners has an extensive network of contacts in the technology and venture capital industries in Europe and the United States.

Target Partners

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