

## Shareholder Representative Services – The Smart Way to Exit

Most sales of privately-held companies require someone to serve as the representative of the shareholders following closing. Nobody wants to do it, but someone reluctantly agrees in order to get the deal closed. Being the shareholder representative is a chore. It involves communicating with institutional and employee shareholders, reconciling escrow accounts, investigating claims and navigating litigation, and accounting for expense, claim and interest allocations. These are all distractions that expose the individual serving as the representative to legal and financial risk and detract from what should be the best use of their time – identifying the next deal and managing the rest of their portfolio. Additionally, when disputes do arise, ensuring an optimal outcome for the selling shareholders requires specialized expertise. For all these reasons, several institutional investors approached us to set up SRS. We make the burden and exposure go away while ensuring maximum and timely return of sale proceeds to shareholders.

### Professional

As shareholder representative, SRS professionally manages the entire post-closing process including the management of escrows, earn-out negotiations, the handling of claims, disputes and litigation, communications with the acquirer, and, ultimately, distribution of escrow funds.

### Independent

By engaging SRS, there are no conflicts of interests. With state-of-the-art monitoring and communications systems, shareholders have ready access to all relevant information with full knowledge their interests are being protected.

### Experienced

The professionals at SRS are lawyers, accountants, bankers and entrepreneurs whose sole focus is shareholder representation. Our experience allows us to quickly slip into deals, even at the final hour. Our expertise allows us to deliver on our customer promise – to simplify the post-closing process and maximize the timely return of sale proceeds to shareholders.

*“SRS has the team with the proper expertise to professionally manage all post-closing matters related to the escrow, and any claims or disputes which may arise, which allows us to focus on our core business of making new investments and building value in our ongoing portfolio”*

Bill Tai  
General Partner  
Charles River Ventures



### Why SRS? Let these real-life testimonials tell the story.

The following are actual stories from institutional investors who have either served as a shareholder representative or who have engaged SRS. More real-life stories can be found on our website.

- “ Invariably, whenever I serve as the stockholder rep, I end up spending countless hours communicating with the shareholders, producing and checking spreadsheets, and working through individual matters, even in the absence of claims. My favorite was, ‘My name is [insert name]. When I worked at the company, my name was [insert completely different name]. I moved back to China, but then later returned and am working here again, although my name on my passport is now [insert yet again different name]. I am now at a different company and live at a different address. In order for the escrow agent bank to pay me they need proof that I worked at the company and held shares. Can you help?’ ”
- “ Five days after escrow period EXPIRED, I received notice from the acquiring company that they wanted to make claims against the escrow. Of course, I said ‘no.’ They proceeded to sue me personally, the shareholder rep, and I was served at work in the middle of a meeting. They had a team of lawyers and accountants on their side and I got to work for free, adding enough hours to my schedule to amount to a second full-time job trying to represent our interests. I will never be a shareholder rep again. ”
- “ With the increasing complexity of issues and diversity of interest among stockholders, our board preferred to hire a professional and independent resource to represent the interests of all stockholders during the escrow period. SRS was able to effortlessly integrate into the merger negotiation process and will provide our stockholders with a heightened level of service. ”

### Benefits

- Professional post-closing management allowing all shareholders to avoid the administrative burdens and risks of being the shareholder representative
- Independent advocate for all shareholder interests
- Dedicated expertise for handling claims, disputes and litigation
- Shareholder retention of control over decision making process on major issues
- Sophisticated claims management and escrow monitoring systems
- Managed shareholder communications with a dedicated email address, toll-free phone number and secure online access

All for one flat fee that generally has no material impact on any shareholder's payout from the merger.

### Sample List of Institutional Investors Represented by SRS

ARCH Venture Partners  
August Capital  
Bear Stearns Health Innoventures  
Bessemer Venture Partners  
Charles River Ventures  
CMEA Ventures  
Granite Ventures  
H&Q Healthcare Investors  
Highland Capital Partners

Institutional Venture Partners  
Lehman Brothers Venture Capital  
Mayfield Fund  
Mobius Venture Capital  
Mohr Davidow Ventures  
Norwest Venture Partners  
Pequot Capital  
Redpoint Ventures  
Saints Capital

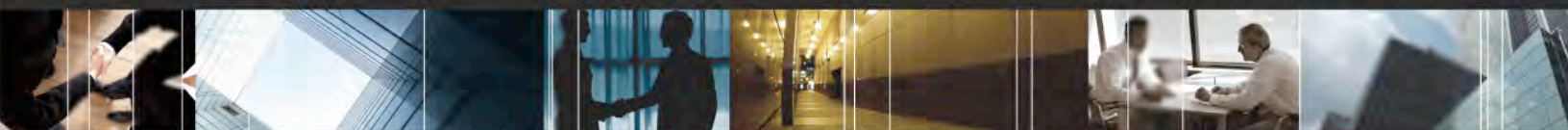
Silicon Valley Bank  
SOFTBANK Capital  
Steamboat Ventures  
Summit Partners  
Texas Pacific Group  
Trident Capital  
U.S. Venture Partners  
Vulcan Capital  
Worldview Technology Partners

**Contact SRS to serve as your professional shareholder representative**

**SRS** | Shareholder  
Representative  
Services

303.648.4085 Denver  
415.367.9400 San Francisco  
650.648.9550 Silicon Valley

info@shareholderrep.com  
www.shareholderrep.com



## Recent SRS Engagements

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Postini, Inc. following the company's acquisition by Google Inc.



**Principal Stockholders:**  
August Capital  
Bessemer Venture Partners  
Mobius Venture Capital  
Summit Partners

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Stratify, Inc. following the company's acquisition by Iron Mountain Incorporated.



**Principal Stockholders:**  
Mobius Venture Capital  
In-Q-Tel, Inc.

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Avvenu, Inc. following the company's acquisition by Nokia Inc.



**Principal Stockholders:**  
Charles River Ventures  
Worldview Technology Partners

Shareholder Representative Services is pleased to announce its appointment as advisor to the former securities holders of Quigo Technologies, Inc. following the company's acquisition by AOL LLC.



**Principal Stockholders:**  
Highland Capital Partners  
Institutional Venture Partners  
Steamboat Ventures

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Sidestep, Inc. following the company's acquisition by Kayak Software Corporation.



**Principal Stockholder:**  
Trident Capital  
Norwest Venture Partners  
Saints Capital

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Movaris, Inc. following the company's acquisition by Trintech Group plc.



**Principal Stockholders:**  
Granite Ventures  
Mohr Davidow Ventures  
Redpoint Ventures

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Fast Track Systems, Inc. following the company's acquisition by Medidata Solutions Inc.



**Principal Stockholders:**  
CW Ventures  
ARCH Venture Partners

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Dovebid, Inc. following the company's acquisition by GoIndustry plc.



**Principal Stockholders:**  
Fremont Ventures  
Mayfield Fund  
SOFTBANK Capital  
Texas Pacific Group

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Danger, Inc. following the company's acquisition by Microsoft Corporation.



**Principal Stockholders:**  
Mobius Venture Capital  
Redpoint Ventures  
SOFTBANK Capital  
Meritech Capital Partners

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Gracenote, Inc. following the company's acquisition by Sony Corporation of America.



**Principal Stockholder:**  
Bessemer Venture Partners

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Resolution Health, Inc. following the company's acquisition by Wellpoint, Inc.



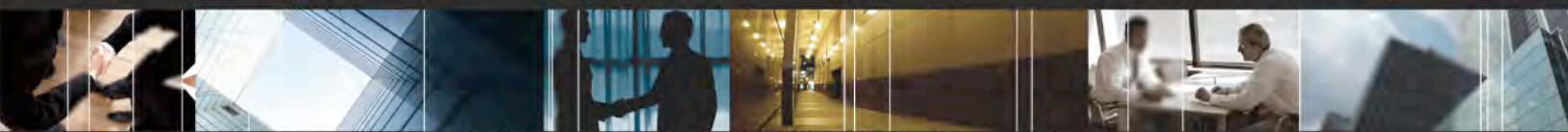
**Principal Stockholder:**  
Trident Capital

Shareholder Representative Services is pleased to announce its appointment as the representative of the former stockholders of Adify Corporation following the company's acquisition by Cox Enterprises, Inc.



**Principal Stockholders:**  
Venrock  
US Venture Partners





## Sample List of Institutional Investors Represented by SRS

ARCH Venture Partners

August Capital

Bear Stearns Health Innoventures

Bessemer Venture Partners

Biogen IDEC

Charles River Ventures

Chess Ventures

CMEA Ventures

CW Ventures

Fremont Ventures

Grand Cathay Venture Capital

Granite Ventures

H&Q Healthcare Investors

Highland Capital Partners

In-Q-Tel

Institutional Venture Partners

Integra Ventures

Lehman Brothers Venture Capital

Mayfield Fund

Meritech Capital Partners

Mobius Venture Capital

Mohr Davidow Ventures

Norwest Venture Partners

Pequot Capital

Redpoint Ventures

Ridgeback Capital

Saints Capital

Sequoia Capital

Silicon Valley Bank

SOFTBANK Capital

Steamboat Ventures

Summit Partners

Texas Pacific Group

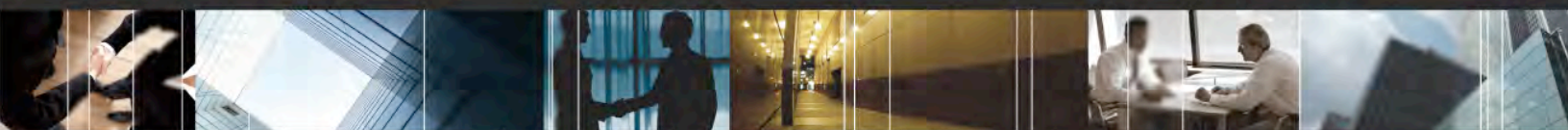
Trident Capital

U.S. Venture Partners

Venrock

Vulcan Capital

Worldview Technology Partners



## Escrow Central™

### Venture Team Partners

The following represent your escrow balances in the investments managed by SRS during the post-closing period, ending July 31, 2008. If you have any questions, please feel free to reply to this email.

#### Escrow USD Balances

Deal	Shareholder	Escrow	Deposits/ Holdbacks	Investment Earnings	Claims Paid	Expenses	USD Total
Techno Aspect	Venture Team Fund-V Affiliates Fund (Q), L.P.	Main	39,436.31	203.19	0.00	0.00	39,639.50
Techno Aspect	Venture Team Fund-V Affiliates Fund, L.P.	Main	41,326.96	212.93	0.00	0.00	41,539.89
Techno Aspect	Venture Team Fund-V Principals Fund, L.P.	Main	205,809.91	1,060.43	0.00	0.00	206,870.34
Techno Aspect	Venture Team Fund-V, L.P.	Main	7,110,701.04	36,637.71	0.00	0.00	7,147,338.75
Techno Aspect	Venture Team Parallel Fund-V, C.V.	Main	540,224.36	2,783.49	0.00	0.00	543,007.85
<b>Subtotal: Techno Aspect</b>			<b>7,937,498.58</b>	<b>40,897.75</b>	<b>0.00</b>	<b>0.00</b>	<b>7,978,396.33</b>
Bio Responsa	Venture Team Fund-V Affiliates Fund (Q), L.P.	Main	29,718.01	377.09	-65.52	0.00	30,029.58
Bio Responsa	Venture Team Fund-V Affiliates Fund, L.P.	Main	31,143.43	395.20	-68.66	0.00	31,469.97
Bio Responsa	Venture Team Fund-V Principals Fund, L.P.	Main	155,095.31	1,968.08	-341.94	0.00	156,721.45
Bio Responsa	Venture Team Fund-V, L.P.	Main	5,358,560.66	67,996.42	-11,813.98	0.00	5,414,743.10
Bio Responsa	Venture Team Parallel Fund-V, C.V.	Main	407,108.95	5,165.96	-897.55	0.00	411,377.36
<b>Subtotal: Bio Responsa</b>			<b>5,981,626.36</b>	<b>75,902.75</b>	<b>-13,187.65</b>	<b>0.00</b>	<b>6,044,341.46</b>
<b>Total: Venture Team Partners</b>			<b>13,919,124.94</b>	<b>116,800.50</b>	<b>-13,187.65</b>	<b>0.00</b>	<b>14,022,737.79</b>

#### Deal Status Report

**Techno Aspect:** SRS is handling issues related to alleged share transfers and lost certificates. In the process of extending the deadline for earning the Main Escrow Amount and expect to have a draft of an amendment agreement soon.

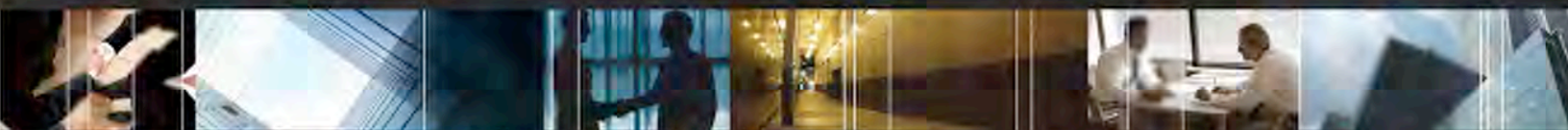
Escrow	Release Date	Release Percentage
Main Escrow	2009-07-15	100.00%

**Bio Responsa:** SRS is working with Responsa regarding the defense of a possible third party claim alleging unpaid commissions. No claim for indemnification or allegation of damages has been made by Responsa at this time.

Escrow	Release Date	Release Percentage
Main Escrow	2008-12-21	100.00%

855 Folsom Street, Suite 118 | 415.367.9500 P | support@shareholderrep.com  
San Francisco, CA 94107 | 415.962.4147 F | www.shareholderrep.com

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this document is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter that is contained in this document.



## Management Team and Advisory Board

### Paul Koenig, Managing Director

[paul.koenig@shareholderrep.com](mailto:paul.koenig@shareholderrep.com)

Prior to forming SRS, Paul practiced law at some of the nation's most prestigious law firms specializing in the representation of companies and financial institutions in a wide variety of corporate and securities law matters, including mergers and acquisitions, debt and equity financings, company formations, general corporate representation and securities issuances and compliance. Paul's merger and acquisition experience includes the representation of public and private companies on a broad array of transactions. Paul also represented numerous venture capital and institutional investors in connection with private equity financings and other general business transactions. Based on this experience, he has a strong understanding of both investment fund operations and the sales of their portfolio companies.

In 2002, Paul was one of the founding partners of Denver law firm of Kendall, Koenig & Oelsner. He previously was an attorney in the Chicago office of Latham & Watkins and in the Colorado office of Cooley Godward Kronish. Paul graduated from Northwestern University School of Law and received his B.B.A. in Finance from the University of Iowa.

### Mark Vogel, Managing Director

[mark.vogel@shareholderrep.com](mailto:mark.vogel@shareholderrep.com)

For the last thirty years, Mark has been an intreprenuer and entrepreneur. Most recently, Mark was a founder of two venture-backed start-ups in the area of Internet and network-based data management and embedded/intelligent device software technology – the software that drives machines.

Prior to founding these start-ups, Mark spent over 20 years in financial services, principally at Bank of America. During his tenure at BofA, Mark created the Online Banking Group and was a member of teams that developed the first corporate data warehouse, the first mortgage-backed securities, the first foreign currency traveler's checks and the first interactive trading and trader communications systems. On the public policy front, Mark worked on the major banking issues of the 70s and 80s including McFadden and Edge Act reform (interstate banking), Glass-Stiegel reform (securities/banking integration) and the creation of International Banking Facilities. He was also a member of the team that negotiated the release of Americans held hostage by the Iranian Government between 1979-81 and a key member of the team that coordinated the merger and integration of Bank of America with Security Pacific, then the largest and most complex transaction of its day.

In addition to his role at SRS, Mark serves on the board of directors of Encirq Corporation, the company he founded in 1998. Mark holds a Master of Science degree from Stanford University in Operations Research and a Bachelor of Arts degree from Temple University in Mathematics and Accounting.

## Advisory Board

- Conor Keane      CEO, Slipstream BPM
- Jason Mendelson    Managing Director and General Counsel, Mobius Venture Capital and Foundry Group
- Scott Ring      General Counsel, Bessemer Venture Partners
- Steve Tonsfeldt    Partner and Chair of M&A Group, Heller Ehrman LLP
- Howard Zeprun      General Counsel and Chief Administrative Officer, Trident Capital