



KAIAM FINALIZES AGREEMENT TO ACQUIRE GEMFIRE, STRENGTHENING ITS TECHNOLOGY LEADERSHIP IN PHOTONIC SYSTEMS-IN-PACKAGE FOR DATA CENTER APPLICATIONS

Newark, CA and Livingston, UK - April 30, 2013 - Today, Kaiam Corp. announced completion of the transaction to acquire GC Holdings Inc., including Gemfire Europe Ltd. and the closing of a \$16 million first tranche of a C-round investment to fuel the continued growth and expansion of the company. Kaiam builds high bandwidth optical transceivers used for data networking that incorporate the integrated photonic circuits built by Gemfire Europe. The vertical integration and the financing allow Kaiam to expand its manufacturing and further develop innovative products for the data center market.

Marc van den Berg, from Technology Partners, who led the investment round commented, "Uniting Gemfire with Kaiam results in a new company with a broad range of technology and capability well-suited to the demands of customers in our markets. The low-loss temperature-insensitive PLCs from the UK factory, together with the advanced packaging technology at Kaiam, enable high bandwidth, low cost, and energy efficient interconnects, critical for the rapidly expanding data networking and data center markets."

Bardia Pezeshki, the CEO of the combined company said: "The bottleneck in the data center has moved to interconnects between the servers and the switches. Customers require high density, low cost, and low power consumption, and our hybrid integration technology, together with the integrated silicon photonic ICs from our Europe factory, provide the most efficient solution. This vertical integration not only drops the cost of our present product, but allows us to innovate deeper into the product to further advance our lead in the market."

In addition to continued PLC manufacturing to serve Gemfire markets, Kaiam is planning investment in the Livingston operation to aid Kaiam's on-going development and production of high-speed optical modules for the data networking and data center markets.

"Kaiam's choice to expand its operations in Livingston is a validation of Scotland's strong photonics skills and Gemfire's capabilities. We look forward to working closely with Kaiam to support their workforce in selling Scottish made product around the world," explained Scottish Enterprise's Account Manager, Alan Balfour. Kaiam is also looking forward to a continued relationship with Scottish Enterprise for support of its expanding operations.

According to the GM of operations and R&D in Livingston, Russell Childs, "This is great news for the Livingston facility. It allows us to grow our existing design development and manufacturing capability here in Scotland, and complement Kaiam's technical leadership in this new and rapidly expanding area of the datacomms market. It provides us with a very exciting future."

About Kaiam Corporation Headquartered in Newark, California, Kaiam Corporation is a private company commercializing photonic integrated circuits. Founded by leading technologists from the optical networking industry, the team has a record of delivering breakthrough products that change the rules of the marketplace. Kaiam is working with several partners to deliver products for high bandwidth applications. For more information, visit www.kaiamcorp.com.

About GC Holdings, Inc. Created in 2002, GC Holdings, Inc. is the parent company of Gemfire Corporation and Gemfire Europe, Limited. Since 1995 Gemfire has built on extensive research and development efforts to specialize in applying planar semiconductor-type processing technology to make integrated photonic chips. These are primarily used in multi-wavelength fiber optic networks to combine or separate channels within the fiber. The company is a market leader and provides a variety of high performance integrated components carrying much of today's communications. With primary operations in Livingston, Scotland (near Edinburgh), the company operates a large fabrication facility with 8-inch silicon wafer processing.

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