

KAIAM ACQUIRES GC HOLDINGS, INC. (GEMFIRE) AND RAISES FINANCING TO COMMERCIALIZE PHOTONIC SYSTEMS-IN-PACKAGE FOR DATACENTER APPLICATIONS

Together with an increased round of investment, Kaiam's acquisition of GC Holdings, Inc., owner of the recognized Gemfire technologies and a premier silicon photonics waveguide facility, accelerates Kaiam's leadership role in 40Gb/s and 100Gb/s datacenter interconnect applications

NEWARK, CA and LIVINGSTON, UK – March 19, 2013 – Today, Kaiam Corporation announced a definitive agreement to acquire GC Holdings, Inc., the parent corporation of Gemfire Corporation and Gemfire Europe, Limited (collectively, “**Gemfire**”), forming a global technology leader in integrated photonic modules. The combination of Kaiam's industry leading optical sub-system innovations with Gemfire's high performance silicon-based planar-lightwave circuits (PLCs) enables advanced photonic modules for high-speed, compact, and low-cost interconnects needed to meet the demand for expanding data networking and datacenter markets. Together with substantial new equity financing the company is poised to grow rapidly in step with the 40Gb/s and 100Gb/s markets.

The Kaiam micromechanically-aligned 40Gb/s optical engines are qualified and shipping to tier-one customers. Their proprietary packaging innovations allow the best of breed sub-components to be seamlessly integrated into photonic SiPs (System in Package). Gemfire is a proven market leader in PLCs, with over \$300M invested to-date in facilities and technology, and delivers high performance integrated optical chips for multiplexing and splitting different wavelengths of light. The combined capabilities of Kaiam and Gemfire enable a compelling value proposition of high performance; small form factor, low power consumption, and competitive pricing to meet the high performance interconnect requirements of datacenter operators around the globe.

Magnus Ryde, the President and Chief Executive Officer of GC Holdings, Inc. and the prospective new chairman of Kaiam Corporation commented, “Our favorable cost structure and the best performing silicon PLC's are a result of our historical commitments and previous investments in advanced research, materials science, and manufacturing infrastructure. The combination of the two companies allows us to rapidly use key elements, such as our athermal platform, to achieve a higher level of overall module performance.”

Dr. Bardia Pezeshki, chief executive officer of Kaiam said, “Ultimately, it’s about specifications and cost, not technological bravado. Our integration engine allows us to use the most efficient lasers, the lowest-loss components, and wastes the fewest electrons and photons, yielding the lowest power consumption and the best operating characteristics. The technology leverages silicon processing and is rapid, efficient, automated, and therefore lowest cost. This merger gives us the ability to match the silicon PLC technology to our platform, cementing our leadership position in the market.”

Marc van den Berg, from Technology Venture Partners, who will join the Kaiam Board of Directors commented, “The team at Kaiam have already shown their mettle, having invented and commercialized many of the components that carry today’s fiber optic communications. Their new MEMS-based approach is a simple way to address the root problem in optics, how to get light in and out of components. Our firm is proud to be an investor in the leading company addressing the 40Gb/s and 100Gb/s interconnect markets.”

In addition to the strengthening of the datacenter products, the company is committed to continue delivering their PLC and other components serving different segments of the communications space. To learn more, please visit the Kaiam booth #1246 at OFC/NFOEC 2013 in Anaheim, CA.

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.

Company Contact:

Dr. Jeff Cerie

Kaiam Corporation

P) (323) 397-5511

E) Jeff@KaiamCorp.com

Media Contact:

Rebecca B. Andersen

Pacific Bridge Marketing

P) (202) 321-5488

E) RAndersen@PacificBridgeMarketing.com