

## **M5 Networks Secures \$7.75 Million in Expansion Capital**

### ***Edison Venture Fund, Greycroft Partners and Milestone Venture Partners Invest In Leading Outsourced IP Phone System Service Provider***

**September 18, 2006, New York** – M5 Networks, one of the country's leading outsourced IP phone system providers, today announced that it has raised \$7.75 million in expansion capital. The investment was led by Edison Venture Fund, and also included Greycroft Partners and Milestone Venture Partners.

M5 Networks provides small and medium sized businesses with the flexibility of a high-end Voice over IP (VoIP) phone system, without the expense, maintenance and obsolescence of an on-premise phone system. Multiple offices, remote office workers, telecommuters and road warriors can be brought together seamlessly using M5's outsourced IP phone system.

M5 has achieved terrific growth by focusing its efforts on a single service offering and by distinguishing itself from typical telecommunications service providers through its commitment to demonstrate and deliver the highest level of trustworthiness, sincerity, competence and reliability to its clients. These efforts were recently recognized when the company was named to the Inc. 500 list of the nation's fastest growing private companies and the fifth fastest growing company in the New York region as part of Deloitte's prestigious Technology Fast 50 Program.

"Small and mid-size companies are hungry for the kind of service experience that M5 offers. Our current momentum, combined with Edison's investment and experience in building growth companies, has our company well positioned to expand," said Dan Hoffman, President and CEO of M5 Networks. "After six years of building our team, business processes and technology, we can now consistently and profitably deliver our outsourced IP phone system. Almost five hundred business clients, including Coldwell Banker Hunt Kennedy, eMusic.com, Argus Research, Brooklyn Brewery, Dylan's Candy Bar and even Edison Ventures enthusiastically testify to our success."

"M5's proven management team is well prepared to expand rapidly," noted Joe Allegra, General Partner with Edison Venture Fund. "Furthermore, our organization has had a great experience as an M5 client."

"M5's talented and experienced team has already demonstrated that they have the ability to execute a sound business plan and achieve dramatic growth," said Alan J. Patricof, founder and managing director of Greycroft Partners and one of the nation's premier venture capitalists. "M5 is the preeminent outsourced IP phone system and I am confident that the proven flexibility and power of their service will transform the way small and medium-sized businesses communicate in the next decade."

#### **About Edison Venture Fund**

Established in 1986, Edison partners with entrepreneurs, service providers and other financing sources to build successful companies. Edison provides capital and value-added services to expansion stage (\$5 to 20 million revenue), information technology businesses. Initial investments range from \$4 to 7 million. Edison typically serves as a sole or lead investor in financings up to \$10 million. In addition to providing expansion capital, Edison funds management buyouts, recapitalizations, spinouts and secondary stock purchases.

[www.edisonventure.com](http://www.edisonventure.com)



### **About Greycroft Partners LP**

Greycroft Partners is a venture capital partnership with approximately \$50 million under management, whose participants are leading corporate executives from around the world. The Fund was formed for the purpose of primarily investing in new media in all its forms with particular emphasis on the Internet and wireless space, but it will also focus on the broader consumer sector. Investment size at inception ranges from \$500,000 to \$3 million and, on a staged basis, will increase to double that amount over time. Greycroft Partners predominately will target companies past the initial start up and development phase, and that have reached some level of commercial acceptance, regardless of how small the level of revenues. The Fund is prepared to assist portfolio companies in all phases of expansion, including marketing, financing and management development. For more information, please see our Web site at [www.greycroftpartners.com](http://www.greycroftpartners.com).

### **About Milestone Venture Partners**

Milestone Venture Partners is an early stage venture capital fund with \$42 million under management. Milestone invests in early-stage technology-enhanced service businesses in the New York metro region that possess the nucleus of an exceptional management team, an attractive business model, and a compelling market opportunity. For more information, visit [www.milestonevp.com](http://www.milestonevp.com).

### **About M5 Networks**

M5 Networks is one of the country's leading outsourced IP phone system providers. By outsourcing to M5 instead of buying another phone system and signing more local and long distance contracts, businesses save valuable time and hard dollars. M5 was founded in 2000 by the same management team that ran Interport Communications, the ISP pioneer for New York businesses. M5 builds on that legacy by continually innovating to improve its outsourced phone system solution, which is delivering measurable ROI to companies in all industries. M5's core technology partners include Cisco, Verizon, AboveNet, Internap, Qwest, Broadwing and Tekelec.

Recognized as a leading company in the VoIP industry, M5 was named to the 2006 Inc. 500 and to Deloitte's 2006 New York Technology Fast 50 Program. M5 has also been included on the Pulver 100 list as a Communications Growth Company for four consecutive years (2002-2005), *FierceVoIP's* annual Fierce 15 list in 2005 and the *VoIP Magazine* 20: Companies to Watch in 2006 list. M5 also received Frost & Sullivan's 2004 Entrepreneurial Company Award and the 2004 and 2005 VoIP Service Provider Awards and the 2005 Best SMB VoIP Service Provider Award from *INTERNET TELEPHONY Magazine*. *Small Business Technology Magazine* named M5's Outsourced IP Phone System one of the finalists in its 2005 Product of the Year awards program. To learn more about M5, please visit <http://www.m5net.com>.

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