

EXFO Electro-Optical Engineering Inc.

Acquisition of Avantas Networks

EXFO

Forward-Looking Statement

This presentation may contain statements that constitute forward- looking statements within the meaning of the U. S. Private Securities Litigation Reform Act of 1995. Forward- looking statements are statements other than historical information or statements of current condition. These statements may appear in a number of places in this presentation and include statements concerning our intent, belief, or current expectations regarding future events. Forward- looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward- looking statements as a result of various factors which are beyond the control of EXFO, including retention of qualified personnel, revenue synergies, demand for testing and measurement instruments and precision positioning instruments. Although we believe that the expectations reflected in the forward- looking statements are reasonable based on information currently available to us, we cannot assure you that the expectations will prove to have been correct. Accordingly, you should not place undue reliance on these forward- looking statements. In any event, these statements speak only as of the date of this document. We undertake no obligation to revise or update any of them to reflect events or circumstances after the date of this document, or to reflect new information or the occurrence of unanticipated events. Readers are referred to our Registration Statement on Form F- 1 and our other filings with the U. S. Securities and Exchange Commission and the Canadian securities commissions for a discussion of the other factors that may affect our future performance and other important risk factors concerning us and our operations. This presentation may contain statements that constitute forward- looking statements within the meaning of the U. S. Private Securities Litigation Reform Act of 1995. Forward- looking statements are statements other than historical information or statements of current condition. These statements may appear in a number of places in this presentation and include statements concerning our intent, belief, or current expectations regarding future events. Forward- looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward- looking statements as a result of various factors which are beyond the control of EXFO, including retention of qualified personnel, revenue synergies, demand for testing and measurement instruments and precision positioning instruments. Although we believe that the expectations reflected in the forward- looking statements are reasonable based on information currently available to us, we cannot assure you that the expectations will prove to have been correct. Accordingly, you should not place undue reliance on these forward- looking statements. In any event, these statements speak only as of the date of this document. We undertake no obligation to revise or update any of them to reflect events or circumstances after the date of this document, or to reflect new information or the occurrence of unanticipated events. Readers are referred to our Annual Report on Form - 20F and our other filings with the U. S. Securities and Exchange Commission and the Canadian securities commissions for a discussion of the other factors that may affect our future performance and other important risk factors concerning us and our operations.

Why EXFO is Excited About the Transaction?

1. Only solution to provide multiple protocol testing technologies in a single box (OC-192 to DS0, STM-64 to E0, ATM and Gigabit Ethernet)
2. Expands our product offering (one-stop shop for protocol and physical layer testing)
3. EXFO enters the highly profitable US\$1.6 billion protocol layer testing market (significantly increasing EXFO's addressable market)
4. Allows EXFO to bridge physical and protocol layer technologies in order to capitalize on the emergence of high-speed DWDM networks
5. Products are targeted at the same client base enabling EXFO to leverage its long-standing relationships with carriers, labs and equipment manufacturers
6. Adds world-class product development team in protocol testing technology

Transaction Details

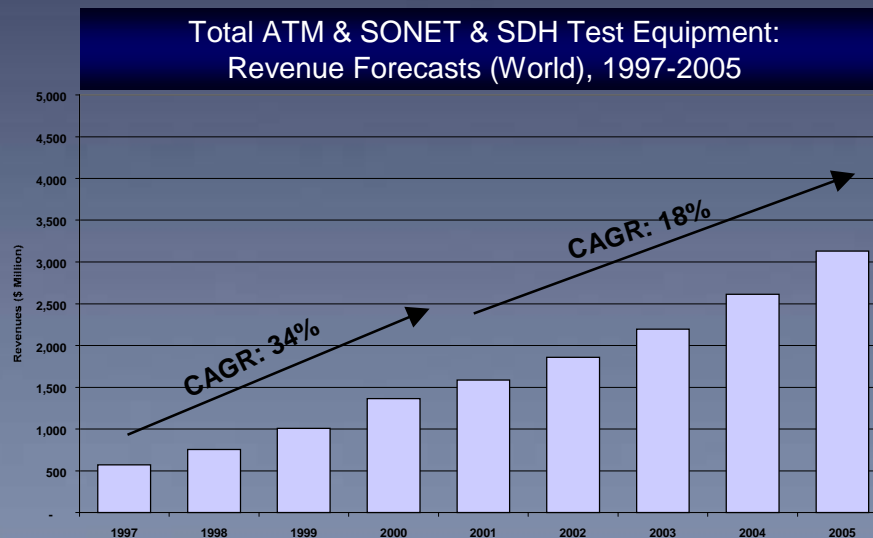
- Description: US\$65 million Enterprise Value
⇒ Equity (US\$93 million) minus Avantas cash on hand (US\$28 million)=Enterprise Value (US\$65 million)
- Consideration: US\$57.3 million in EXFO stock* (approx. 4.4 million shares)

US\$36 million cash consideration
- Accounting Treatment: Purchase accounting
- Timing: Expected to close by the end of the first quarter of fiscal 2002

* Based on August 22, 2001 closing share price of US\$13.10

Protocol Testing - A Large and Rapidly Expanding Market

- Physical testing \Rightarrow "testing the road", whereas protocol testing \Rightarrow "testing the traffic"
- The global protocol testing is a \$1.6 billion market (2001); almost as large as the physical layer testing market
- Forecasted CAGR of nearly 20% for protocol layer testing
- Highly profitable market (strong gross margins)



Source: Frost & Sullivan May 2001

Overview of Avantas

- Avantas is a Montreal-based provider of leading-edge fiber-optic instruments focusing on protocol testing applications
 - Avantas was founded in November 1998
 - At pre-revenue stage and currently beginning to ship commercially
- Avantas' Innovative Products
 - STG Series: portable test instruments (OC-192 to DS0, STM-64 to E0, ATM and Gigabit Ethernet all in the same box)
 - Network Guardian: remote test surveillance instruments (OC-192 to DS0, STM-64 to E0, ATM and Gigabit Ethernet all in the same box)
- Approximately 100 employees
 - Strong technology and product development team
 - 60 engineers (50% software engineering / 50% hardware engineering)
 - Expertise in key areas of ASIC, FPGA and high-speed board designs

STG Series

- Avantas' STG Series is the only product currently available on the market offering OC-192 to DS0, STM-64 to E0, ATM and Gigabit Ethernet all in the same box
 - "Swiss army knife" of protocol testing
- Rugged portable product (not a "desktop with a handle") with a highly intuitive touchscreen



Features

- OC-192 to DS0, STM-64 to E0, ATM and Gigabit Ethernet all in the same box
- Bridging telecom and datacom rates and functions
- User-friendly, rugged, handheld instrument
- Future-proof, scalable architecture up to OC-768 and STM-256

Applications

- Designed for telecommunications network deployment and monitoring, system manufacturers and R&D
- Ideally suited for telecom field professional who demands highly portable and robust SONET, SDH and data test gear capable of providing a wide range of data rates

Network Guardian G2

- Optical Network Performance Management product
- Also addresses the manufacturing and R&D markets
- Fully complementary to EXFO's Remote Fiber Test System



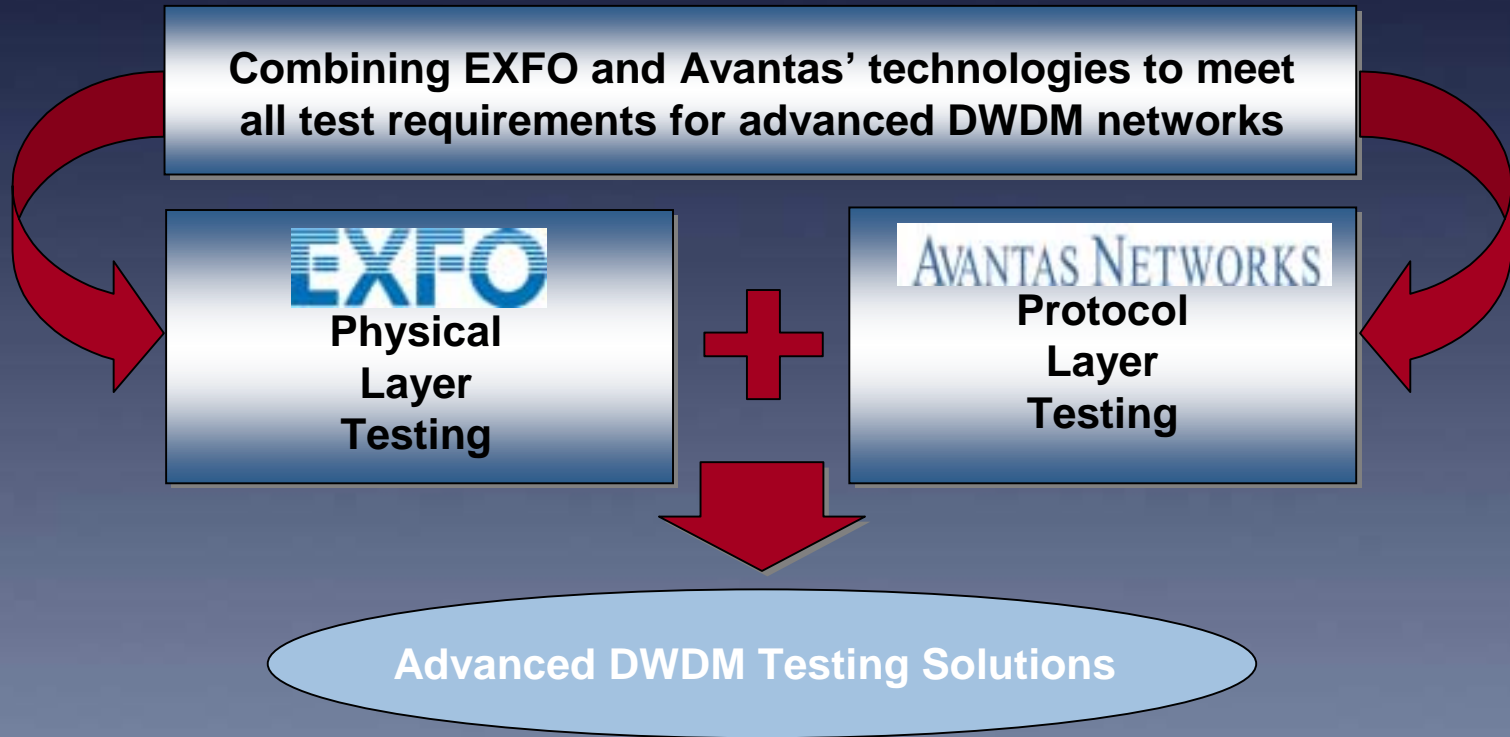
Features

- Full-time performance monitoring for a variety of data including OC-192 to DS0, STM-64 to E0, ATM and Gigabit Ethernet all in the same box
- Leverages the same base technology as the STG Series allowing for rapid technological evolution
- Multi-protocol Network Quality of Service (QoS) and Service Level Agreement (SLA) platform
- Visual Guardian EMS integration into service provider OSS
- 19-inch mountable rack
- User-friendly

Applications

- Distributed network performance monitoring for QoS assurance (as opposed to centralized)
- Test parameters during manufacturing and R&D including telecom performance (BERT and datacom performance (throughput, burst behavior, latency and frame and packet loss characteristics))

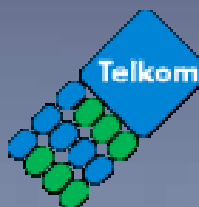
Integrating Physical Layer & Protocol Layer Testing



Both EXFO and Avantas' platforms are running on PC-based and Windows architectures

Sales Channel Leverage

- Strong leverage potential for Avantas' products
 - EXFO's 2000 + clients present strong leverage potential



Strong and Highly Skilled Team

- Strong R&D and management team in protocol testing
- Sami Yazdi, Chairman, President & CEO (5 years at Positron Fiber Systems; 10 years at Nortel)
- Giovanni Forte, VP of Product Management (16 years at Nortel)
- Core management team is committed to remain with EXFO
- Approximately 100 employees
 - Strong technical team = 60 employees in technology and product development
 - 10 engineers with post-graduate degrees

Summary

- Accelerate growth and improve strategic position
 - Enter the \$1.6 billion (2001) protocol testing market
 - Significantly increases EXFO's addressable market
- Product synergy
 - Only solution that supports multi-protocols and data transmission rates in a single platform
 - Enhances product offering (one-stop shop)
 - Allows EXFO to bridge physical and protocol layer technologies in order to capitalize on the emergence of high-speed DWDM networks
- Leveraging EXFO's sales channels
 - Very strong domestic and international client base (2000+ clients)
 - Highly recognized EXFO brand
- Strong addition to the EXFO team
 - Top product development team in protocol testing technology