

New Investment

HLM VENTURE PARTNERS, L.P.

Incipient, Inc.

June 2003

We are pleased to announce a new investment by HLM Venture Partners, L.P. in **Incipient, Inc.** a Waltham, MA provider of storage software. The Fund has committed \$3 million to the \$25 million Series B Preferred financing. Globespan Capital Partners led the Series B financing which, in addition to HLM, included previous investors Greylock and Sigma Partners. Al Wiegman from HLM will represent the Fund as a Board Observer.

Incipient is building network-resident storage software that leverages intelligent switch platforms to improve data availability, utilization and flexibility while lowering the total cost of ownership of storage area networks. Incipient software addresses the rising costs and complexity associated with managing networked storage. As storage networks have grown in size and heterogeneity, the current method of running device-specific management software on hosts and storage arrays has proven inadequate. Incipient will improve the utilization and lower the cost of storage networks by helping to centralize their administration.

This investment comes as a result of HLM's concentrated efforts to find opportunities to capitalize on a new paradigm of moving storage intelligence into the fabric of the storage network and away from residing in each piece of hardware. The result of such a change will be to lower the most important component of cost in storage today, which is the management of the network, in addition to giving the data manager greater flexibility and freedom of vendor choice. Data center managers and chief information officers have identified this as one of their most important priorities. We have researched numerous companies in the field of storage virtualization, utilizing our network of industry contacts, past portfolio company managements and members of our Advisory Board.

The Incipient management team is led by founder and CEO, Ric Calvillo. Calvillo has a long history of involvement in storage and storage software, most notably with Conley Corporation, a company he founded in 1992 and sold to EMC in 1998. Conley developed the highly regarded multipathing software product later called PowerPath by EMC Corporation. After the acquisition, Calvillo served as general manager of EMC's Cambridge Software Center. The other members of the management team bring Incipient years of experience at top storage and networking companies such as EMC, Hitachi, HPQ, Cereva Networks, Nortel Networks and Bay Networks.