



Final Release for Distribution

For more information contact:

Yariv Geller
Polychromix
Director of Business Development
781-569-6199, ext. 204
ygeller@polychromix.com

Cathy Caldeira/Dylan Locsin
LNS Communications
617-577-9777
ccaldeira@LNScom.com
dlocsin@LNScom.com

POLYCHROMIX, INC RAISES U.S. \$8.0M SERIES-B PRIVATE PLACEMENT

Siemens Venture Capital joins investment syndicate led by Seed Capital Partners and Vanguard Ventures to increase the company's manufacturing capacity and accelerate development of innovative wavelength management solutions based on its core diffractive-MEMS technology

Woburn, MA, February 2, 2004 – Polychromix®, Inc., a developer of advanced wavelength management solutions for optical networking, today announced it has attracted in excess of eight million dollars in its Series B financing. New investor, Siemens Venture Capital, joined Seed Capital Partners (Softbank) and Vanguard Ventures in bringing the total investment in Polychromix to greater than U.S. \$15 million. Additional venture capital investors in this round included Navigator Technology Ventures and Pyramid Technology Ventures.

Polychromix's suite of advanced optical channel-management products, based on its Dynamic Channel Orchestrator™ (P-DCO™) platform, have secured multiple purchase orders and design wins from tier-one customers over the past several months. Polychromix intends to use the additional capital to expand its manufacturing capacity and research and development activities to meet growing market demand. Polychromix's P-DCO™ allows service providers to dynamically and remotely provision and control optical wavelengths from a network operating center, resulting in considerable operational and capital expense reductions.

"Carriers have made substantial investments in optical fiber capacity over the past few years, and are now looking to strategic vendors such as Polychromix to help convert these investments into revenue and profits," said Jack Gill, general partner from Vanguard Ventures. "Polychromix is succeeding where other optical startups have struggled, in that they have secured design wins with tier-one network equipment vendors. Polychromix is



poised to grow because we see evidence that carriers are demanding the channel-management and network flexibility that Polychromix's products provide."

"The Polychromix suite of products gives system houses the functionality required to win current carrier bids, which presents a compelling solution in this competitive space," said Bjoern Christensen, president and CEO of Siemens Venture Capital.

"The P-DCO™ concentrates on specific optical networking requirements, and in an efficient form factor, provides considerable advantages to both service providers and equipment vendors," said

Luis Llovera, investment partner at Siemens Venture Capital. "Dynamic wavelength provisioning is an essential step in supporting new wavelength services, positioning Polychromix as a strategic part of future network growth."

The introduction of the P-DCO™ in optical networks eliminates the need for costly, labor-intensive "truck rolls", and replaces them with simple, cost-effective "key strokes" at a remote network operating center. Consequently, service providers who employ a P-DCO™-enabled architecture can reduce wavelength-provisioning time from months to minutes and can also provide advanced grooming and revenue-generating wavelength services to end-customers. The P-DCO™ permits carriers to extract additional profit from their existing infrastructure while seamlessly migrating to future networks.

"Polychromix is committed to delivering cost effective, advanced technology solutions to our customers. This new investment will fuel our growth and transition Polychromix from an innovative R&D operation to a full-scale manufacturing company capable of meeting our customer's demands and expectations," said Brian Mitchell, president and CEO of Polychromix. "Polychromix is developing products that are directly driven by our customer engagements, and we will continue to work closely with them in providing the wavelength management flexibility that future optical networks will require."



About Polychromix

Polychromix, a privately held advanced optical networking technology company headquartered in Woburn, Massachusetts, offers modular optical subsystems based on an innovative core technology platform that enable dynamically re-configurable optical networks. Polychromix's suite of Channel Management Solutions addresses the capital and operating expense challenges that both carriers and network systems vendors face. Additionally, they help enable the creation and rapid provisioning of new revenue-generating services. Carriers can dynamically provision and control optical channels remotely from a network operating center, effectively replacing "truck rolls" (sending out maintenance trucks) with "key strokes" (entered at a network operating center terminal). For more information, visit www.polychromix.com

About Siemens Venture Capital:

Siemens Venture Capital (SVC) is the corporate venture organization for all Siemens' businesses worldwide. SVC plays a key role in the Siemens global network of innovation. The goal is to identify and fund investments in emerging and innovative technologies that will enhance the core business scope of Siemens.

The investment focus is to augment the efforts of various Siemens business segments such as Information and Communications, Automation and Control, Medical Solutions, Transportation Systems and Power. To that end, SVC invests in the following technology growth areas:

- *Wireline and wireless communication*
- *Industrial automation solutions*
- *Healthcare solutions and medical diagnostics*
- *Automotive and networked transportation systems*
- *Energy management*

To date, SVC has invested some 500 million euros in more than 70 start-up companies and 30 venture capital funds mainly in the U.S., Europe and Israel. SVC is located in Germany (Munich) and in the U.S. (San José, CA and Boston, MA). For more information please visit our Web site: www.siemensventurecapital.com

Contacts: Sabine Zindera, Director Marketing & Communications

About Seed Capital Partners

Seed Capital Partners is an early-stage venture fund affiliated with SOFTBANK Corporation, one of the world's largest technology market forces.

Seed Capital practices "roll-up-the-sleeves" venture capital - not "investing" in companies, but rather "building" a very select number of companies. This focus allows Seed Capital to retain the highest standards for each investment and to add the optimal ongoing value to their entire portfolio.

Seed Capital Partners' portfolio companies gain access to the SOFTBANK network of companies and affiliates worldwide through our affiliation with SOFTBANK. The SOFTBANK network has the



ability to back a company from seed stage to global presence, and has an influence on the Internet unmatched by any other venture capital fund or corporation.

About Vanguard Ventures

Vanguard Ventures is a venture capital firm specializing in seed and early stage high technology investments. Vanguard has offices in Palo Alto, California and Houston, Texas. The Partners, Jack Gill, Bob Ulrich, Don Wood, Dan Eilers, and Larry Schwerin, have extensive and successful backgrounds as technologists, operating managers, entrepreneur-founders and venture capital investors.

Since 1981, Vanguard has funded 114 startups; more than 30 of these have already become major corporate successes and many others in this Vanguard portfolio are destined for success. In aggregate, these companies created over \$70 billion in market value, and returned approximately \$1 billion to investors. Vanguard ranks among the top performing venture capital firms.

Vanguard Ventures telecom investments include CIENA, Advanced Fiber Communications, Digital Microwave Corp., Tut Systems, Network Appliance, Digital Island and Luminous Networks.