

FOR IMMEDIATE RELEASE

Gemfire and Covega Join Forces to Enable Next-Generation Integrated Photonics
*Combination of Active and Passive PLC Technologies Provides Leading-Edge Solutions
For Optical Telecom and Other Emerging Markets*

FREMONT, Calif., (February 12, 2008) -- Gemfire Corporation today announced the completion of the Merger with Covega Corporation, a leading provider of Indium-Phosphide and Lithium-Niobate components and modules to the telecommunication, industrial, medical, defense, and test and measurement industries. Covega will become a wholly owned subsidiary and the active component division of Gemfire's growing Planar Light Circuit (PLC) product family. Products from the Covega facility, located in Jessup, Maryland, include Superluminescent Light Emitting Diodes (SLEDs), Fabry-Perot Lasers, Tunable Laser Gain Chips, Semiconductor Optical Amplifiers, and Lithium Niobate Modulators.

Richard Tompane, president and CEO of Gemfire, highlighted the benefit of integrating active and passive wafer-scale architectures. "Through integration of more optical functions into PLCs, it is possible to provide better performance and cost effective solutions to meet the needs of large system integrators under pressure to deliver solutions capable of supporting the rapid growth in demand for bandwidth. This world-class team has the best technology and shares our vision of photonic integration."

Joe Dixon, the president and CEO of Covega, added that access to Gemfire's broad customer base and the ability to integrate active devices sets the stage for breakthrough opportunities. "Our advanced technology has provided us with a unique perspective of customer requirements, and now together we have the capability to expand our product portfolio to meet those needs. Furthermore, our combined expertise enables us to be a leader in next generation 40G and beyond, Passive-Optical-Networks and other advanced optical network applications." East Peak Advisors was the exclusive advisor to Covega in the transaction.

About Gemfire

Gemfire is an integrated photonics company headquartered in Fremont, California with high volume manufacturing in Scotland, and now near Baltimore, Maryland. The Gemfire PhotonIC™ planar technology platform enables wafer-scale processing to produce optical components, such as Athermal and standard AWGs, TODCs, VOAs, and VMUXs, with industry leading performance,

and the ability to scale production in a similar way as the semiconductor industry. Gemfire has been shipping its Telcordia qualified products to dozens of top tier optical system companies all over the world since 2003.

About Covega

Covega has established world-class proprietary technologies to produce high performance optical devices and is a leading provider of state-of-the-art opto-electronic components and subsystems. Its wide range of products and services are designed to meet the needs of optical networks and the increased bandwidth demand for fiber-to-the-premises applications of its worldwide customer base. With an early focus on the telecom and datacom industries, Covega also serves the defense, medical, industrial, sensing, test & measurement and instrumentation industries.

For more information about Gemfire, Covega and all the products (and product acronym details), visit booth #808 at OFC in San Diego, California during the exhibition February 25-28, 2008 or the website: www.gemfire.com.

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