



EPOS



March 6, 2001

EXFO

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Optical Manufacturing Challenges

- Global terrestrial optical component market will grow from US\$7 billion in 1999 to nearly US\$30 billion in 2004 (RHK)
- Assembly of many optical devices is still done manually with extremely poor throughput and yields
- Biggest challenge facing fiber-optics industry: Mass producing optical components
 - Reduce costs
 - Fewer skilled resources required
 - Improve yields by increasing repeatability and process control
 - Become more scalable

Automation is the key to meet the explosion in demand

EXFO

Why This Is An Exciting Transaction

- Provides innovative repeatable light-based assembly solutions to growing suppliers of passive and active optical components
- Offers both UV + IR curing technology to cover tacking and fixturing (Telcordia standard)
- Complementary to EXFO & Burleigh's existing automated solutions
- Reduces curing time drastically (from hours to seconds)
- High-growth area with market leadership
- Financially attractive

Transaction Details

Description:	US\$122 million transaction*
Consideration:	US\$25 million in cash 3.7 million in EXFO stock
Accounting Treatment:	Purchase accounting 5-year goodwill amortization
Timing:	Expected to close in March 2001

*Based on March 5, 2001 closing share price of \$26.20.



EFOS Addresses Manufacturing Automation Needs

- Addressing manufacturing and process scalability
 - Reduces use of expensive jigs and fixtures to maximize productivity
 - Integrates into in-line assembly at the workstation, reducing the need for batch processing
 - Reduces labor costs by decreasing process staging and loading
- Increasing throughput and product yields
 - Technology offers faster (seconds), stronger cures
 - Quality assurance - close-loop feedback technology for consistent, repeatable process
 - Added benefit of device testing at workstation to improve yields throughout the manufacturing process
- Enabling semi-automated and fully-automated manufacturing
 - Custom optics tailor light distribution within automated processes
 - Integrated radiometry capability ensures repeatability in high-volume manufacturing

EFOS Products

- UV/ Visible Spot Curing: Bonds or seals components with doses of light which activate and polymerize (cure) adhesives.
- IR Spot Curing: Near Infrared (NIR) and Mid-Infrared (MIR) curing of thermal epoxies.
- Light Emitting Diode Arrays (LEDA): Next-generation technology for UV/Visible/IR curing applications.



EFOS's Light-Based Curing Advantages

- Repeatable, stronger, faster cures than traditional assembly methods
- Ease of use—adaptable to manual, semi or fully automated manufacturing
- Offers unmatched control and precision not possible with other assembly methods
- Reduces the need for expensive fixturing and cure ovens
- 12 patents and 16 patents pending
- Intimate understanding of the physics of bonding and material sciences

EFOS Customers



Strong Team

- Strong management team
- 110 employees
- Founders
 - John Kennedy, President and CEO
 - Glenn Harvey, Senior Vice-President and COO
- Strong technical team = 28 employees in R&D
 - 5 PHD's

Synergies

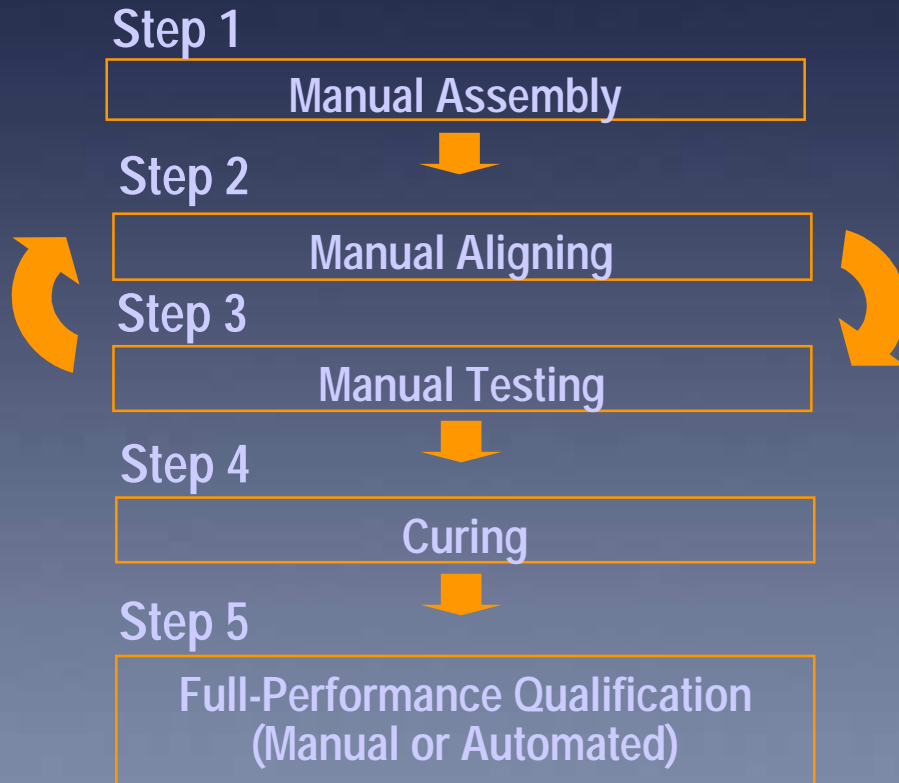


EXFO	BURLEIGH	EFOS
① Physical testing (PMD, PDL, Power, IL, ORL) required to locate optimal position of fiber end	② Optimal position can be reached through Inchworm™ Nano-Robots	③ Upon reaching optimal position, fast tacking & curing resumes
④ Optimization of measurement as curing profile is executed	⑤ Position correction can be applied while curing is applied	⑥ Curing profile can be adopted

Burleigh Automation, formerly Vanguard is a system integrator designing standard solutions

Automated Manufacturing Solution

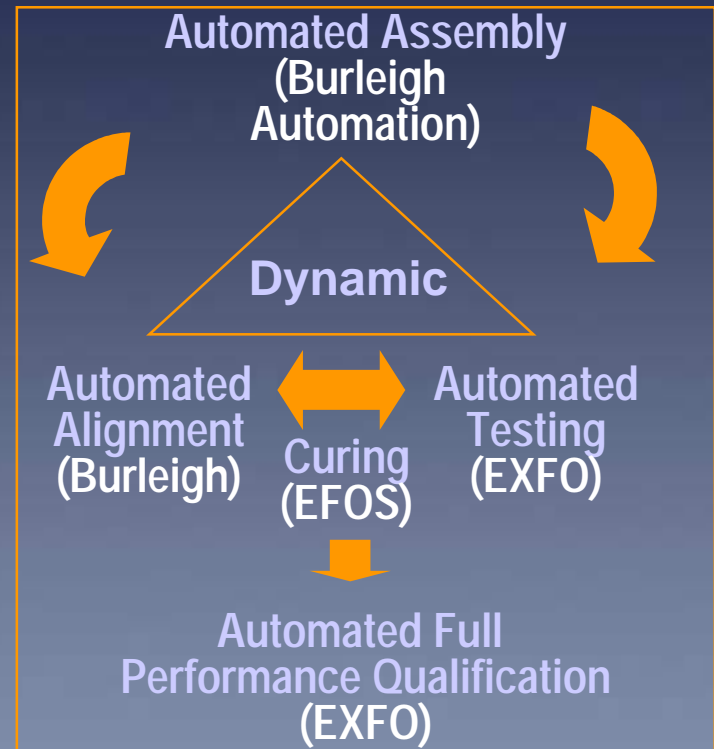
TODAY



Pass or Fail (low yields)

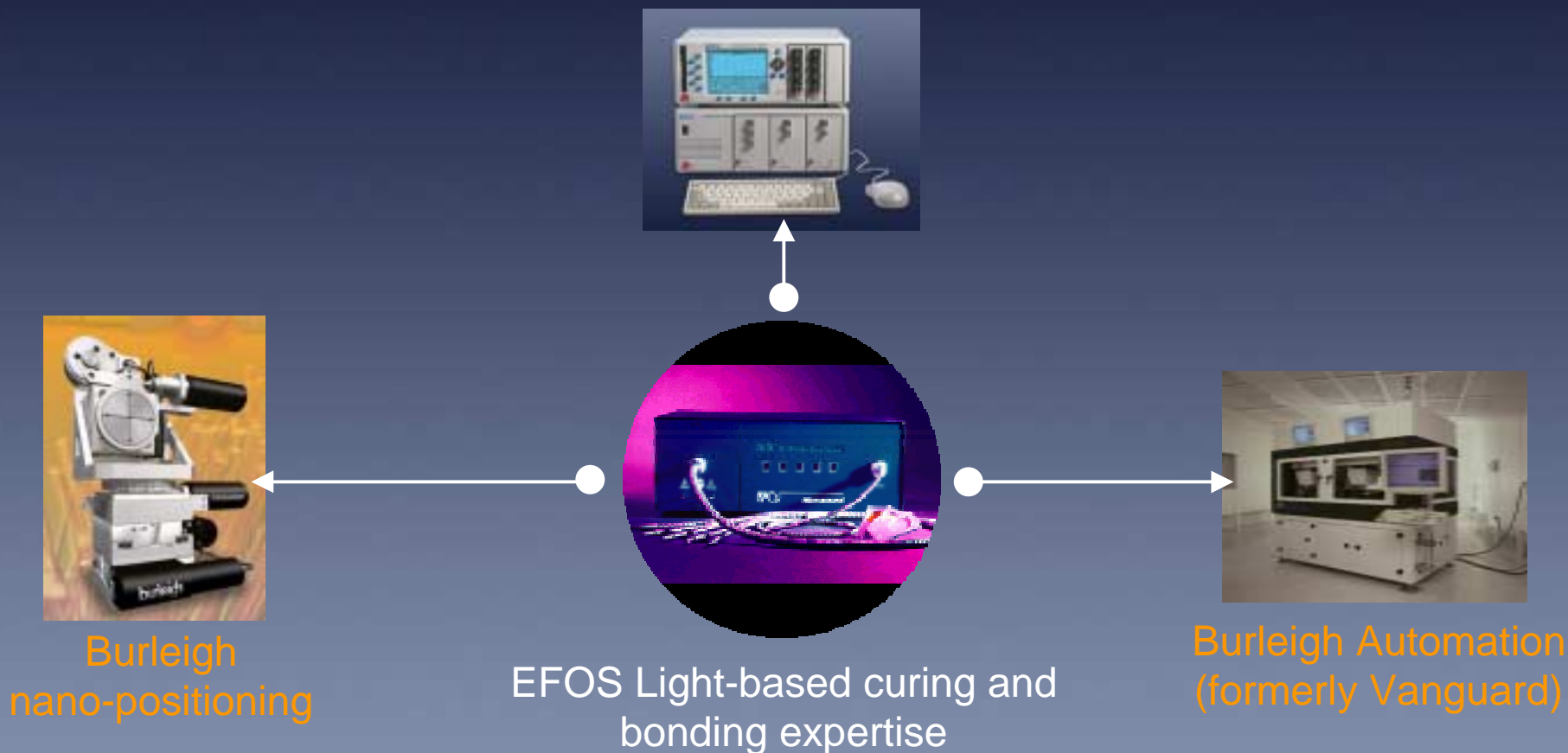
TOMORROW

One Step



Comprehensive Automation Solution

EXFO Automated Component Test System



Summary

- Accelerate EXFO's growth in optical automation
 - The acquisition of EFOS was a strategic missing link for EXFO's automation solution
 - Strong expertise in optical process control
- Enhanced operational platform
 - Pro-forma 1200 employees
- Product synergy
 - Allow EXFO to integrate curing solution to next-generation automated device
 - Integration with EXFO and Burleigh Automation's products
- Expands EXFO's client base in component manufacturing
 - Cross-selling opportunities to be achieved
 - Limited client overlap
- Complementary distribution networks