

## **Cisco Announces Agreement to Acquire CoreOptics, May 20 2010**

Cisco today announced its intent to acquire privately held CoreOptics Inc., a designer of digital signal processing (DSP) solutions for high-speed optical networking applications. Based in San Jose, with the majority of its employee base in Nuremberg and Gerlingen, Germany, CoreOptics will enable Cisco to equip service provider customers with highly advanced 100 Gigabits per second (Gbps) transmission technology to scale their networks to meet the demands of rapidly growing Internet Protocol traffic driven by video, mobility and cloud services. According to Cisco's Visual Networking Index research, global IP traffic will increase fivefold from 2008 to 2013 with a 40 percent compound annual growth rate.

"With this acquisition, Cisco reinforces its commitment to continue to invest in its core networking business and to deliver IP next-generation networks at 100 Gbps and beyond," said Surya Panditi, vice president and general manager, Cisco's Service Provider Access and Transport Technology Group. "We are focused on continuing to deliver an industry-leading portfolio of routing, switching and optical transport systems that enable our service provider customers to better address the ever-present business challenge of managing tight capital and operating budgets while accommodating the tremendous growth in network traffic."

The next phase of innovation in optical networking will be driven by sophisticated modulation formats and advanced DSP technologies. These new capabilities enable the efficient transmission of large amounts of data over existing fiber optic installations. By enabling high speeds across an existing infrastructure, Cisco and CoreOptics will address the challenge facing service providers of accommodating the growth in network traffic while managing tight capital expenditure budgets.

The acquisition of CoreOptics expands Cisco's optical presence in Europe, builds on its existing European operations in Monza, Italy, and will contribute to continued innovation in optical networking. CoreOptics will bring to Cisco a team with strong expertise in digital ASIC design, advanced modulation formats, as well as optical systems, applications and network architecture. Upon completion of the acquisition, CoreOptics employees will become part of the Cisco Service Provider Technology Group and work with Cisco's existing optical engineering teams in Monza, Italy; Bangalore, India; and Richardson, Texas.

Under the terms of the agreement, Cisco will pay approximately \$99 million in cash and retention-based incentives in exchange for all shares of CoreOptics. The acquisition is subject to customary closing conditions and is expected to close in the second half of calendar year 2010