

News Release

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MERITON NETWORKS ANNOUNCES \$17 MILLION SERIES B FUNDING Funding to Fuel Carrier Product Trials and Market Expansion Initiatives

Ottawa, Canada, December 16, 2002 – Meriton Networks Inc. (www.meriton.com), developers of carrier-class wavelength networking equipment, today announced that it has secured additional funding of \$17 million (all figures in US dollars) in equity and debt. VenGrowth Capital Partners Inc. led this Series B round and VenGrowth general partner Dr. Mark Janoska becomes a member of the board of directors of Meriton Networks. VenGrowth was joined in the round by existing investors Desjardins Venture Capital Group, Newbury Ventures, Primaxis Technology Ventures, RBC Capital Partners (Telecommunications Fund), Sierra Ventures, Venture Coaches and VentureLink Fund.

The funding will be used to support the product trials now underway by telecommunication carriers, as well as expand into new markets. The company has recently opened operations in Asia, and is quickly building sales and distribution channels to serve this important market.

“We are pleased with the substantial customer and partner traction that we have secured,” said Mike Gassewitz, president of Meriton Networks. “Carriers love the dual-purpose nature of the product. The 7200 OADX is more cost effective than deploying Optical Add/Drop Multiplexer (OADMs) for adding capacity to exhausted networks; and with its networking capabilities, the OADX is also ideal for enabling managed wavelength services – an important new source of revenue for carriers.”

“Meriton Networks is re-defining metro optical networks with a system that allows carriers to grow top-line revenue with premium-priced services, while delivering immediate bottom-line savings in capital and operational expenses,” said Mark Janoska. “Even during these times of reduced spending, carriers around the world have shown committed interest in the value proposition being offered by Meriton.”

In its report entitled “The Market for Bandwidth Services,” industry analysts Communications Industry Researchers predict that wavelength services revenues will grow to \$1.125 billion by 2006. “As demand for high-speed connections grows, wavelength services will be an increasingly important source of revenue for carriers,” said

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David Gross, senior optical analyst with CIR. “Meriton allows providers to offer wavelengths more efficiently by combining switching and transmission in a single network element.”

More and more carriers are seeking alternatives to OADMs to overcome deployment issues regarding cost, scalability, link engineering, power balancing, and ring interconnection. The 7200 OADX is a new type of metro networking equipment that enables carriers to add capacity while reducing costs and simplifying operations. As a transparent integrated switching and transport system, the 7200 OADX meets the growing demand for high bandwidth services such as OC-n/SDH services, wavelengths, optical Ethernet, SANs and other data services using the same ports and facilities.

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About Meriton Networks Inc.

Founded in 2000, Meriton Networks Inc. is a privately held wavelength networking company. Meriton Networks has developed an advanced metro optical networking element called an Optical Add/Drop Switch (OADX). By integrating optical switching and transmission within a single unit, the OADX delivers immediate reductions in cost and network complexity for carriers and service providers. Meriton Networks offers a unique wavelength transparent solution (bit-rate and protocol independent) with superior performance monitoring and network management. In October 2002, Meriton Networks was recognized as the Best Investment Opportunity among 27 companies at the Ottawa VC Fair. For more information, please visit www.meriton.com.

About VenGrowth Capital Partners

With over \$1 billion in assets under management, VenGrowth Capital Partners is a Tier One Canadian venture capital management group, widely known and respected in the industry. Since it began operations in 1982, VenGrowth's accomplished team of seasoned venture capitalists has invested over \$769 million in more than 135 companies. These investments have been made on behalf of over 150,000 investors including leading pension funds, insurance companies, family foundations, and individual investors. Investee companies benefit from VenGrowth's substantial experience, resources, and hands-on investment style. VenGrowth's offices are located in Toronto (Corporate Headquarters), Ottawa and Boston, Massachusetts. For more information, please visit www.vengrowth.com.

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