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## QUANTUM3D AND CG<sup>2</sup> ANNOUNCE MERGER

### *Merger to Unite Leading Open Architecture Hardware and Software Companies to Bring Integrated Innovation to Visual Simulation, Training and Embedded Visual Computing Markets*

**SAN JOSE, CA and HUNTSVILLE, AL – August 5, 2002** – Today Quantum3D®, Inc. and CG<sup>2</sup>®, Inc. announced the merger of the two companies. This merger expands on the companies' previous collaborative integration and development efforts, and establishes the merged company as the leading supplier of open architecture image generation solutions to the Visual Simulation and Training (VST) market, as well as an emerging leader in the Embedded Visual Computing (EVC) market. Under the merger, CG<sup>2</sup> will become a wholly owned subsidiary of Quantum3D. The companies will continue operating from their respective Huntsville, Alabama and San Jose, California headquarters under their current management teams.

"This announcement marks a significant milestone in our strategy of developing the most advanced solutions available for realtime visual computing," said Jeff Edson, president and CEO of Quantum3D. "By merging, we have combined the leading provider of open architecture image generation hardware and the leading provider of high-level visual simulation and training software—which we believe will enable us to deliver an unprecedented level of highly optimized, tightly integrated solutions for our markets."

"Quantum3D and CG<sup>2</sup> have already experienced tremendous synergy between the companies given the large volume of product integration and joint business we've won together," added David King, president of CG<sup>2</sup>. "By bringing together our hardware and software engineering talent into one organization, combined with an ability to provide unified support and service, we believe we will meet the market's demand for a visual system solution provider that can deliver the best hardware and software technology in an integrated and well supported fashion."

The merger will provide both companies' customers with a single point of purchase for Quantum3D's industry leading PC-based image generation systems, combined with CG<sup>2</sup>'s industry-leading high-level visual simulation software. These integrated solutions, along with a unified support approach, will provide prime contractors, systems integrators and training systems providers with a highly optimized, scalable solution set that addresses a wide range of advanced, realtime visual computing applications. In addition to selling integrated visual system solutions, the companies will also continue to sell their respective software and system and component-level products to customers that desire to purchase at the component level and combine such products with third party or internally developed open architecture components.

"CG<sup>2</sup> and Quantum3D have pioneered the open architecture realtime visual computing market. While we share that legacy, we also share a common corporate business model that is based on partnerships with a range of companies that sell our products at all levels of integration," said Ross Q. Smith, Quantum3D co-founder and executive vice president of marketing and business development. "Our merger means we can now offer a higher level of integration to those customers that desire it, while still supporting each of our partners that prefer to buy our respective software or component-level hardware solutions."

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Both Quantum3D and CG<sup>2</sup> have significant worldwide design wins and partnerships with leading organizations in the VST and EVC markets. Prominent government and commercial R&D, prime contractors, training providers and systems integrators using Quantum3D and CG<sup>2</sup> solutions include: Adacel Technologies, Alenia Marconi, the Boeing Corporation, CAE, Inc., Carmel Applied Technologies, Inc., CSC, Ford Motor Company, General Dynamics, Fairchild/Smiths, Honda, Honeywell, Indra, Kaiser Electronics/Rockwell Collins, Lantech, Lockheed Martin, Multigen-Paradigm, NLX Corporation, Raytheon, SAIC, SBS Technologies, SimCom, Simtran, Thales Training and Simulation, and the U.S. Army, Navy and Air Force.

“Like most technology industries, the simulation industry goes through cycles where a number of companies emerge to take advantage of a new discontinuity in the marketplace, followed by consolidation that ultimately results in clear winners,” said Dr. Jon Peddie, president, Jon Peddie Research, and publisher of Tech Watch. “This most recent discontinuity is the viability of PC-based image generation, which was, to a large degree brought about by Quantum3D and CG<sup>2</sup>. The combination of these two companies, their momentum and synergy should better position the merged company as a primary supplier to the primes, and for rapidly increasing their market share.”

#### **About CG<sup>2</sup>, Inc.**

Founded in May 1995, CG<sup>2</sup>, Inc. (Huntsville, AL) is a leading supplier of affordable, high-performance software products and services for real-time 3D graphics visualization, real-time 3D-model development, real-time image generation, and simulation development. CG<sup>2</sup> develops and sells its innovative software products for computer-generated graphics to the commercial aerospace, automotive, and government agencies. The CG<sup>2</sup> software product portfolio includes Mantis™, VTree® SDK, FACETS™, IData™, and viXsen™. CG<sup>2</sup> software supports Windows, Linux, SGI IRIX, and Sun Solaris operating systems-based platforms and provides the highest-performance and most realistic visualizations required by the visual simulation markets. For more information, please see [www.cg2.com](http://www.cg2.com).

#### **About Quantum3D**

Quantum3D develops and markets realtime 2D/3D visual computing subsystems, integrated systems and software for the visual simulation and training and embedded visual computing markets. Quantum3D's AAlchemy®, Obsidian® and Graphite family of scaleable, open architecture PC-based image generators (PC-IGs) include mission critical features, industry leading performance, superior graphics and image quality, and unsurpassed value, which have made the products the industry standard for synthetic environment training applications. In addition, Quantum3D creates and distributes realtime development software tools and products, including OpenGVS™, which enable developers to fully optimize their applications to benefit from the company's visual computing solutions. Quantum3D is the exclusive supplier of NVIDIA® graphics technology for the embedded military and aerospace visual computing market. Quantum3D's embedded visual computing product offerings include the FARSIGHT nV program for custom form factor applications embedded graphics applications, and the Sentiris™ embedded graphics subsystems for COTS form factor embedded graphics applications. Quantum3D is a privately held, venture-backed company headquartered in San Jose, CA. For more information, please see [www.quantum3d.com](http://www.quantum3d.com).

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