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Battelle Ventures Ups Stake in Sypherlink, Participates in \$3.5-million Series B Round Led by New Investor Stuart Mill Venture Partners

Princeton, N.J., Aug. 1, 2007 – Battelle Ventures, L.P., has increased its investment in information-management-software company Sypherlink, Inc. The fund, which led the Dublin, Ohio-based company's \$3.5-million Series A round in 2005, participated in the \$3.5-million Series B with new, lead investor Stuart Mill Venture Partners.

Other existing investors, Reservoir Venture Partners and Innovation Valley Partners (Battelle Ventures' affiliate fund), as well as first-round angels also participated in the deal.

"Sypherlink has made major strides since the first round," said Battelle Ventures General Partner Ralph Taylor-Smith. "They've built out the technology, developed unique database mapping and aggregation software solutions, generated good revenue and established market traction, with solid customer and strategic relationships."

Taylor-Smith noted that the company has secured contracts and partnerships with federal and state government agencies, global 1,000 companies and the leading application and services firms serving those core markets, including the State of Florida Department of Law Enforcement (FDLE), D&B, Acxiom Corporation, Allen Systems Group (ASG), Battelle Memorial Institute and Unisys Corporation.

"We are confident that the company will continue to generate excitement in both the government and commercial sectors, as software solutions based on its patented technologies for automated data mapping and virtualization continue to penetrate the marketplace," continued Taylor-Smith, who has joined the Sypherlink Board of Directors. He said that Battelle Ventures General Partner Mort Collins has been Board chairman since 2005 and remains in that position.

"We are attracted to Sypherlink for its growth potential," said Larry Hough, general partner of Stuart Mill Venture Partners, who noted that Sypherlink is the debut deal of this new, \$20-million fund based in Falls Church, Va.

"We were immediately impressed with the company's value proposition – particularly right now in the government sector," continued Hough, a former CEO of Sallie Mae [SLM:NYSE]. "There is an urgent need and pent-up demand for faster, cost-cutting solutions to facilitate cross-agency and cross-jurisdictional data sharing and intelligence efforts," he said, "and we believe that the company will soon reach a new market level even as it continues to innovate."

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Hough also joins the Sypherlink Board.

“The funding will be used primarily to expand Sypherlink’s market presence and customer base within two core markets – government agencies that support integrated criminal justice and national security, and the global 1000 commercial business sector,” said CEO James Paat.

Paat, a successful serial entrepreneur and recognized industry expert with more than 20 years of experience in e-business and data integration, noted that among the company’s accomplishments is the creation of the first commercial-off-the-shelf technology solution to help federal and state agencies conform to national standards for data sharing and intelligence efforts.

The company, said Paat, also is penetrating the commercial sector, with a particular focus on marketing automated data mapping and rapid prototyping software tools to businesses in the financial services, insurance and medical services sectors.

“This new infusion of capital will enable us to meet the demand for our products and services as we continue growing both our core markets,” said Paat.

About Battelle Ventures

Battelle Ventures, L.P., is a \$220-million independent venture fund that invests in technology companies at many early stages of development, from companies looking for seed or start-up capital through pre-revenue and post-revenue companies raising later rounds of financing. The fund, which is based in Princeton, N.J., is actively seeking to invest in technology companies within the areas of security, health & life sciences, and energy & environment. Battelle Ventures’ \$35-million affiliate fund, Innovation Valley Partners, based in Knoxville, Tenn., proportionately invests alongside Battelle Ventures in all deals. Battelle Ventures and Innovation Valley Partners enhance and add value to their portfolio companies by leveraging the technologies and expertise of Battelle Memorial Institute and the National Laboratories it manages or co-manages for the U.S. Department of Energy. For more information, go to www.battelleventures.com

For more information about Stuart Mill Venture Partners, go to www.stuartmillvp.com.

For more information about Sypherlink, Inc., go to www.sypherlink.com.

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