



Evaluating an Exit in Today's Capital Markets

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Introduction

"Cut your losses; Ride your winners."

- Old investing adage

Ride your winners. The logic is unassailable, but what should investors do to optimize the return from the winners in the portfolio? We analyzed capital markets transactions for technology companies over the past three quarters to provide guidance for companies that are reviewing alternatives. Our goal is to help management and investors answer the questions that will determine the exit outcome, such as:

- ▶ Is the company ready for the public markets? What profile of technology company is positioned to succeed in the public markets?
- ▶ Would a trade sale provide a higher and more certain return for shareholders?
- ▶ Should the company raise more capital to allow investments that could accelerate revenue growth?

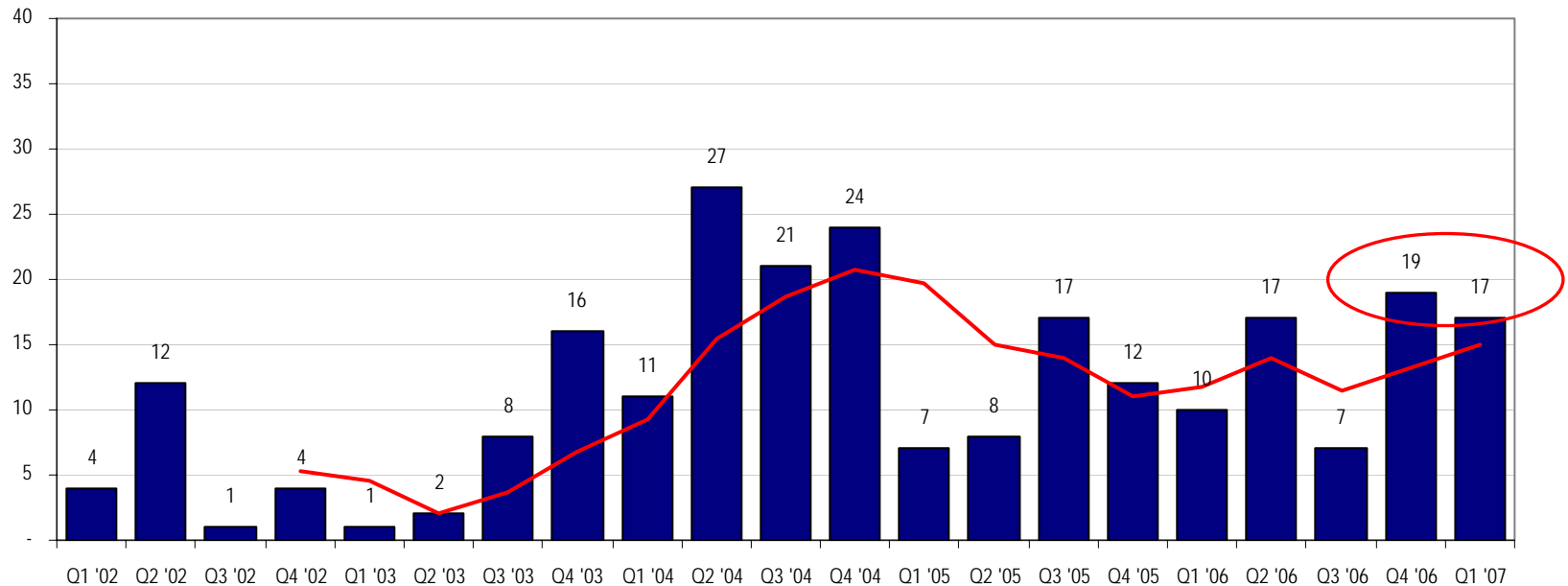
SECTION 1

Prerequisite Profile for a Successful IPO

The IPO Window is Open

Venture-Backed IPOs in the tech sector performed well in late 2006, opening the window for a more active 2007 IPO market

Venture-Backed Technology IPOs



Source: Venture Expert

You May Be Able to Get Public, But Should You?

What is a “successful” IPO?

- Success is defined by relative return to the company’s pre-IPO shareholders
- An IPO involves incremental costs and uncertainty relative to a strategic sale

∴ To compensate for the risk, a successful IPO must provide a greater return than a successful trade sale

- Success for institutional investors means returns in the top decile
- A top decile outcome in a tech trade sale is a \$200 million dollar valuation⁽¹⁾
- Pre-IPO shareholders usually experience 25 – 35% dilution from the IPO

∴ A successful IPO is at least a \$300 million market capitalization at IPO price

(1) Thomson One Banker, 2003-2007YTD

Examples of Successful Recent Technology IPOs

(\$ in millions)

Company	Date Founded	Sector	Private Capital Raised	IPO Date	Market Cap at Pricing	After Market Performance
EnerNOC	1/1/2001	Energy	\$27.4	5/17/2007	\$452.6	24%
TechTarget	9/14/1999	Internet Services Provider	\$128.0	5/16/2007	\$507.8	14%
Comverge	10/6/1997	Electronic Instruments	\$39.7	4/12/2007	\$315.3	35%
Veraz Networks Inc	9/1/1998	Computer Networks	\$96.3	4/4/2007	\$316.5	-26%
Aruba Networks	2/1/2002	Communications Equipment	\$86.1	3/26/2007	\$827.3	28%
Glu Mobile	11/1/2001	Gaming	\$56.8	3/21/2007	\$327.0	15%
Bigband Networks	5/1/1999	Communications Services	\$100.0	3/14/2007	\$742.5	38%
Sourcefire Inc	12/1/2001	Security	\$54.8	3/8/2007	\$346.7	-13%
Clearwire Corp	1/1/1999	Internet Services Provider	\$397.0	3/7/2007	\$4,048.0	-26%
Mellanox Technologies Ltd	3/1/1999	Semiconductors	\$89.3	2/7/2007	\$491.3	8%
Switch & Data Facilities Inc	3/10/1998	Computer Services	\$187.0	2/7/2007	\$574.7	4%
JA Solar Holdings Co Ltd	1/1/2005	Semiconductors	\$19.7	2/6/2007	\$657.6	61%
Solarfun Power Holdings	8/1/2004	Semiconductors	\$53.0	12/19/2006	\$600.0	-3%
Trina Solar Ltd	1/1/1997	Semiconductors	\$39.2	12/18/2006	\$392.5	201%
Isilon Systems Inc	1/24/2001	Storage	\$70.9	12/14/2006	\$786.4	6%
IPG Photonics Corp	1/1/1990	Semiconductors	\$102.8	12/12/2006	\$707.5	21%
First Solar Inc	1/1/1999	Semiconductors	\$71.0	11/16/2006	\$1,387.7	226%
Canadian Solar Inc	1/1/2001	Semiconductors	\$11.8	11/8/2006	\$409.1	-35%
ORBCOMM Inc	1/1/1993	Communications Services	\$110.5	11/2/2006	\$399.3	13%
GLOBALSTAR INC	11/19/2003	Communications Services	\$43.0	11/1/2006	\$1,196.4	-43%
Optium Corp	10/1/2000	Electronic Instruments	\$64.7	10/26/2006	\$428.9	-12%
Acme Packet Inc	8/1/2000	Communications Services	\$45.5	10/12/2006	\$538.7	21%
Shutterfly Inc	4/1/1999	Internet Services Provider	\$67.0	9/28/2006	\$354.2	18%
DIVX Inc	5/16/2000	Software	\$47.1	9/21/2006	\$534.9	-6%
CommVault Systems Inc	6/1/1998	Software	\$149.2	9/21/2006	\$603.9	19%
Riverbed Technology Inc	5/1/2002	Computer Services	\$56.6	9/20/2006	\$631.4	289%

Since 6/30/06 these technology companies raised \$2,067.1 million in “successful” initial public offerings

Source: Company's S-1 Filing, Venture Expert

What Growth Rates Are Attracting Public Capital?

IPO investors favored demonstrated growth and revenue scale

- Winners had year over year revenue growth of 190% and mean LTM revenue of \$78 million

(\$ in millions)

Company	LTM Revenue	LQ Revenue	Q-2 Revenue	Q-3 Revenue	Q-4 Revenue	Average
EnerNOC	\$31.0	\$10.0	\$5.9	\$11.0	\$4.1	\$7.7
TechTarget	\$82.4	\$18.3	\$23.1	\$20.3	\$20.7	\$20.6
Comverge	\$33.9	\$21.1	\$3.2	\$3.7	\$5.9	\$8.5
Veraz Networks Inc	\$99.6	\$28.8	\$26.1	\$23.0	\$21.7	\$24.9
Aruba Networks	\$96.0	\$26.6	\$24.5	\$23.9	\$21.0	\$24.0
Glu Mobile	\$46.2	\$14.3	\$12.3	\$11.4	\$8.1	\$11.5
Bigband Networks	\$176.6	\$63.0	\$43.1	\$38.0	\$32.6	\$44.2
Sourcefire Inc	\$44.9	\$16.0	\$10.9	\$9.5	\$8.5	\$11.2
Clearwire Corp	\$91.9	\$23.7	\$27.1	\$23.5	\$17.6	\$23.0
Mellanox Technologies Ltd	\$48.5	\$15.8	\$13.4	\$10.8	\$8.5	\$12.1
Switch & Data Facilities Inc	\$111.8	\$29.3	\$28.4	\$27.5	\$26.7	\$28.0
JA Solar Holdings Co Ltd	\$89.3	\$44.8	\$31.8	\$12.3	\$0.4	\$22.3
Solarfun Power Holdings	\$59.0	\$23.1	\$12.8	\$13.0	\$10.1	\$14.8
Trina Solar Ltd	\$91.6	\$32.4	\$28.9	\$14.5	\$15.9	\$22.9
Isilon Systems Inc	\$50.3	\$17.8	\$13.4	\$10.4	\$8.7	\$12.6
IPG Photonics Corp	\$135.3	\$36.2	\$32.2	\$32.7	\$34.1	\$33.8
First Solar Inc	\$95.9	\$40.8	\$27.9	\$13.6	\$13.6	\$24.0
Canadian Solar Inc	\$37.4	\$17.3	\$8.8	\$6.8	\$4.5	\$9.3
ORBCOMM Inc	\$23.6	\$5.6	\$6.3	\$6.4	\$5.5	\$5.9
GLOBALSTAR INC	\$143.7	\$38.7	\$38.4	\$30.3	\$36.3	\$35.9
Optium Corp	\$69.5	\$23.0	\$16.5	\$16.0	\$14.0	\$17.4
Acme Packet Inc	\$57.5	\$19.2	\$18.9	\$12.7	\$6.8	\$14.4
Shutterfly Inc	\$93.2	\$19.6	\$16.9	\$41.0	\$15.6	\$23.3
DIVX Inc	\$46.2	\$13.2	\$14.1	\$10.6	\$8.4	\$11.6
CommVault Systems Inc	\$120.9	\$33.5	\$32.4	\$29.1	\$25.9	\$30.2
Riverbed Technology Inc	\$49.5	\$18.0	\$13.7	\$10.6	\$7.1	\$12.4

Source: Company's S-1 Filing

Strong Quarterly Growth Helped Drive IPO Success

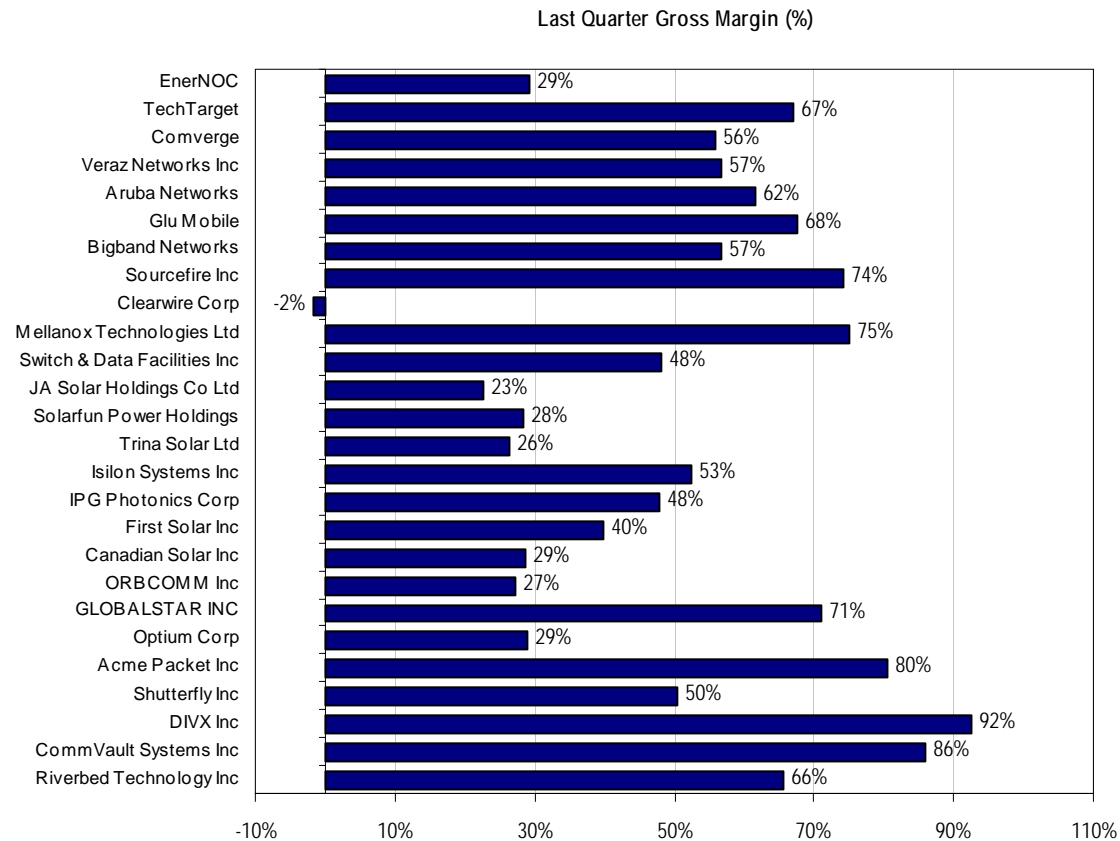
In the year prior to IPO pricing, the mean⁽¹⁾ quarter over quarter revenue growth rate was 31%

Company	LQ Growth Revenue	Q-2 Growth Revenue	Q-3 Growth Revenue	Average Growth Rate
EnerNOC	69%	-46%	168%	63%
TechTarget	-21%	14%	-2%	-3%
Comverge	557%	-12%	-37%	169%
Veraz Networks Inc	10%	13%	6%	10%
Aruba Networks	9%	3%	14%	8%
Glu Mobile	16%	8%	42%	22%
Bigband Networks	46%	13%	17%	25%
Sourcefire Inc	47%	14%	12%	24%
Clearwire Corp	-13%	15%	34%	12%
Mellanox Technologies Ltd	18%	24%	27%	23%
Switch & Data Facilities Inc	3%	3%	3%	3%
JA Solar Holdings Co Ltd	41%	159%	2975%	1058%
Solarfun Power Holdings	81%	-1%	29%	36%
Trina Solar Ltd	12%	100%	-9%	34%
Isilon Systems Inc	33%	29%	20%	27%
IPG Photonics Corp	12%	-2%	-4%	2%
First Solar Inc	46%	104%	0%	50%
Canadian Solar Inc	96%	29%	50%	59%
ORBCOMM Inc	-11%	-2%	17%	1%
GLOBALSTAR INC	1%	27%	-16%	4%
Optium Corp	40%	3%	14%	19%
Acme Packet Inc	1%	49%	87%	46%
Shutterfly Inc	16%	-59%	163%	40%
DIVX Inc	-7%	33%	26%	18%
CommVault Systems Inc	4%	11%	12%	9%
Riverbed Technology Inc	31%	29%	50%	37%

(1) Stripped Mean
Source: Company's S-1 Filing

What Is the Standard for Profitability?

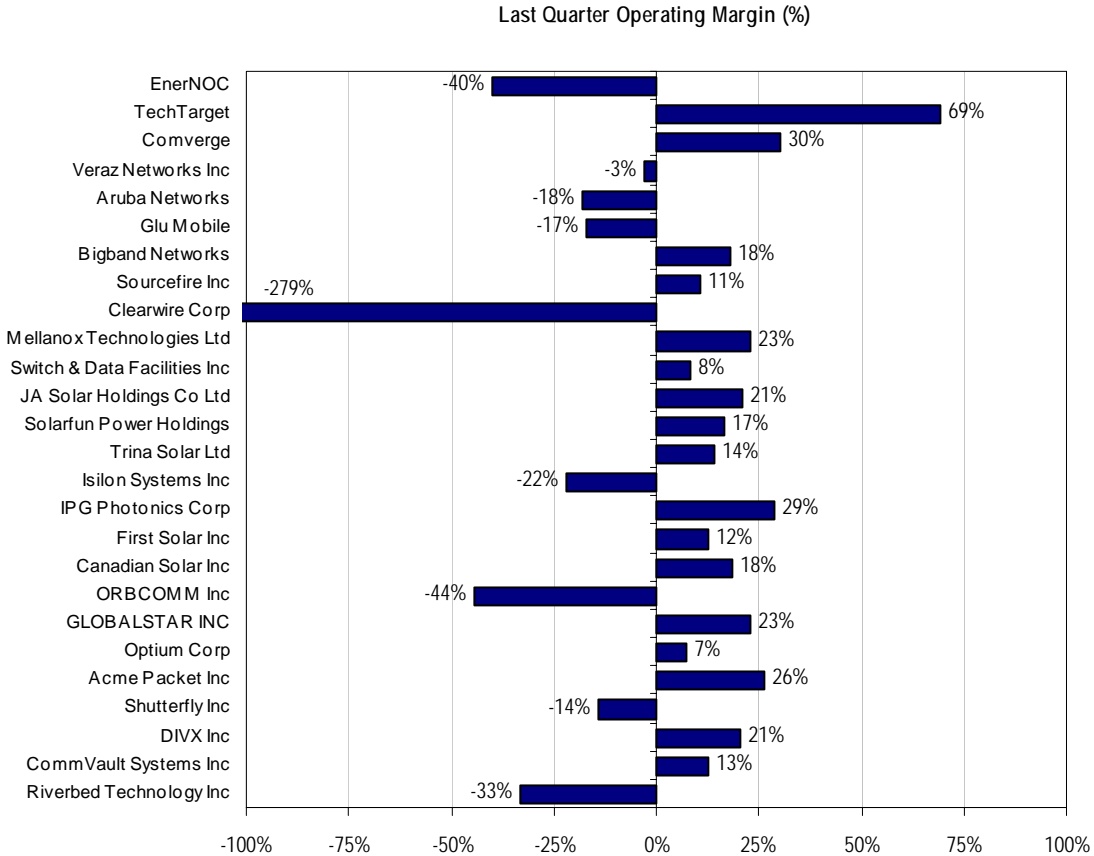
On average, successful companies achieved 50% gross margins in the quarter prior to IPO pricing



Source: Company's S-1 Filing

Do You Need Positive Operating Income?

63% of the companies had positive operating income at pricing; 50% had been profitable for at least 3 quarters prior to pricing

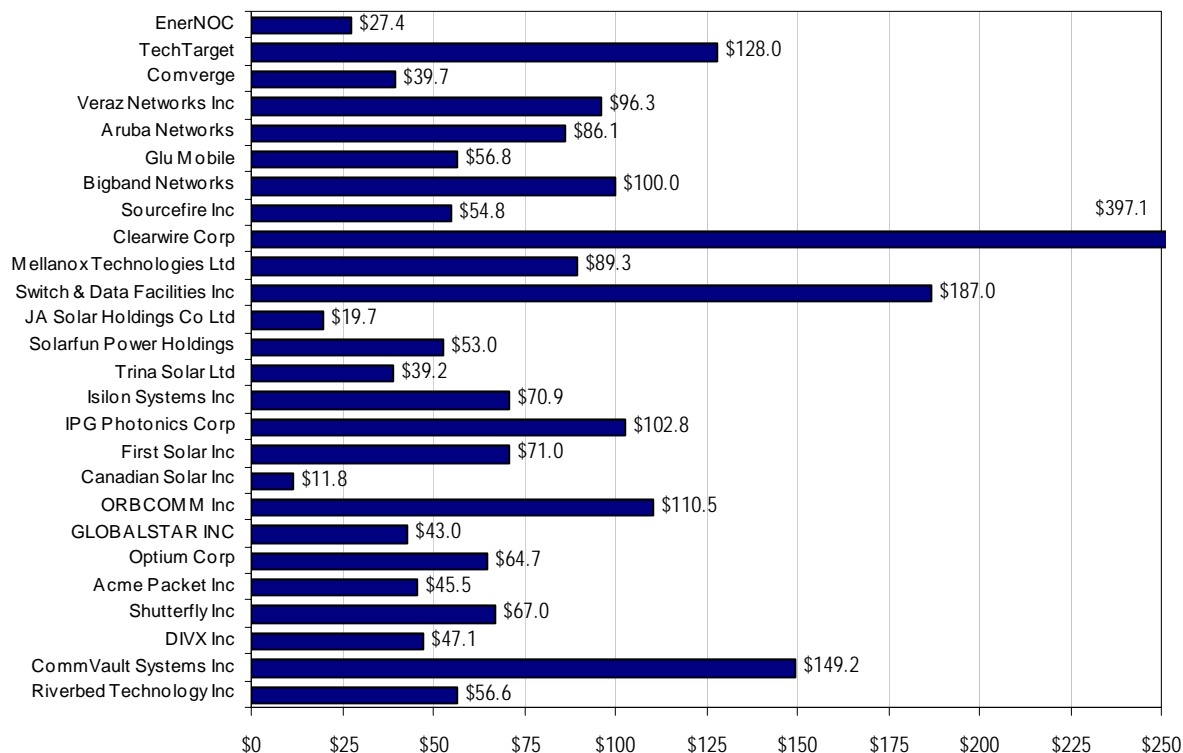


Source: Company's S-1 Filing

Private Capital Raised

To reach the scale for a successful IPO, these companies raised an average of \$73 million of equity capital in the private market

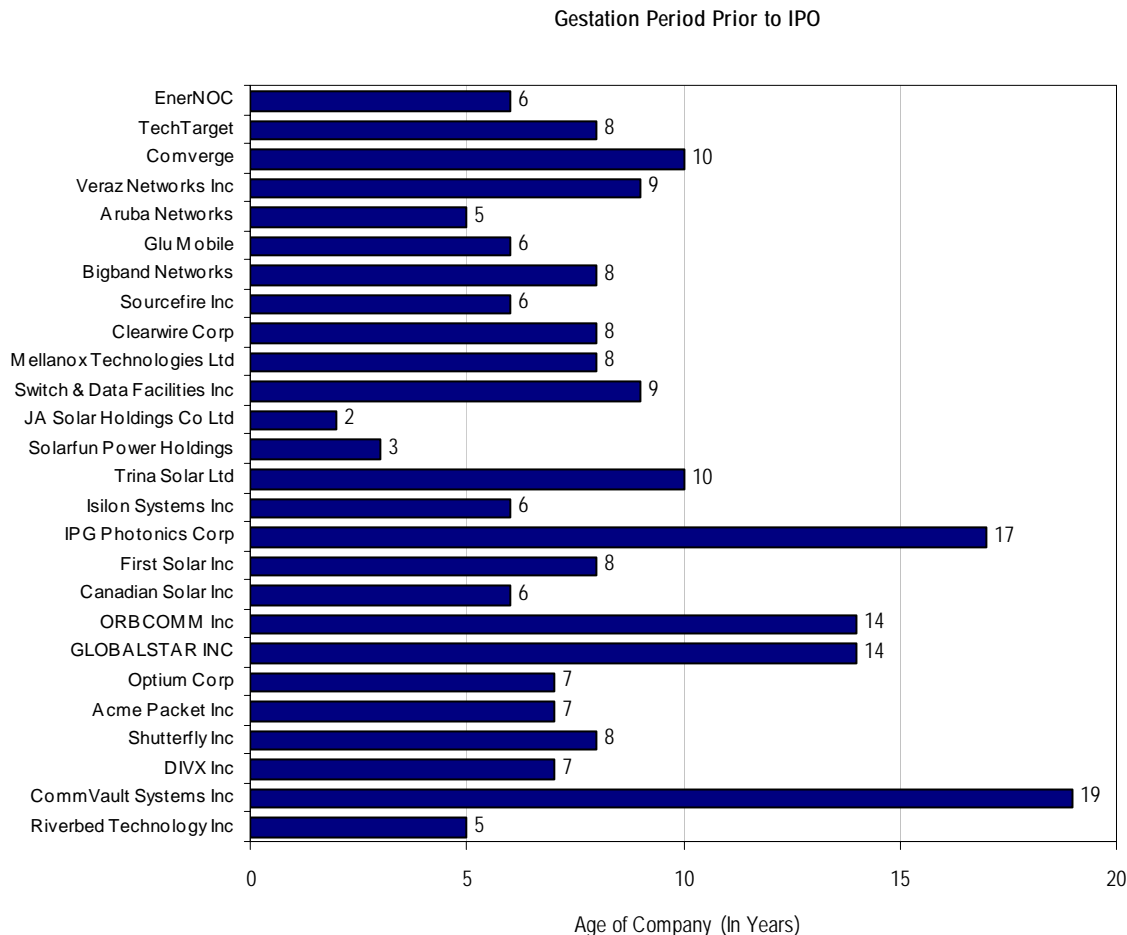
Capital Raised Prior to IPO (\$ in millions)



Source: Company's S-1 Filing, Venture Expert

Gestation Period

On average, these companies matured over 8 years to reach the sale required for a successful IPO



Source: Venture Expert

IPO Transaction Metrics

Solar power and data communication have been in favor; Solar continues to command multiples well above other sectors

(\$ in millions)							
Company	Capital Raised	Stock Floated (%)	Initial Price per Share	Current Price per Share	Aftermarket Performance	Current Market Cap	LTM Revenue Multiple
Data Communications							
Acme Packet Inc	\$45.5	20%	\$9.50	\$11.46	21%	\$701.5	12.2x
Aruba Networks	\$86.1	11%	\$11.00	\$14.09	28%	\$1,074.5	11.2x
Bigband Networks	\$100.0	19%	\$13.00	\$17.95	38%	\$1,016.1	5.8x
GLOBALSTAR INC	\$43.0	11%	\$17.00	\$9.65	-43%	\$708.4	4.9x
IPG Photonics Corp	\$102.8	21%	\$16.50	\$19.95	21%	\$858.0	6.3x
Mellanox Technologies Ltd	\$89.3	21%	\$17.00	\$18.36	8%	\$553.5	11.4x
Optium Corp	\$64.7	21%	\$17.50	\$15.46	-12%	\$423.3	6.1x
ORBCOMM Inc	\$110.5	25%	\$11.00	\$12.41	13%	\$463.6	19.6x
Switch & Data Facilities Inc	\$187.0	35%	\$17.00	\$17.76	4%	\$608.5	5.4x
Veraz Networks Inc	\$96.3	23%	\$8.00	\$5.90	-26%	\$240.4	2.4x
Mean	\$92.5	21%	\$13.75	\$14.30	5%	\$664.8	8.5x
Solar							
Canadian Solar Inc	\$11.8	28%	\$15.00	\$9.79	-35%	\$278.4	7.4x
First Solar Inc	\$71.0	29%	\$20.00	\$65.17	226%	\$4,911.4	51.2x
JA Solar Holdings Co Ltd	\$19.7	34%	\$15.00	\$24.11	61%	\$1,820.0	20.4x
Solarfun Power Holdings	\$53.0	25%	\$12.50	\$12.11	-3%	\$684.0	11.6x
Trina Solar Ltd	\$39.2	25%	\$18.50	\$55.74	201%	\$1,206.9	13.2x
Mean	\$38.9	28%	\$16.20	\$33.38	90%	\$1,780.2	20.8x
Other Technology							
Clearwire Corp	\$397.0	15%	\$25.00	\$18.54	-26%	\$2,821.3	30.7x
CommVault Systems Inc	\$149.2	27%	\$14.50	\$17.29	19%	\$647.4	5.4x
Comverge	\$39.7	35%	\$18.00	\$24.30	35%	\$419.7	12.4x
DIVX Inc	\$47.1	27%	\$16.00	\$15.06	-6%	\$547.5	11.8x
EnerNOC	\$27.4	20%	\$26.00	\$32.18	24%	\$560.2	18.1x
Glu Mobile	\$56.8	26%	\$11.50	\$13.26	15%	\$368.0	8.0x
Isilon Systems Inc	\$70.9	14%	\$13.00	\$13.82	6%	\$816.3	16.2x
Riverbed Technology Inc	\$56.6	14%	\$9.75	\$37.96	289%	\$2,535.5	51.3x
Shutterfly Inc	\$67.0	25%	\$15.00	\$17.75	18%	\$433.6	4.7x
Sourcefire Inc	\$54.8	25%	\$15.00	\$13.03	-13%	\$321.6	7.2x
TechTarget	\$128.0	16%	\$13.00	\$14.79	14%	\$587.9	7.1x
Mean	\$99.5	22%	\$16.07	\$19.82	34%	\$914.4	15.7x

Source: Company's S-1 Filing

SECTION 2

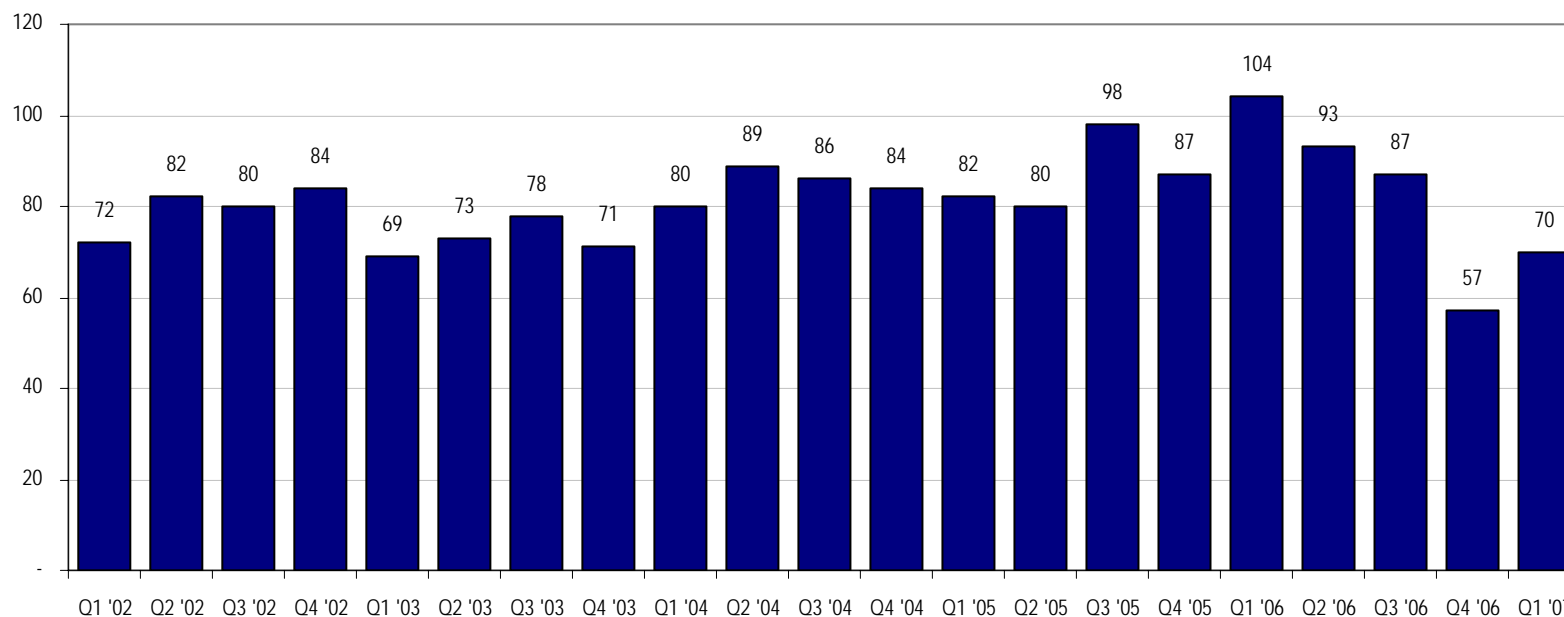
The Strategic Sale Alternative

M&A Remains the Dominant Exit Path

Strategic sales continue to outpace IPO volume by a 5:1 ratio

- Deal volume is down slightly over prior year, reflecting slower company creation pace during the 2001 – 2003 period

Venture-Backed Technology M&A Transactions



Source: Venture Expert

Investors Are Getting M&A Multiples Comparable to IPO Results

(\$ in millions)							
Date	Target / Acquirer	Target Business Description	Enterprise Value ⁽¹⁾	Revenue		Enterprise Val. / Revenue	
				LTM	NTM	LTM	NTM
04/23/07	Cartesis Group / Business Objects ⁽²⁾	Provider of BPM, business performance management and accounting software to enterprises	\$305.6	\$125.0	N/A	2.4x	N/A
04/19/07	Hitwise / Experian	Provider of customer data collection and search engine optimization services to enterprises and Internet advertisers	\$240.0	\$40.0	\$56.0	6.0x	4.3x
04/13/07	DoubleClick / Google ⁽²⁾	Provider of digital marketing technology and services	\$3,100.0	\$150.0	N/A	20.7x	N/A
03/28/07	Ruesch International / Travelex	Provider of foreign exchange operations including international payments, exchanging currencies, and risk management	\$400.0	\$75.0	N/A	5.3x	N/A
02/02/07	Vista International / Ingenta	Provider of content management, SCM, e-commerce and CRM SaaS to publishing markets	\$496.3	N/A	N/A	N/A	N/A
01/30/07	Hirschmann / Belden	Provider of industrial Ethernet, connectivity product lines, electronic control and safety systems for cranes	\$260.0	\$250.0	N/A	1.0x	N/A
01/10/07	StubHub / EBAY	Provider of online marketplace for the resale of event tickets	\$286.0	\$100.0	N/A	2.9x	N/A
01/09/07	PrairieWave Comm. / Knology	Provider of voice, video and high-speed internet broadband services	\$255.0	N/A	\$37.3	N/A	6.8x
01/04/07	IronPort Systems / Cisco Systems ⁽¹⁾	Provider of messaging security appliances that focus on enterprise spam and spyware protection	\$830.0	\$76.0	N/A	10.9x	N/A
01/02/07	Agilisys KeyLink Systems / Arrow Electronics	Distributor of enterprise servers, storage and software to 800+ reseller partners to the U.S. and Canada	\$485.0	\$1,600.0	N/A	0.3x	N/A
12/28/06	Abacus / Alliance Data Systems	Provider of data, data management and analytical services optimizing customer acquisition and retention	\$435.0	N/A	N/A	N/A	N/A
12/11/06	Argencard / First Data Corporation	Provider of payment processing in Argentina and Uruguay	\$200.0	\$15.0	N/A	13.3x	N/A
11/23/06	Submarino S.A. / Americanas.com	Provider of a Web-based consumer marketplace, as well as music and game downloads to Brazilian consumers	\$2,459.2	\$344.8	\$391.0	7.1x	6.3x
11/17/06	Dage Holdings / Nordson	Manufacturer of testing and inspection equipment used in the semiconductor and printed circuit board industries	\$229.5	\$59.0	N/A	3.9x	N/A

(1) Transaction value used as a proxy where enterprise value not available

(2) Target operating metrics based on estimates

Investors Are Getting M&A Multiples Comparable to IPO Results

(\$ in millions)							
Date	Target / Acquirer	Target Business Description	Enterprise Value ⁽¹⁾	Revenue		Enterprise Val. / Revenue	
				LTM	NTM	LTM	NTM
10/25/06	Overwatch Systems / Textron Systems	Provider of intelligence analysis/IT tools and communication products for DoD (Army war fighters), DHS, and Intel agencies	\$325.0	\$130.7	N/A	2.5x	N/A
10/24/06	PowerDsine / Microsemi	Provider of telecommunications equipment	\$284.5	\$33.8	N/A	8.4x	N/A
10/23/06	Proquest Business Solutions / Snap-on ⁽²⁾	Provider of catalog management software to automotive markets, as well as SCM services	\$499.0	\$185.0	N/A	2.7x	N/A
10/17/06	Pemstar / Benchmark Electronics	Provider of global engineering, product design, automation and test, manufacturing and fulfillment services	\$300.0	\$871.0	N/A	0.3x	N/A
10/09/06	YouTube / Google	Online video entertainment company	\$1,650.0	N/A	N/A	N/A	N/A
09/26/06	Jazz Semiconductor / Acquiror Technology	Manufacturer of semiconductor wafers for wireless, optical networking, power management, storage and defense markets	\$260.0	\$233.2	N/A	1.1x	N/A
09/12/06	Usinternetworking / AT&T	Provider of enterprise application hosting services, including application outsourcing, remote management and Web development	\$300.0	N/A	N/A	N/A	N/A
09/12/06	WiderThan / RealNetworks	Provider of mobile entertainment and delivery software, as well as hosted services including ringtones, music-on-demand, mobile games and	\$257.0	\$118.8	N/A	2.2x	N/A
09/11/06	MediMedia USA / Vestar Capital/MediMedia	Provider of hosted database and data management software and related manage services to medical and pharmaceutical markets	\$634.0	N/A	N/A	N/A	N/A
08/09/06	Atom Entertainment / Viacom (MTV)	Provider of online games, video clips, and animation content to consumers through its subsidiary companies Atomfilms, Shockwave, and	\$200.0	N/A	N/A	N/A	N/A
07/20/06	Software Spectrum / Insight Enterprises ⁽²⁾	Provider of distribution services of business software to businesses worldwide	\$287.0	\$1,900.0	N/A	0.2x	N/A
07/11/06	CipherTrust / Secure Computing ⁽²⁾	Provider of messaging security software to enterprises to protect email and instant messaging systems	\$273.6	\$56.0	\$89.4	4.9x	3.1x

Median	2.9x	5.3x
Mean	5.1x	5.1x
High	20.7x	6.8x
Low	0.2x	3.1x

(1) Transaction value used as a proxy where enterprise value not available

(2) Target operating metrics based on estimates

Conclusion: M&A Remains a Viable IPO Alternative

- Technology M&A market is healthy
- Large Cap acquirers continue to have strong balance sheets
- Boards again viewing M&A as core to addressing strategic issues
 - EMC and HP building software portfolios via M&A
 - Cisco using M&A to expand its product portfolio in wireless
 - Cash is often currency of choice
- Sale process allows for negotiation with competing bidders
- Board members avoid time consuming process of remaining on a public board in the Sarb-Ox era

SECTION 3

Market Conditions for Raising Growth Equity in the Private Markets

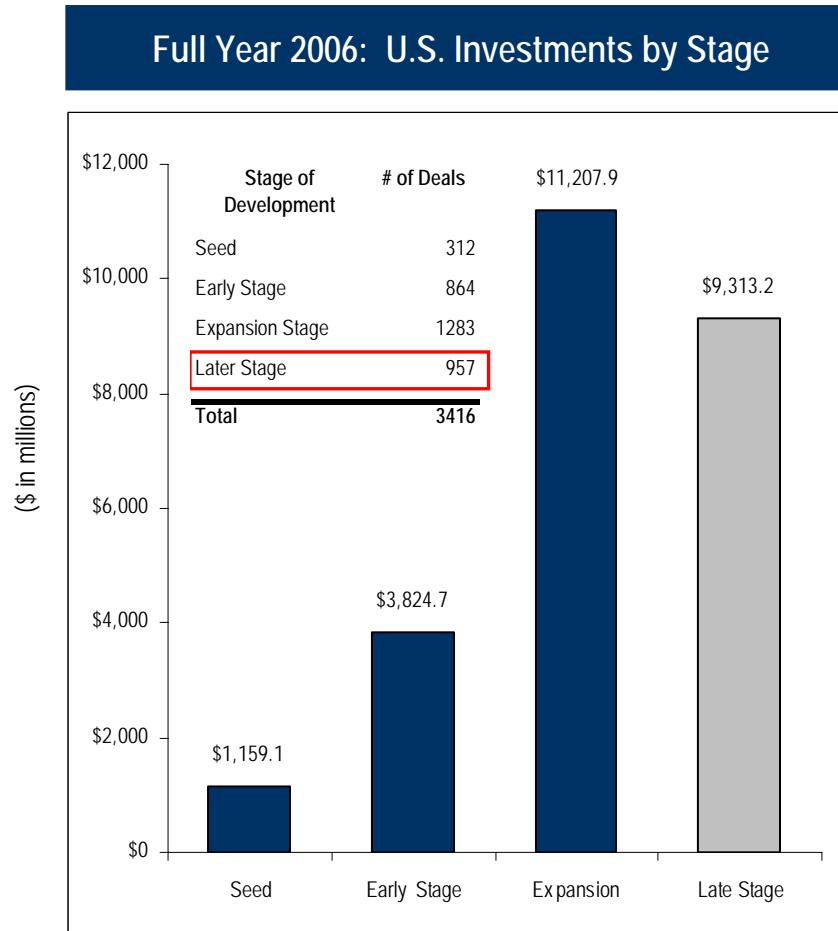
Best Companies Are Focused on Post-IPO Execution

- ▶ Plan now for “Day 200” post pricing
 - IPO is only first step
 - Pre-IPO shareholders get much of their gain from post-IPO appreciation
- ▶ The first four quarters post pricing are critical
- ▶ Invest now to hit these future milestones
 - Long cycle time on investments
- ▶ You need to be thinking 24 months ahead



Capital Is Available for Late Stage Companies

Expansion and late stage deals continue to constitute a significant portion of private investments in terms of number of transactions and investment dollars

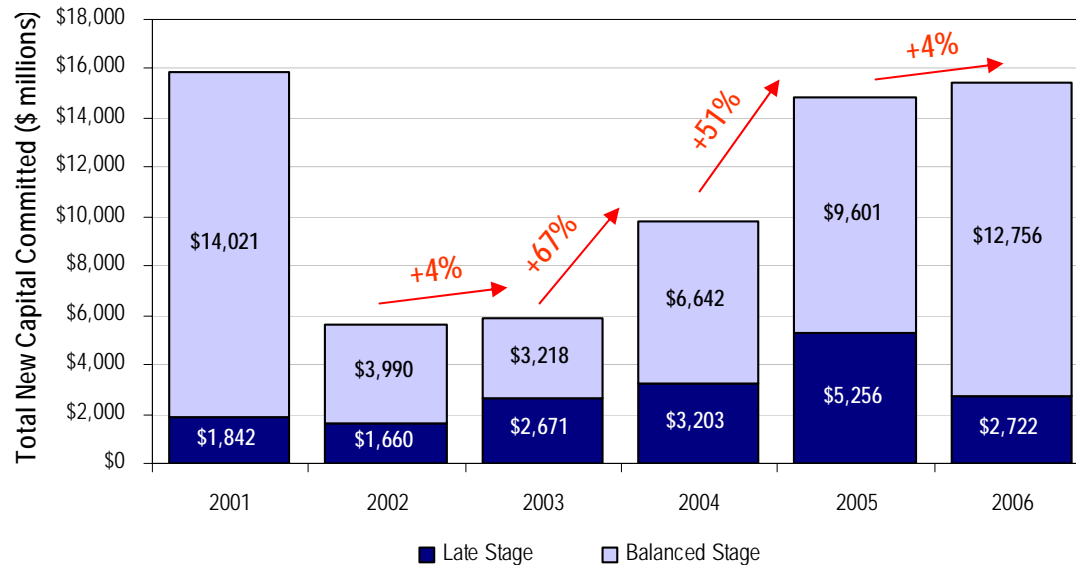


Source: PricewaterhouseCoopers/National Venture Capital Association

Fundraising Commitments Are on the Rise

Supply of capital available for late stage opportunities is increasing at a fast pace

New Capital Committed to Late Stage Venture Funds



Source: VentureXpert

Recent Late Stage Private Capital Raises

<i>(\$ in millions)</i>				
Company Name	Capital Raised Prior to Round	Most Recent Round Investment	Date of Round	Investors
CardioNet	\$53.60	\$110.00	3/3/2007	Biofrontier Partners Ideo Ventures IngleWood Ventures Sanderling Ventures
Amp'd Mobile	\$209.70	\$107.55	3/1/2007	Columbia Capital LLC Highland Capital Partners LLC Redpoint Ventures Tudor Ventures
Force10 Networks	\$329.80	\$53.26	1/22/2007	Individuals New Enterprise Associates U.S. Venture Partners
Telsima Corporation	\$28.70	\$50.00	4/10/2007	CMEA Ventures JAFCO Investment New Enterprise Associates NewPath Ventures, LLC
Seven Networks	\$117.60	\$42.00	10/24/2006	Amadeus Capital Partners, Ltd. Greylock Partners Ignition Partners SAIF Partners
A123 Systems	\$62.60	\$34.31	1/24/2007	Alliance Capital Partners FA Technology Ventures Motorola Ventures North Bridge Venture Partners
TicketsNow.com	\$8.00	\$34.00	3/5/2007	Adams Street Partners LLC Draper Fisher Jurvetson New World Ventures Portage Venture Partners
Intechra Holding Corporation	\$30.65	\$30.58	2/13/2007	Chrysalis Ventures Clayton Associates LLC First Avenue Partners Richland Ventures

Source: VentureXpert

Recent Late Stage Private Capital Raises (Cont.)

<i>(\$ in millions)</i>				
Company Name	Capital Raised Prior to Round	Most Recent Round Investment	Date of Round	Investors
Eyeblaster	\$8.00	\$30.00	3/21/2007	Individuals Insight Venture Partners
MobiTV	\$88.60	\$30.00	10/20/2006	Gefinor Ventures Menlo Ventures Oak Investment Partners Redpoint Ventures
Jingle Networks	\$31.00	\$30.00	10/22/2006	Comcast Interactive Capital First Round Capital Goldman, Sachs & Co. IDG Ventures Boston
Meru Networks	\$56.00	\$27.60	2/21/2007	D.E. Shaw Technology Ventures Evercore Partners Lehman Brothers NeoCarta Ventures, Inc.
Optasite	\$64.70	\$27.00	12/20/2006	Centennial Ventures Columbia Capital LLC Highland Capital Partners LLC Key Venture Partners
Beceem Communications	\$84.20	\$26.50	2/14/2007	DoCoMo Capital Global Catalyst Partners Intel Capital KTB Ventures
ChoiceStream	\$20.10	\$25.79	3/30/2007	General Catalyst Partners Sutter Hill Ventures
Technical Communities	\$32.00	\$25.50	11/14/2006	Crosspoint Venture Partners Net Market Partners New Enterprise Associates Technology Crossover Ventures

Source: VentureXpert

Recent Late Stage Private Capital Raises (Cont.)

<i>(\$ in millions)</i>				
Company Name	Capital Raised Prior to Round	Most Recent Round Investment	Date of Round	Investors
Cybernet-SlashSupport	\$30.50	\$25.00	4/16/2007	Goldman, Sachs & Co.
Reef Point Systems	\$143.12	\$25.00	3/23/2007	American Capital Strategies Jerusalem Venture Partners One Equity Partners
Xponent Photonics	\$68.50	\$23.00	3/28/2007	American River Ventures Arcturus Capital Eastward Capital El Dorado Ventures
AeroScout	\$28.20	\$21.20	3/2/2007	Greylock Partners Intel Capital Menlo Ventures Pitango Venture Capital
MontaVista Software	\$70.40	\$20.90	11/30/2006	Alloy Ventures NEC Corporation of America Siemens Venture Capital GmbH U.S. Venture Partners
CashEdge	\$43.00	\$20.00	1/18/2007	CIBC Wood Gundy Capital Susquehanna Partners, GP
Actelis Networks	\$97.60	\$20.00	12/28/2006	ATA Ventures Adams Street Partners LLC Argonaut Partners, LLC Carlyle Group, The
Narus	\$100.95	\$20.00	10/30/2006	American Capital Strategies J.P. Morgan Partners Mayfield Fund NeoCarta Ventures, Inc.

Source: VentureXpert

Recent Late Stage Private Capital Raises (Cont.)

<i>(\$ in millions)</i>				
Company Name	Capital Raised Prior to Round	Most Recent Round Investment	Date of Round	Investors
Tejas Networks India	\$24.50	\$20.00	11/17/2006	Individuals Intel Capital
Validity Sensors	\$34.00	\$20.00	10/20/2006	Qualcomm Ventures TeleSoft Partners VentureTech Alliance LLC

Source: VentureXpert

SECTION 4

Recapitalization Alternative

Pre-IPO Recapitalizations Have Become Attractive

- Investor bias against recapping out earlier investors is gone
 - Most late stage investors are seeking deals that allow them to own more of a company
- Portfolio companies have long pre-exit gestation periods and require a lot of capital to reach IPO velocity
 - Many shareholders are willing sellers due to age of funds
 - Most transactions allow early investors to sell a portion of holdings and retain the upside of remaining shares
- Supply of late stage capital is strong
 - In current tech market investors are favoring late stage execution risk over seed stage product creation and adoption risk
 - Fund sizes require writing larger checks

Current market conditions favor recapitalizations as an alternative for late stage companies considering a public offering in next 4 to 6 quarters

Secondary Share Sale Considerations

- A secondary sale allows for liquidity today while providing the potential for upside in a future transaction
- A secondary sale can bolster company profile and better position the Company for success:
 - Provides flexibility to continue to execute on the business plan
 - Strengthened ownership group mitigates the risk related to access to capital
 - Strengthens company profile for a future M&A transaction or public offering
 - Builds confidence with strategic partners, customers, suppliers and employees via the validation of a new investor
 - A secondary sale would act as an “insurance policy” that hedges against an adverse change in market conditions

Recapitalization Case Study: VistaPrint



VistaPrint is an Internet-based printer offering the SOHO and consumer markets online design and purchasing capabilities. The Company had significant revenue scale with strong growth and profitability going into the financing round. Revolution Partners raised \$50 million in expansion capital for the Company, a portion of which financed the repurchase of shares from early round investors. Subsequent to the financing, Goldman Sachs and Bear Stearns led a successful initial public offering on the NASDAQ (VPRT). VistaPrint's share price has more than doubled since going public resulting in a market capitalization in excess of \$1.5 billion.

Client Challenges

- Strong position in printing market and tremendous revenue growth but...
- Company highly dilution-sensitive
- Selling European shareholders complicate transaction
- Management attention on running the business
- Use of proceeds to invest in plant

RP Solutions

- Executed a structured capital raising process
- Obtained interest from 10+ blue chip private equity firms
- Managed all aspects of fundraising process for management team
- Positioned company with investors, facilitated road show meetings on both coasts, structured / negotiated deal

Results

- ✓ Received four term sheets for \$50 million within the *same week*
- ✓ Company achieved premium valuation
- ✓ One of the largest technology financings of the year
- ✓ Selling investors obtained liquidity
- ✓ Transaction terms were clean

SECTION 5

Revolution Partners' Overview

We Are the Premier Investment Bank

Serving Today's Emerging Growth Technology Companies

- ▶ **Superior Team** with Deep Industry Experience
 - The most experienced professionals from the best technology investment banks on Wall Street
 - Over 150 years of collective technology banking experience
- ▶ **Superior Execution** with Proven Results
 - Deep relationships with strategic buyers and financial investors
 - Led numerous groundbreaking technology transactions throughout our careers
- ▶ **Superior Service** Unparalleled in the Industry
 - Focused business model allows significant partner-level attention
 - Dedicated M&A and private placement professionals



We Focus Exclusively on Technology M&A and Private Capital Advisory Services

- ▶ Our exclusive focus on M&A and private capital advisory services ensures that our clients receive unparalleled partner-level attention
- ▶ No dilution of advisory services or inherent conflicts-of-interest due to the need to cross-sell ancillary products, services or ideas

Mergers & Acquisitions

- ▶ Mergers
- ▶ Acquisitions
- ▶ Spinouts / Carveouts
- ▶ Multi-step Acquisitions
- ▶ "Dual-track" Processes

Private Capital Fundraising

- ▶ Late-Stage Financings
- ▶ Secondary / Founder Share Sales
- ▶ Acquisition Financing
- ▶ PIPEs
- ▶ Recapitalizations

Professionals with Deep Technology Sector Expertise

We Are Building the Leading Technology M&A Practice

 <i>Has been acquired by</i> November 2006	 <i>Has merged with</i> Wrenthead Inc. August 2006	 <i>Has been acquired by</i> August 2006	 <i>Has been acquired by</i> August 2006	 <i>Has been acquired by</i> \$59,500,000 July 2006	 <i>Has acquired</i> \$174,000,000 July 2006	 <i>Has been acquired by</i> June 2006
 <i>Has been acquired by</i> June 2006	 <i>Has merged with</i> May 2006	 <i>Has been acquired by</i> May 2006	 <i>Leveraged buyout by</i> April 2006	 <i>Has been acquired by</i> March 2006	 <i>Has been acquired by</i> February 2006	 <i>Has been acquired by</i> November 2005
 <i>Has merged with</i> July 2005	 <i>Has been acquired by</i> June 2005	 <i>Has been acquired by</i> June 2005	 <i>Has been acquired by</i> May 2005	 <i>Has been acquired by</i> April 2005	 <i>Has merged with</i> March 2005	 <i>Has divested assets to</i> March 2005
 <i>Has been acquired by</i> March 2005	 <i>Has been acquired by</i> January 2005	 <i>Has been acquired by</i> January 2005	 <i>Has sold certain assets to</i> November 2004	 <i>Has been acquired by</i> August 2004	 <i>Has been acquired by</i> August 2004	 <i>Has sold substantially all assets to</i> July 2004
 <i>Has been acquired by</i> April 2004	 <i>Has been acquired by</i> \$225,000,000 July 2003	 <i>Has been acquired by</i> April 2001	 <i>Has merged with</i> \$4,283,163,166 February 2000	 <i>Has been acquired by</i> June 1999	 <i>Has acquired</i> \$430,000,000 October 1997	 <i>Has been acquired by</i> April 1997

➤ 31 technology M&A transactions since 2004

- 2004 – 7 deals
- 2005 – 11 deals
- 2006 – 13 deals
- 2007 – ↑ forecast

➤ Benchmark transactions include:

- Azyxxi/Microsoft – “Best piece of software I’ve seen all year” – Steve Balmer
- Top Tier/SAP – largest SAP acquisition
- Platinum/CA – largest software acquisition at time of merger

RP Transaction

Previous Experience

Most Experienced Technology Private Placement Team in the Industry

 <p>Series II Convertible Preferred Stock \$21,400,000 January 2007</p>	 <p>Private Placement \$42,000,000 October 2006</p>	 <p>Has received a strategic investment from  August 2006</p>	 <p>Series C Convertible Preferred Stock \$20,000,000 June 2006</p>	 <p>Series A Convertible Preferred Stock \$12,000,000 April 2006</p>	 <p>Series A Convertible Preferred Stock \$14,800,000 November 2005</p>	 <p>Series B Convertible Preferred Stock \$40,000,000 November 2004</p>
 <p>Convertible Note \$4,500,000 October 2004</p>	 <p>Common Stock \$6,000,000 September 2003</p>	 <p>Series B Convertible Preferred Stock \$50,000,000 August 2003</p>	 <p>Series A Convertible Preferred Stock \$29,475,000 May 2003</p>	 <p>Series A Convertible Preferred Stock \$9,000,000 November 2002</p>	 <p>Series A Convertible Preferred Stock \$14,000,000 March 2002</p>	 <p>Series A&B Convertible Preferred Stock \$175,000,000 December 2005</p>
 <p>Series C Convertible Preferred Stock \$40,000,000 February 2004</p>	 <p>Series B Convertible Preferred Stock \$35,000,000 November 2003</p>	 <p>Series D Convertible Preferred Stock \$100,000,000 August 2003</p>	 <p>Common Stock \$82,500,000 May 2002</p>	 <p>Series D Convertible Preferred Stock \$64,000,000 April 2002</p>	 <p>Series C Convertible Preferred Stock \$32,000,000 March 2002</p>	 <p>Series A Convertible Preferred Stock \$325,000,000 February 2001</p>
 <p>Series B Convertible Preferred Stock \$700,000,000 December 2000</p>	 <p>Convertible Preferred Stock \$100,000,000 July 2000</p>	 <p>Convertible Preferred Stock \$300,000,000 March 2000</p>	 <p>Series A Convertible Preferred Stock \$30,000,000 February 2000</p>	 <p>Convertible Preferred Stock \$107,000,000 January 2000</p>	 <p>Series D Convertible Preferred Stock \$107,000,000 January 2000</p>	 <p>Series A Convertible Preferred Stock \$500,000,000 November 1999</p>
 <p>Series D Convertible Preferred Stock \$39,000,000 September 1999</p>	 <p>Common Stock \$30,000,000 June 1999</p>	 <p>Series B Convertible Preferred Stock \$16,000,000 May 1999</p>	 <p>Series E Convertible Preferred Stock \$25,000,000 April 1999</p>	 <p>Series E Convertible Preferred Stock \$33,500,000 December 1998</p>	 <p>Series D Convertible Preferred Stock \$32,800,000 November 1998</p>	 <p>Series B Convertible Preferred Stock \$60,000,000 December 1996</p>

➤ Professionals raised over \$6B of private capital for over 110 clients

➤ 3 Managing Directors dedicated to private placements

➤ Benchmark transactions include:

- VistaPrint – most successful eCommerce placement of last 5 years
- Datek Online – largest tech private placement at time of funding
- Zhone Technologies – largest round of tech startup capital at time of funding

RP
Transaction

Previous
Experience

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