

3S PHOTONICS to Acquire Avensys Corp.'s Operating Subsidiary in Canada

Returned to the French fold in 2007 following its buyout from the Californian group Avanex by French entrepreneurs, the company 3S PHOTONICS – formerly Alcatel Optronics – acquires a North American company, Avensys Inc., and setting up across the Atlantic.

NOZAY, France - December 17, 2009 -- 3S PHOTONICS, world-leading French manufacturer of optical and optoelectronic components for telecommunications networks, today announced it has entered into a share purchase agreement to acquire Avensys Group subsidiaries, Avensys Inc. and ITF Laboratories Inc., for a total of 6.5 million Euros.

The holding company Avensys Corp., formerly quoted on the Nasdaq, owns two companies: Avensys Inc, its wholly-owned subsidiary and ITF Laboratories Inc., in which it owns a 42% interest, the majority of the remaining shares belonging to the Canadian State. Over the 2008 fiscal year (ending on 30 June 2009), Avensys Corp. realised turnover of 23 million dollars. It employs 200 people.

Avensys Inc. designs, manufactures and distributes highly reliable optical components and modules for the telecom market as well as high power devices, sub-assemblies and fiber-based sensors for the industrial market. It is also the leader on the Canadian market in environmental monitoring solutions and services for air, water, soil and geo-structures. And finally, the company handling Research & Development, ITF Laboratories Inc., develops innovative integrated photonics solutions as well as high reliability components and fiber-based systems for fiber lasers and optical sensing applications.

Upon the close of the sale, the assets of Avensys Inc.'s two divisions, Avensys Technologies and Avensys Solutions, and the assets of ITF Laboratories Inc., will be merged with 3S PHOTONICS. The closing of the sale is expected in January 2010.

"We are proud of this acquisition, which corresponds to the implementation of the external growth strategy that we planned last July when we raised funds. We are also delighted to welcome such a great company, armed with know-how which will complement our own, and to establish links across the Atlantic with our Canadian friends", declared Alexandre Krivine, President and CEO of 3S PHOTONICS.

"This is an important and necessary step for Avensys Inc.," said John Fraser, CEO of Avensys Corporation. *"Combining the operations of two businesses with leading-edge and complementary technologies maximizes technological synergies, operational consolidation and opens up bigger market prospects for Avensys Inc. and 3S PHOTONICS."*

With 95% of its turnover realised abroad, essentially in the Asia-Pacific zone, 3S PHOTONICS is thus extending its perimeter of activity, complementing and strengthening its know-how and bolstering its client portfolio.

3S PHOTONICS honours its commitments

Last July, 3S PHOTONICS raised funds of 13 million Euros from three investment funds, FSI, Alto Invest and Midi Capital. Armed with a healthy financial structure, 3S PHOTONICS thus continued its

objective of accelerating its growth process with external growth operations and diversification of its activity.

With this buyout, the French manufacturer's commitments are taking shape.

With a turnover of 23.04 M€ in FY09 (July 2008 to June 2009), 3S PHOTONICS expects to achieve, thanks to the integration of Avensys, a cumulated turnover in the region of US\$ 70m in the next fiscal year.

3S PHOTONICS will thus benefit from significant synergies, with an additional EBITDA estimated at over US\$ 3m for 2012. It should see a satisfactory increase in value. Its objective, eventually, is to achieve sufficient crucial mass of annual turnover of between 100 and 150 million Euros.

Geographical diversification and core activities

The integration of Avensys will help build a more balanced and more comprehensive portfolio of activities for 3S PHOTONICS.

It will help consolidate its offerings in terms of optical components, filters and packaging intended for the industrial laser market and the telecoms market.

It provides comprehensive expertise and know-how in terms of environmental management solutions.

3S PHOTONICS will also benefit from significant expansion of its Research & Development capacities. Today, the French manufacturer invests 15% of its revenue in R&D (the French average is 3%). With Avensys, R&D staff should exceed 70 people, representing over 20% of overall combined manpower. The Canadian State should also contribute to the financing of this R&D, in the form of a tax credit granted to ITF Labs (of close to one million Canadian dollars/year), a contribution made possible by the legal and financial structure of ITF Labs.

And finally, the buyout of Avensys allows 3S PHOTONICS, already present in the Asia-Pacific zone, to invest in the North American continent for the production and distribution of optical components and to bolster its client portfolio. The French manufacturer will thus strengthen its international predominance particularly within the submarine telecoms market.

About Avensys Corporation

Avensys Corporation operates Avensys Inc., its wholly-owned core subsidiary. Avensys Inc., through its manufacturing division Avensys Technologies, designs, manufactures, distributes, and markets high reliability optical components and modules as well as FBGs for the telecom market and high power devices and sub-assemblies for the industrial market. Avensys Technologies is also a pioneer in the development of packaged fiber-based sensors and possesses leading edge intellectual property.

Avensys Environmental Solutions, also a division of Avensys Inc., is an industry leader in providing environmental monitoring solutions for air, water and soil in the Canadian marketplace. To find out more about Avensys Environmental Solutions, please visit our website at www.avensyssolutions.com. For Avensys Corporation company news and updates you can also visit www.avensyscorporation.com

About 3S PHOTONICS

3S PHOTONICS – formerly Alcatel Optronics – is the leading world manufacturer of laser chips, optical discrete modules and components for undersea telecommunication networks. It designs, develops, manufactures and commercializes active components powered by in-house III-V optoelectronic chips based on both Gallium Arsenide (GaAs) and Indium Phosphide (InP) technologies and passive components using Fiber Bragg Gratings (FBG).

The 3S PHOTONICS renowned optoelectronic chip manufacturing plant of Nozay is a technological feat that is unique in the world as it brings together GaAs and InP technologies under the same roof.

Its product portfolio includes five product lines:

- * Transmission Laser and Detector Modules
- * Pump Laser Modules for terrestrial and submarine applications
- * Chromatic Dispersion Compensation Modules
- * Filters, gain equalizers and pump stabilizers based on Fiber Bragg Gratings for terrestrial and submarine applications
- * Chips (lasers and detectors) and Front End Services

With over 15 years of experience, the company takes advantage of its expertise and know-how to also address new markets, providing smart solutions for defense, industrial and medical applications.

Based in Nozay (Essonne near Paris, France), 3S PHOTONICS is run by Alexandre Krivine and Didier Sauvage. The company employs over 160 people, of which 130 are experts in the photonics industry.

www.3Sphotonics.com

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