

EXFO

EXPERTISE REACHING OUT

Acquisition of Consultronics Limited

Consultronics

A World of Good for Your Networks



www.exfo.com

Telecommunications Test and Measurements

Forward-Looking Statements

Certain statements in this presentation, or given in response to your questions, may constitute forward-looking statements within the meaning of the *Securities Act* of 1934. The *Private Securities Litigation Reform Act* of 1995 provides “safe-harbors” for such forward-looking statements and we intend that any forward-looking statements made today be subject to the safe harbors. We caution you that any forward-looking statements are just predictions. They are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those projected in forward-looking statements and we invite you to review the company’s most recent filings with the Securities and Exchange Commission or Canadian securities commissions for a discussion of the factors at risk.

This presentation is being made on January 5, 2006 and the content is accurate only for this date. EXFO will not be reviewing or updating the material that is contained herein.

Why Consultronics?

- Strategically strengthens EXFO's long-term position in broadband access/triple-play test market:
 - xDSL test market (\$400 M) expected to more than double by 2011 (Frost & Sullivan)
 - VoIP test market (\$200 M) expected to triple by 2010 (Frost & Sullivan)
- Strategically complements EXFO's leadership in FTTx and next-generation test solutions
- Among top three vendors for handheld xDSL testing (13.4% market share — Frost & Sullivan)
- Strong management and R&D teams
- Increases depth and breadth in technology and product portfolio
- Enables EXFO to become a genuine one-stop shop for broadband access/triple-play testing (optical + copper)
- Significant synergies to realize (sales channels, customer relationships, new test solutions, etc.)

Transaction Highlights

- EXFO purchasing substantially all the assets of Consultronics Limited and the shares of its subsidiaries (UK, Hungary) for C\$22.8 M (US\$19.8 M) in cash
- Cash consideration of US\$19.8 M versus cash flows from operating activities of US\$14.0 M in FY 2005
- EXFO's cash position after closing the deal should be between US\$90 M to US\$100 M
- No dilution to shareholders to maximize value creation
- Expected to be neutral on a GAAP basis for remainder of FY '06 and accretive for FY '07, taking into account US\$2.0 M per year in additional amortization of intangible assets
- Deal expected to close before mid-March

Overview of Consultronics

- Leading vendor of broadband access test solutions with a special focus on triple-play test market
 - Privately held company founded in Toronto in 1973 by Andre Reikai
 - Specialized in xDSL, VoIP & IPTV, ISDN, and low-speed legacy SONET/SDH
 - Mainly provides handheld test solutions for NSPs in access networks
 - Also offers remote test systems (directly and through OEMs) for legacy, POTS, VoIP and single-ended broadband copper line qualification
 - Generated sales of C\$18.6 M (US\$ 15.3 M) and EBITDA of C\$1.6 M (US\$1.3 M) for last 12 months ended Nov. 30, 2005
 - Operations in Toronto (Canada), Southampton (UK) and Budapest, (Hungary)
 - About 130 employees worldwide
- Focused on telephone operators and telecom contractors
- Several product approvals at key operators: Bell Canada, British Telecom, Deutsche Telekom, Verizon, etc.
- Sells to customers in 65 countries worldwide

Synergies with Consultronics

- Consultronics' strong offering in handheld xDSL, VoIP and IPTV test market will enable EXFO to become a genuine one-stop shop for broadband access/triple-play testing (optical + copper)
- EXFO will leverage Consultronics' rich product portfolio through its global sales channels and take advantage of mutual customer relationships
 - Acquisition will allow EXFO to increase share of wallet at its accounts
 - Acquisition will enable EXFO to enter new accounts with optical/protocol test solutions
- Acquisition will allow the creation of unique test solutions for triple-play deployments by combining Consultronics & EXFO technologies and strengthen overall offering for FTTN and FTTC deployments



Handheld xDSL Test Equipment Market

Company 2004 Share (%)

Sunrise Telecom	30.9
Acterna (Now JDS Uniphase)	20.2
Consultronics	13.4
Trend Communications	10.0
Fluke Networks	5.3
Aware	2.8
Others	17.5
TOTAL	100.0

Others include: Shenick Network Systems, Cornet Technology, Allot Communications, Thales Idatys, NHC Corporation, Tempo, 3M, TraceSpan, and others.

Note: All figures are rounded; the base year is 2004. Source: Frost & Sullivan

US\$400 M : Total xDSL test market (2005) (Frost & Sullivan)

Segment	Sales (US\$M)	%	Growth (6-year CAGR)
Handheld Testing	68	17.3	10.5%
Remote Testing	243	60.7	15.0%
R&D/Manufacturing	88	22.0	14.0%

Consultronics Product Portfolio: xDSL Testing

- **CoLT-250:**
ADSL tester for the installation of high-speed Internet lines
- **CoLT-250+:**
Low-cost test solution for ADSL, ADSL2, ADSL2+ and RE ADSL
- **CoLT-450:**
Modular design for increased flexibility
 - Tests ADSL, ADSL2, ADSL2+, RE ADSL and upcoming VDSL
 - Also tests IPTV/VoIP over xDSL



CoLT-250
Entry-level ADSL
analyzer



CoLT-450
Modular
ADSL2+ analyzer
IPTV / VoIP

||| New Product Introduction

CoVALT

- New generation of VoIP/DSL installers test set/butt set
 - Tests ADSL2+, ADSL, RE ADSL, ADSL2 and upcoming VDSL
 - DSL rate testing
 - IP & Ethernet testing
 - Butt set generates/receives POTS & VoIP (SIP) calls; provides full analysis



Consultronics Product Portfolio: Physical Testing

- Portable, single-ended physical cable qualification instrument for measuring the local loop (DSL deployments)



CableSHARK P3
TDR / Physical Analyzer

- Equivalent to above test solution, but this product allows remote testing and monitoring for pre/post service activation



CableSHARK RM3

Consultronics Product Portfolio: Protocol Testing

- Protocol test solution for traditional telecommunications interfaces (T1/E1, T3)
- Primary rate ISDN
- Traditional T1
- Frame relay (FR) on V.35, RS 449, RS-232C, X.21



PUMA 4500A/4300E
Telecom/Datacom Analyzer

New Product Introduction

Prowla P1

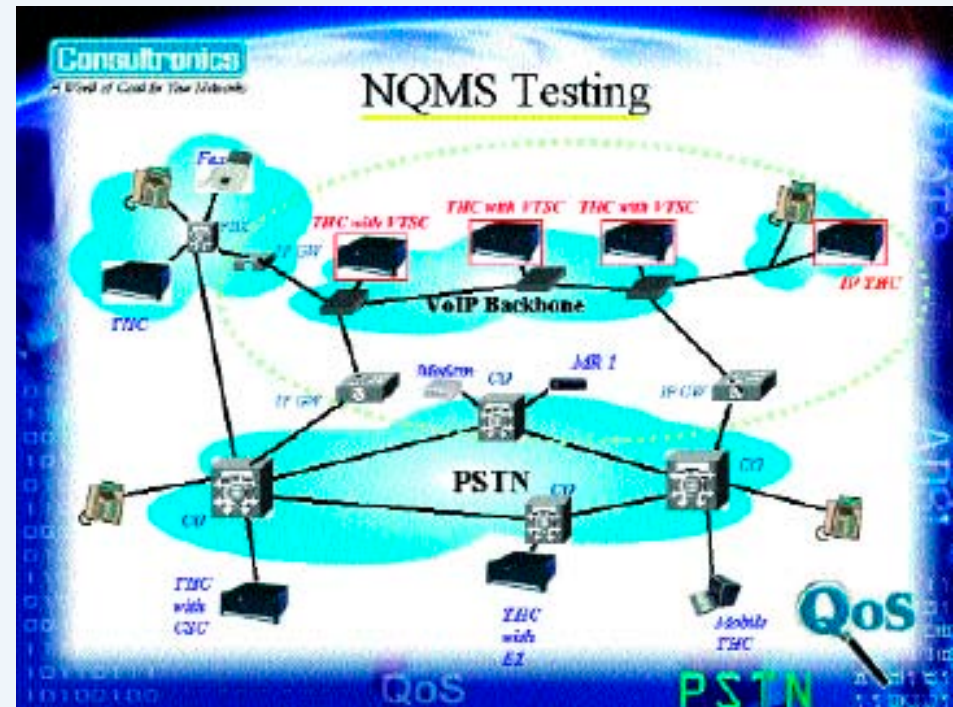
- Next-generation testing
 - Dual GigE/Ethernet testing (Full Rate)
 - Dual 1000/100/10 baseT Ethernet testing
 - RFC-2544 testing
 - Remote-controllable via a Web interface for network monitoring
 - Low price-point leverages the power of a PC



Network Quality Monitoring Systems

Remote Measurement Capabilities:

- MOS (Mean Opinion Score) measurements according to PAMS** (quality and listening effort), or PESQ (quality)
- Packet Delay (minimum, maximum, average)
- Jitter
- Total Packet Loss (minimum, maximum) by Source Address and Port Number
- Excellent Test OSS; integration with EXFO's RFTS relatively simple
- Based on ORACLE, UNIX, Linux for large-size scalability
- Main applications: POTS or VoIP quality of service network monitoring



Consultronic's MR-1
Voice Quality (MOS)
Responder



Strong Management and R&D Teams

- Founder/President/CEO Andre Rekai will remain available to ensure a smooth transition
- Management team, with an average tenure of 16 years, is committed to remain with EXFO
- R&D teams have cutting-edge expertise in xDSL, IPTV, VoIP and GigE technologies
- Consultronics historically spent 20% of sales on gross R&D
- Global sales channels and customer relationships
- ISO-9000-2000 certification

 Summary

- Acquisition enables EXFO to offer a one-stop shop for broadband access testing (optical + copper)
- Acquisition strengthens EXFO's position for triple-play test market with xDSL, IPTV and VoIP technologies
- Consultronics' strong focus on R&D generated a rich product portfolio that EXFO will leverage through its global sales force
- Solid management team should accelerate integration process
- All-cash deal means no dilution to shareholders
- Deal expected to be neutral on a GAAP basis for remainder of FY '06 and accretive for FY '07, taking into account US\$2.0 M per year in additional amortization of intangible assets