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GLOBAL OPTICAL COMMUNICATION MARKET CONTINUES RECOVERY

Is a new investment cycle starting?

EUGENE, Ore. – September 29, 2010 – Despite continuing declines in Capex and modest growth in sales of telecom networking equipment, the industry momentum is clearly positive in 2010. Sales of datacom systems picked up promptly in 2010, as businesses restarted upgrade projects delayed by the economic downturn. Very strong demand for optical components and modules is an early indication of the industry-wide recovery. LightCounting projections for the market growth in 2011–2014 are detailed in the forecast report and database, which are available now.

Global sales of transceivers will reach \$2.4 billion in 2010, increasing by 16%. Sales of Ethernet and Fiber Channel modules will increase by 17% and 25%, respectively, driven by sales of 8G and 10G SFP+ transceivers. DWDM transceiver sales, lead by 10 Gbps XFP modules, will be up 22% for the year.

Sales of passive optical components, ROADMs, pump lasers and amplifiers are growing well ahead of the total market for components and modules in 2010. This suggests that a new cycle in infrastructure upgrades may be starting now, since these devices are typically used in early stages of network installations.

“Concerned about the future impact of a hobbled infrastructure, governments in the United States, China, India, and elsewhere are investing in economic stimulus programs to support the growth and expansion of their national communications infrastructure and jumpstarting a new investment cycle,” commented David Krozier, Senior Analyst at LightCounting. “We also see increasing use of optical connectivity in wireless infrastructure to support the exploding bandwidth needs of new 3G and LTE networks.”

The forecast report presents analysis of infrastructure upgrades of top ten network operators, a summary of trends in networking equipment market and detailed analysis of the forecast for optical components and modules. Forecast database includes historical data from 2007 to 2010 and a detailed market forecast through 2014 for optical components and modules used in Ethernet, Fibre Channel, SONET/SDH, CWDM/DWDM, wireless infrastructure, FTTx, and high performance computing applications. The sales data for 2007 to 2010 account for more than 30 transceiver vendors, including 25 vendors that shared confidential sales data with LightCounting. The market forecast for 2010 to 2014 is based on LightCounting's model correlating transceiver sales with network traffic growth and projected subscribers of FTTx systems.

About LightCounting

LightCounting is a market research company focused on in-depth study of the optical communications market. Our research covers the whole supply chain including components, modules, systems, and their applications. Most of our analysis is based on confidential sales data provided exclusively to LightCounting by leading component and module suppliers.

For more information: www.LightCounting.com or 408.962.4851.