



**KOOLSPAN RAISES \$6.5 MILLION IN EQUITY FINANCING
LED BY SECURITY GROWTH PARTNERS**

Existing investors also participating include: TWJ Capital, The New York Angels, The Supper Club, The State of Maryland's Department of Business and Economic Development, and The State of Maryland's Technology Development Corporation.

Proceeds used to accelerate sales and marketing, channel and OEM programs and product development to capitalize on high demand.

Bethesda, Md., Nov. 13, 2006 – KoolSpan, Inc., the Information Security industry's leading innovator of embeddable security technology for network-aware devices, today announced it has received \$6.5 million in equity financing led by New York-based Security Growth Partners. Also participating in this round were previous KoolSpan investors: TWJ Capital, the New York Angels, The Supper Club, The State of Maryland's Department of Business and Economic Development (DBED) and The State of Maryland's Technology Development Corporation (TEDCO).

Proceeds of the funding will be used to expand KoolSpan's go-to-market, channel and OEM programs and to accelerate product development for its industry-acclaimed security and authentication technology.

KoolSpan Chief Executive Officer Tony Fascenda said this important round of financing will accelerate company growth and enable KoolSpan to meet the growing demand for its unique technology.

“Commercial and government organizations are not only demanding secure communications, but a drastic reduction in the complexity and cost of such implementations and that's where

KoolSpan delivers, whether wired, wireless, even on handheld devices, like smart phones and PDAs,” Fascenda added.

KoolSpan technology has been rigorously tested and favorably reviewed by top security research organizations in the United States government, as well as many commercial publications. Last month, KoolSpan was profiled by *Network World* as one of the top ten ‘Security Companies to Watch.’ In September, KoolSpan scored five stars and topped a group product review of 13 two-factor authentication solutions in *SC Magazine*, earning the publication’s ‘SC Recommended’ designation. Earlier this year, KoolSpan was short-listed for the *Red Herring* 100 North America, a prestigious ranking of some of the most innovative marketplace solutions. The company also received glowing reviews in *Information Security Magazine* and *Today*, a leading Asian business daily.

To date, the company has more than 20 channel partners in the ‘KoolSpan Authorized Partner Program’ and more than 50 customers in seven countries, including several Fortune 500 corporations, securing data, voice and video communications networks with KoolSpan technology.

“KoolSpan technology is gaining strong marketplace awareness and traction,” said Security Growth Partners CEO Elad Yoran. “This financing will fuel our growth strategy, delivering to the market the first secure communications technology for data, voice and video that is flexible, cost-effective and, above all else, easy to use. Like the dial tone on a telephone, KoolSpan-secured communications work and perform seamlessly.”

Security Growth Partners continues to work closely with KoolSpan, providing expertise, experience and relationships across the security and technology industries. “We identify desirable opportunities and become extensively involved in the strategy and operations of each company with which we work,” Yoran added.

KoolSpan’s innovation is based on proven Smart Card technology. Embedded in each side of the link, this Smart Card to Smart Card architecture with mutual authentication and per packet 256-bit AES encryption protects sensitive information without impacting bandwidth utilization or performance.

About KoolSpan, Inc.

Based in Bethesda, Md., KoolSpan effectively and efficiently creates secure communications on any device, wired or wireless. From servers to smart phones, KoolSpan automatically creates secure and trusted connections between any two points on any network, eliminating complexity and cost by always establishing secure Ethernet connections. KoolSpan technology has been heralded as one of the easiest solutions to deploy, allowing local and remote workers to securely connect and communicate. KoolSpan secures networks and critical infrastructure for government agencies, Fortune 1000 companies, and medium-to-small enterprises. To learn more, visit www.koolspan.com or call 240.880.4400.

About Security Growth Partners LLC

Security Growth Partners (SGP) identifies, invests in and supports companies that provide key emerging security solutions. SGP serves a large and diverse industry including, among others, information technology (IT) security, Critical Infrastructure Protection (CIP), homeland security and their related markets. Rather than simply invest, SGP capitalizes on both its extensive expertise and experience in the security sector as well as its understanding of the operational aspects of managing rapidly growing companies to help management fully develop each company's business. We call this full service commitment to our companies the "[SGP Advantage](#)." To learn more, visit www.SecurityGrowth.com or call 212-875-1210.

About New York Angels

New York Angels (www.newyorkangels.com) is the leading business angel investment consortium in the Greater New York region. Since 1997, the 70 members of the group and its predecessor organization have invested over \$30 million in more than 65 new ventures. The members of New York Angels are entrepreneurs, CEO's, venture capitalists and business leaders who have founded, funded and built world-class companies. They mentor and coach the entrepreneurs in whom they invest, serve on their boards, provide contacts and assist with team building, strategic planning and fundraising.

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