

Redux Communications and Lycium Networks to Merge

Combined company announces top multi-service pseudo-wire solution for packet networks and secures follow-on funding from six leading VC funds

Tel Aviv, Israel – November 2, 2004 - Redux Communications, a leading provider of Multi-Service-over-Packet pseudo-wire solutions, and Lycium Networks, the leader in high density PDH/SDH pseudo-wire technology, today announced the merger of the two companies.

“The merger creates a strong pure-play pseudo-wire technology and solutions leader,” said Zeev Pritzker, CEO of Redux who will lead the combined company as CEO. “The complementary technologies of the two companies will enable Redux to deliver end-to-end carrier-grade solutions for TDM, Ethernet and mission critical data services over Metro Ethernet, MPLS, Cable and Broadband Wireless networks. We will continue to build our customer base throughout North America, Europe, Asia, and Latin America.”

The merged company has secured additional funding from Genesis Partners, Giza Venture Capital, Partech International and Delta Ventures – the current VC investors in Redux, and from Accel Partners and Benchmark Capital - the current VC investors in Lycium. The current funding round is expected to bring the company to profitability.

“Redux continuously focuses on enhancing its competitive position,” said Yair Shoham of Genesis Partners, Chairman of the Board of Redux and of the combined company. “We found Lycium, with its industry-leading technology, top-notch team and strongly committed investors, to be the ultimate ally. The merger of the two companies enables creation of an industry-leading end-to-end solution, and will position us as the ideal supplier to large telecom vendors and operators.”

Ron Cohen, Lycium’s co-founder and CTO, will become the CTO of the combined entity. The company will continue Redux’ and Lycium’s strategy of partnering and sharing solutions and technology with strategic OEMs, enabling carriers to deploy circuit emulation services over the fast-growing metro packet and broadband access networks. The company will offer the broadest range of pseudo-wire solutions that are compliant with existing and emerging Metro Ethernet Forum, IETF, MPLS Forum and ITU-T standards.

“We share the vision of Metro Ethernet as the key vehicle for delivery of top revenue-generating E1/T1 services, 2G/3G radio access network backhaul, and carrier-grade business services,” said Benchmark’s Arad Naveh, the acting CEO of Lycium, who will join the Redux board. “The combined strength of Lycium’s high density pseudo-wire PDH/SDH aggregation and synchronization technology and of the broad range of Multi-Service access solutions of Redux, creates the definitive solution that the market has been waiting for”.

In addition to Messrs. Shoham and Naveh, the Redux board of directors will include Messrs. Joe Golden of Accel Partners, Ezer Soref of Giza Venture Capital, Jean-Marc Patouillaud of Partech International and Mark Chais of Delta Ventures.

About Redux

Redux is the leading provider of standards-compliant system and OEM solutions for Multi-Service over Packet applications. Redux solutions are based on the company's proprietary silicon and system technology optimized to support high performance converged telecommunication services over Ethernet or IP infrastructure. Based in Modi'in, Israel, Redux has a worldwide presence and markets its products in the Americas, Europe and Asia. For more information, visit www.reduxcom.com.

About Lycium

Lycium Networks is a leader in the emerging market of Circuit Emulation over Packet (CEP). The company is pioneering highly efficient System on Chip (SoC) solutions for the seamless convergence of legacy services with existing and next-generation packet networks. Lycium's standards-based solutions bring new capabilities to a wide range of networks enabling communications equipment vendors to offer significant advantages to operators and end-users alike.

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