

## ADVA OPTICAL NETWORKING REPORTS 51% GROWTH IN 2001 REVENUES TO EUR 90 MILLION

March 27, 2002

**Martinsried/Munich, Germany; Ramsey/New Jersey, USA. March 27, 2002.** ADVA Optical Networking (German Neuer Markt: ADV), a leading global provider of optical networking solutions, today announced fourth quarter and full-year 2001 audited financial results for the period ended December 31, 2001, and prepared in accordance with U.S. General Accepted Accounting Principles ("U.S. GAAP").

### FOURTH QUARTER AND FULL-YEAR 2001 FINANCIAL RESULTS

Revenues in the fourth quarter 2001 reached EUR 24.2 million, an increase of 98.6% over revenues in the fourth quarter 2000 of EUR 12.2 million, and a sequential increase of 4.4% over revenues in the third quarter 2001 of EUR 23.2 million. Pro forma operating loss improved from EUR 11.4 million in the fourth quarter 2000 to EUR 0.2 million in the fourth quarter 2001. Pro forma net loss from continuing operations improved from EUR 10.3 million in the fourth quarter 2000 to a pro forma net income of EUR 2.0 million in the fourth quarter 2001.

"The fourth quarter 2001 was marked by an intense focus on execution: we have now delivered three quarters of stable revenues ranging between EUR 23 and 25 million in a difficult market environment. We are furthermore pleased to report both significant advancements in maximizing efficiencies in our operations and full implementation of our cost-reduction measures," noted Andreas G. Rutsch, Chief Financial Officer. "Inventories decreased from EUR 21.9 million at the end of September 2001 to EUR 15.8 million at the end of December 2001, one of the drivers which increased our cash position to EUR 12.8 million as of March 25, 2002. We continued to reduce our operating loss and are on track to achieve pro forma operating break-even at a quarterly revenue level of EUR 23 to 24 million."

Actual net loss from continuing operations in the fourth quarter 2001 was EUR 1.8 million, compared to actual net income from continuing operations of EUR 3.1 million in the fourth quarter 2000. The higher loss was primarily the result of significant positive charges from stock option compensation expenses recorded in the fourth quarter 2000 as a result of the declining stock price. ADVA posted an actual net loss of EUR 11.7 million in the fourth quarter 2001 and EUR 7.7 million in the fourth quarter 2000, primarily as a result of the loss from discontinued operations at the company's Cambridge site. Actual basic net loss per share totalled EUR -0.35 in the fourth quarter 2001 and EUR -0.23 in the fourth quarter 2000.

Revenues in 2001 reached EUR 90.0 million, an increase of 51.2% over revenues during the year 2000 of EUR 59.5 million. Pro forma operating loss improved from EUR 8.7 million during 2000 to EUR 5.6 million during 2001. Pro forma net loss from continuing operations improved from EUR 7.0 million during 2000 to EUR 4.1 million during 2001.

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"2001 has been a year of unprecedented progress under difficult conditions for ADVA. And while we have been severely impacted by the slowdown in the global communications market, last year's downturn gave us the opportunity to show the fundamental strength of our market segments and our products," commented Brian L. Protiva, ADVA's Chief Executive Officer. "Over the course of the past year, we have maintained our position as the No. 1 supplier of optical networking equipment to the enterprise and metro access markets in Europe, and we advanced to become No. 3 worldwide. We increased annual revenues by 51% at a time when carrier equipment investments and corporate IT spending as whole declined – a clear indication that our solutions remain in demand. Although customer spending patterns remain unpredictable, ADVA's solutions continue to provide a compelling business case to customers and stimulate new demand."

Actual net loss from continuing operations during 2001 totalled EUR 35.1 million, compared to EUR 61.8 million during 2000. ADVA posted an actual net loss of EUR 116.4 million during 2001, compared to EUR 92.4 million during 2000. Actual basic net loss per share totalled EUR 3.57 during 2001 and EUR 2.95 during 2000.

#### FOURTH QUARTER 2001 HIGHLIGHTS

- ADVA announced the deployment of its FSP 500 metro access solutions by U.S.-based carrier BellSouth in November 2001. BellSouth is installing the FSP 500 in its networks to enable it to deploy high-speed premium managed services particularly for local area network, virtual private network, and disaster recovery applications.
- ADVA announced in December 2001 the successful deployment of a total of over 20,000 Wavelength Division Multiplexing ("WDM") channel cards in metropolitan networks. This milestone comes within a year after ADVA reached the 10,000 WDM channel mark and reflects the company's growing presence in the market.

#### PRESS CONFERENCE, CONFERENCE CALL, AND WEBCAST

In conjunction with the release of its full-year 2001 financial results, ADVA will host a press conference at 10:00 a.m. CET today, March 27, 2002, at its offices in Martinsried/Munich, Germany.

ADVA will also host a conference call for investors at 3:00 p.m. CET / 9:00 a.m. EST today, March 27, 2002. Investors may listen live via Webcast on ADVA's website. Participating in the call will be ADVA's Chief Executive Officer, Brian L. Protiva, and Chief Financial Officer, Andreas G. Rutsch. To listen to the Webcast, interested investors are encouraged to log onto the broadcast at least 15 minutes prior to the call, located on the media archives page in the investor relations section of ADVA's website at <http://www.advaoptical.com>. The call will be archived as an audio file on ADVA's website. The conference call presentation will also be available on the media archives page in the investor relations section of ADVA's website.

ADVA's complete financial statements and reporting package for the year 2001 can be currently found on its website. The company's 2001 annual report will be available in mid-May.

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**FIRST QUARTER 2002 OUTLOOK AND EARNINGS RELEASE DATE**

March 27, 2002

ADVA confirmed previous guidance for first quarter 2002 revenues of between EUR 20 to 25 million.

ADVA will announce financial results for the first quarter 2002 for the period ending March 31, 2002, on Tuesday, May 7, 2002. In conjunction with the release of its first quarter 2002 financial results, ADVA will host a conference call for investors at 3:00 p.m. CET / 9:00 a.m. EST on the same day.

**ABOUT ADVA OPTICAL NETWORKING**

ADVA Optical Networking is a leading global provider of optical networking solutions for rapid and cost-effective provisioning of high-speed data, storage, voice, and video services in the metropolitan area. ADVA's carrier-class portfolio is comprised of the Fiber Service Platform (FSP) family of products - explicitly designed to ensure the lowest total cost of ownership. ADVA's solutions have been deployed at over 49 carriers and service providers (including PTTs, RBOCs, LECs, and IXC) and more than 500 enterprises worldwide. ADVA's products are sold through an international network of blue-chip distribution partners in addition to its own direct sales force. Further information on ADVA: [www.advaoptical.com](http://www.advaoptical.com).

*The economic projections and forward-looking statements contained in this document relate to future facts. Such projections and forward-looking statements are subject to risks which cannot be foreseen and which are beyond the control of ADVA AG Optical Networking. ADVA AG Optical Networking is therefore not in a position to make any representation as to the accuracy of economic projections and forward-looking statements or their impact on the financial situation of ADVA AG Optical Networking or the market in the shares of ADVA AG Optical Networking.*

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