

Conformative Systems Secures \$6.5 Million in Series A Funding *Industry veterans building company to accelerate XML processing*

AUSTIN, TEXAS – June 13, 2003 – Conformative Systems, a venture-funded company that develops XML processing solutions, today announced that it has secured \$6.5 million in Series A round of financing from Austin Ventures, one of the largest and most established venture capital firms in the United States. The funds will be used to expand Conformative's design team and for product development and marketing as the company continues to develop system-level solutions that dramatically accelerate the processing of XML-based content and Web services.

The company also announced the appointment of Basil Horangic, a partner with Austin Ventures, to its board of directors. "The market opportunity for Conformative's technology is substantial and we're confident that the company will achieve a leadership position in the XML processing market," said Mr. Horangic. He added, "We expect Web services will be widely deployed to support enterprise-scale business processes and this will have a tremendous impact on the need for solutions that efficiently address XML performance issues."

XML (eXtensible Mark-up Language) is rapidly becoming a standard for data exchange on the World Wide Web. ZapThink, an XML and Web services analysis company, estimates that XML will represent almost 25 percent of network traffic by 2006 compared to less than two percent last year. However, XML processing is five to 10 times more resource-intensive than text processing, and the increased usage of XML and its integration with legacy technologies require data centers to add more server bandwidth in order to maintain acceptable performance and overall quality of service.

Conformative is addressing this issue by developing an open standards-based hardware product that dramatically improves server performance and efficiency by migrating the XML workload from application and web servers to a dedicated, high-performance appliance. The company's technology enables "wire speed" processing and integration of XML data to support a broad range of business processes and enterprise computing platforms. Conformative's solutions efficiently address the cost/performance issues involved in Web services and enable customers to avoid costly server upgrades necessitated by the increasing adoption of XML.

Conformative is led by a team of industry veterans with extensive expertise in high reliability server systems, microprocessor design, and switch and router architectures. Conformative's co-founder and chief executive officer, John Derrick, previously founded Chicory Systems and has also developed servers, server chipsets, and processors for IBM.

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Mr. Derrick's leadership is focused on creating effective teams, development management, and marketing strategies for Conformative's products. "As CEO of Conformative Systems, I am excited to lead this organization in the continuing process of building a strong company. Beyond the proper leadership, investment, and team, Conformative Systems has the one-two punch of a compelling technology and a rapidly growing target market. The core, patent-pending technologies enable a sustainable price-performance and density-performance advantage over other approaches while maintaining flexibility and seamless integration."

Additional co-founders include Ram Ramarao and Arie Brish. Dr. Ramarao serves as chief technology officer, bringing over 20 years of engineering and product development experience with previous companies, SBC and Agere Systems. Mr. Brish, vice president of marketing and business development, brings over 22 years experience with companies such as Motorola and National Semiconductors.

About Conformative Systems

Conformative Systems is an innovative developer of system-level solutions that dramatically accelerate the processing of XML-based Web services, the industry standard for business-to-business integration. By migrating XML processing to an open standards-based network appliance, Conformative's customers can adapt to the rapidly expanding use of XML while optimizing the value and performance of their existing computing and network infrastructure. Headquartered in Austin, Texas, Conformative Systems was founded in 2002 and is backed by Austin Ventures. www.conformative.com

About Austin Ventures

Austin Ventures has been working with talented entrepreneurs to build valuable companies since 1979. With \$2.4 billion under management, AV is the most active venture capital firm in Texas, and one of the most established in the nation. With a focus on enterprise software, computer and communications hardware, and business services, Austin Ventures invests at all stages of company development, from \$100,000 "planned experiments" to \$70 million investments in management buyouts. www.austinventures.com

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Press Contacts:

Lois Paul & Partners Emilie Harris (512) 638-5321 emilie_harris@lpp.com