Clarity Capital

Investing in Wireless Data and Next Generation Communication Technologies
Why is Wireless Attractive?

• Despite history, wireless is still an immature technology
  ✓ Great opportunities for innovation
  ✓ Hardware and software

• Communications has replaced computing as the focus of high tech

• No substitute technology!
Why Wireless Data?

The saturation point of the voice market is within sight, where pricing and competitive pressures will flatten revenue growth. Thus carriers are aggressively seeking additional service offerings -- *data service offerings are coming.*

Global Mobile revenue requirements to justify carrier investments ($ billions)

Sources: Merrill Lynch; Goldman Sachs; McKinsey & Co.
Wireless has been driven by “Hype”

In a little over 2 years, more than 2500 companies focused on “wireless internet” and other “next generation” wireless technologies received more than $40 Billion in private equity investment. The results have been grim:

<table>
<thead>
<tr>
<th>Technology Focus</th>
<th>1999 - 2001</th>
<th></th>
<th>Today</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Companies</td>
<td>Amount Invested</td>
<td>Number of Companies</td>
<td>Estimated Value</td>
</tr>
<tr>
<td>Wireless Portals</td>
<td>200+</td>
<td>$2,000,000,000</td>
<td>&lt; 25</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>WAP</td>
<td>1600+</td>
<td>$19,200,000,000</td>
<td>&lt; 150</td>
<td>$3,200,000,000</td>
</tr>
<tr>
<td>Bluetooth</td>
<td>400+</td>
<td>$8,000,000,000</td>
<td>&lt; 100</td>
<td>$400,000,000</td>
</tr>
<tr>
<td>Fixed Wireless /</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wireless Broadband</td>
<td>150+</td>
<td>$9,000,000,000</td>
<td>&lt; 25</td>
<td>$450,000,000</td>
</tr>
<tr>
<td>Unified Messaging</td>
<td>200+</td>
<td>$2,000,000,000</td>
<td>&lt; 20</td>
<td>$60,000,000</td>
</tr>
<tr>
<td></td>
<td>2550+</td>
<td>$40,200,000,000</td>
<td>&lt; 320</td>
<td>$4,130,000,000</td>
</tr>
</tbody>
</table>

Sources: Merrill Lynch; Bank of America; Venture Economics; Accenture; Clarity Capital
Clarity’s Strategy

Targeted on “next generation communications” and “wireless data” companies
  ➢ leverage focus with expertise and relationships

Only technology (i.e. products) companies
  ➢ hardware and software companies; no “killer apps” or internet-type business models

Early stage
  ➢ post-alpha, pre-beta in product development
  ➢ early customer acceptance / revenues when possible

Lead and syndicate
  ➢ active investment role, with board seats
  ➢ continue track record of co-investing with other leading VC firms or strategic investors

Strategic impact
  ➢ leverage firm’s relationships with key industry players (i.e. Nortel; Nokia; Sprint; Verizon; et al)
Clarity’s Investment Focus

**Components**
- Antenna
- Transcievers
- Signal Processors (DSPs)
- Integrated Circuits (ASICs)
- Analog-Digital Converters
- Reconfigurable chipsets
- LCD Screens
- Key-Pads
- Batteries
- GPS
- Bluetooth Components
- Scanners

**Infrastructure**
- Gateways
- Cell Towers
- Base Stations
- Routers & Switches
- NOCs
- In-building Systems
- Optical Overlays

**Devices**
- Phones
- SmartPhones
- Pagers (1-way & 2-way)
- PDAs & Pocket PCs
- Laptops
- Telematic Devices
- Telematic Installations
- Device OS
- SDK / App tools

**Carriers**
- Long Distance / Local National PCS / Cellular Regional Carriers
- Data-only Carriers
- Paging Networks
- Fixed Wireless Access
- Multipoint Broadband

**Carrier Systems / Platforms**
- Operating Systems
- Billing Systems
- System Gateways
- Network Management Systems
- Synchronization Tools
- Security Software / Encryption
- Location-based Software
- Caching and Compression
- Scalable Middleware
- Legacy System Transcoders

**Enabling Software**
- Enterprise Middleware
- Legacy System Transcoders
- WISPs
- Mobile Portals
- Transaction Software
- Prepaid Platforms
- Mobile Wallets
- Voice Recognition Portals

*Highlighted areas denote product focus of some of Clarity’s recent investments*
Clarity Capital
45 Fairfield St., 4th Floor
Boston, MA 02116
617-262-6800
Fax: 617-262-6030
www.claritycap.com