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iPolicy Networks Secures \$26 Million in Funding

*Second largest security investment of 2003 fuels expansion into enterprise market
Unified and adaptive systems surpass current security offerings*

FREMONT, Calif.—February 2, 2004—iPolicy Networks, the developer of the first unified security system, today announced it has closed over \$26 million in funding. The financing will fuel iPolicy Networks' expansion into the enterprise market with a complete line of unified and adaptive security systems. *(For more information, see today's release iPolicy Networks Launches ipEnforcer 3000 Family—First Unified Adaptive Security Systems for the Enterprise.)* The iPolicy Networks funding was the second largest security investment in 2003 and was led by WK Technology Fund, Clearstone Venture Partners, and Dali Hook Partners.

iPolicy Networks' family of ipEnforcer® security systems were extensively used and tested in the demanding carrier environment and proven to provide unparalleled performance combined with adaptive network protection to successfully block today's increasingly complex threats and attacks.

Third-Generation Security Architecture Surpasses Existing Security Offering

iPolicy Networks' comprehensive, adaptive and unified network security systems avoid the performance, latency and interoperability problems of so-called "integrated" devices and otherwise disparate point solutions. These older second-generation security solutions perform security services serially and often require multiple management platforms, deliver fragmented network security enforcement and leave the network vulnerable to hackers and intruders' crippling attacks.

iPolicy Networks' ipEnforcer leverages a single-pass inspection engine™ (SPI) that enables multiple security services concurrently, effectively safeguarding network integrity all at high-speed throughput. The new product family leverages the company's innovative third-generation security architecture and provides multiple correlated security services including VPN, stateful firewall, intrusion detection, intrusion prevention, DDoS and attack mitigation, URL screening, surveillance and anti-virus. The ipEnforcer systems are powered by purpose-built appliances and provide 400 Mbs and 100 Mbs throughput respectively while running the multiple security services.

"High-performance, low latency security systems with collaborating security services are critical in today's environment of blended attacks," said Jeff Wilson, executive director and analyst at Infonetics Research. "The ipEnforcer products are part of an emerging third generation of security solutions that optimize security and provide reductions in latency with performance increases by inspecting network traffic packets in one pass."

"Next generation security systems are able to apply security policies across layers 3-7 by completely inspecting transmission stream content with a powerful single pass inspection engine," said Richard Stiennon, vice president of research and security analyst at Gartner. "After packet assembly, parsing, and interpretation it is then possible to apply policies based on malicious content, protocol anomalies, behavior, and signatures as well as traditional source-destination-port. Because of this architecture, Gartner believes next generation security systems will outperform integrated gateway security devices being created by combinations of various security applications in one box."

"The security landscape will continue to dramatically change as malicious threats continue to evolve and grow in intensity and sophistication. This dynamic landscape leaves a tremendous opportunity on the table

for innovative companies to leapfrog last-generation security technology,” said Bob Puette, WK Technology Fund partner. “We recognize iPolicy’s innovation in developing the next and third-generation of network security systems and received customer validation that the company has significantly surpassed the performance and effectiveness of current security market technology offerings. We invested in the company to support iPolicy Networks’ momentum and expand its customer base into the enterprise market.”

“This financing represents an important milestone for iPolicy as we launch our family of enterprise-level unified security systems that provide complete threat prevention. The new funds also allows us to rapidly expand into the enterprise market while continuing to address the needs of the managed security service providers,” said Prabhu Goel, chairman and CEO of iPolicy Networks. “This level of financial investment from these leading investors speaks volumes about the critical need for uncompromised security that can also offer unprecedented performance and flexibility to the enterprise market.”

About Clearstone Venture Partners

Clearstone Venture Partners is a technology-focused venture capital firm with \$450 million under management. With offices in Menlo Park and Santa Monica, Calif., Clearstone invests in early-stage companies in the areas of software and communications.

About Dali, Hook Partners

Dali, Hook Partners is a venture capital firm with a primary focus on early stage enterprise software, communications and semiconductor companies. Dali, Hook Partners are committed not only to working with entrepreneurs, but also to providing customers with valuable expertise in areas of relationships and operating experience. The company has a history of co-investing with other top-tier venture firms, and our partners have more than 30 years of successful venture capital experience and have 60 years of distinguished operating backgrounds to assist early-stage companies.

About WK Technology Fund

Founded in 1989, WK Technology Fund has become a leading venture capital firm in Taiwan with focus in Asia and the United States. With over US\$600 million under management, WK invests in early-stage and mid-stage private companies in Taiwan, the United States and China, primarily in Communications and Information Technology. WK Technology Fund creates marketing and manufacturing synergies for its portfolio companies by leveraging its extensive technology network and strong management expertise in Asia and the United States.

About iPolicy Networks

iPolicy Networks is the developer of the world’s first and only unified security system, delivering real-time, adaptive security enforcement for enterprises, managed security service providers, and government agencies worldwide. The company’s ipEnforcer® is a visionary product family, that reduces network security risk and total cost of ownership by addressing the convergence of multiple, disparate network security services, including intrusion detection and prevention, DDoS and attack mitigation, deep application inspection firewall, VPN, anti-virus, surveillance, and URL filtering into one purpose-built, security system capable of wire-speed throughput ranging from 100Mbps to 5Gbps with sub-millisecond latency. The ipEnforcer family of security products is powered by a Single Pass Inspection™ (SPI) engine that delivers wire-speed throughput, negligible latency, and real-time threat prevention. A sophisticated Unified Security Manager provides centralized management and consistent enterprise-wide security policy enforcement. By implementing a unified security system, customers can dramatically reducing capital expenses and operating expenses with stronger security compared to any other security solution offered today.

iPolicy Networks is located in Fremont, Calif., and is privately held. For more information, please visit our Web site at www.ipolicynetworks.com or call +1.510.687.3000.

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