

FOR IMMEDIATE RELEASE

Azaleos Corporation Raises \$6 Million in Series B Funding

Ignition Partners' Investment Validates Products and Services that Resolve Complexities of Managing Microsoft E-mail

Redmond, Wash. - July 11, 2005 - Azaleos Corporation today announced the close of \$6 million in Series B funding, bringing the total investment in the company to almost \$7 million. Ignition Partners led the round, which also included existing investor Second Avenue Partners. Azaleos will use the new capital to expand its sales force, bolster marketing efforts and expand network operations capabilities. The new funding will enable the company to serve strong demand from mid-market enterprises seeking to standardize, simplify, improve, and reduce the costs of their Microsoft Exchange 2003 environments.

Email has become the number one, mission critical application for all organizations, large and small. Every company today depends upon email for both internal and external communication. Email has become the most effective means of sharing knowledge, sharing documents, scheduling meetings, conducting sales, and working with external partners and vendors.

Azaleos delivers optimized, high availability Microsoft Exchange (on a clustered appliance), simplified administration, upgrades and patch management; along with 24x7 monitoring – to dramatically enhance Microsoft Exchange reliability and performance. In so doing, Azaleos significantly simplifies the e-mail environment, increases uptime for e-mail (999s including all planned and unplanned down time) eliminates the need for manual patch management, dramatically reduces administrative cost, and ‘future proofs’ the customer’s Microsoft e-mail environment. Azaleos accomplishes the above in a cost effective way for mid market and enterprise companies.

“E-mail has become a backbone and mission critical service inside every organization. At Ignition, we depend upon e-mail and it is our most pragmatic and effective method to organize and share information and record communication with our limited partners and portfolio companies,” said Cameron Myhrvold, partner, Ignition Partners, who joins Azaleos’ board with Richard Fade, also from Ignition. “As critical as e-mail messaging has become we see few options for mid-market companies to ensure against increasing cost, while reducing administrative costs. We believe in the business and technical value afforded by the Azaleos solution and we believe Azaleos will become the next standard for how companies take advantage of their investments in e-mail technologies.”

“The combination of Ignition Partners and Second Avenue is the perfect investor mix to help meet a very aggressive growth ramp we have set for the company. This new placement of funding further validates our vision of removing the challenges customers encounter running and maintaining their e-mail messaging environments,” said Roger Gerdes, president and CEO, Azaleos Corp. “The market is ready for the Azaleos’

solution, which fortifies and simplifies Microsoft e-mail technologies, allowing companies to reallocate and reprioritize scarce IT resources upon innovation applications which fuel business efficiency and profitability.”

Azaleos’ products and services are built upon the Microsoft Windows Server and Exchange 2003 technologies in order to serve the 50+ percent of businesses in the world running Microsoft Exchange for e-mail. The company’s initial products and services offer mid-market companies deploying between 250 and 5,000 Exchange seats a fully redundant hardware/software Exchange 2003 appliance that is remotely monitored 24x7 and automatically patched and kept healthy.

About Azaleos Corporation

Azaleos Corporation is a pioneer in the delivery of messaging solution appliances built on the Microsoft technology platform. Azaleos has partnered with some of the most trusted names in the IT industry to deliver the first appliance product and managed service enabling companies to maximize their e-mail investments by meeting high availability needs and dramatically reducing maintenance and management costs. Azaleos’ appliances and managed services will become the de facto standard for companies seeking to exploit the power of true enterprise e-mail appliances built on the Microsoft technology platform.

Customers turn to Azaleos to meet their Exchange 2003 high availability needs, to minimize operational resource spending, and to eliminate the e-mail infrastructure maintenance and management burden.

For more information about Azaleos, please visit www.azaleos.net

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