

/ Wellington Partners broadens engagement in Wireless LAN sector Participating in € 9 million round of funding for WLAN GmbH/

Munich, October 17, 2002. For the second time in 2002, Wellington Partners is investing in one of the most promising high-growth telecommunication submarkets, Wireless LAN. Together with lead investor Target Partners (Munich), as well as Viventures (Paris), Wellington is investing in Germany's leading independent WLAN service provider, Munich-based WLAN GmbH. Formed in February 2002, this company installs and operates networks that offer broadband wireless Internet access at so-called hotspots – locations that are highly frequented by businesspeople, in particular, like hotels, tradeshows or airports. The round of funding totaling € 9 million that was concluded in early October will position WLAN for an aggressive rollout of its technology in Germany.

In the spring of 2002, Wellington Partners had already invested € 1.5 million to finance the spin-off of software specialist Garderos from the Siemens organization. This means that Wellington is now engaged on both the enabling side – Garderos offers software for broadband Internet access, including security and billing modules – as well as on the provider side of the WLAN market. Wellington Venture Partner Eberhard Plattfaut, who is intimately familiar with the service provider environment from his long years of management experience at o.tel.o and FLAG Telecom, explains the reason for this focus: "Aside from IT security, the issue that currently enjoys top priority across all sectors is Wireless LAN. In spite of the weak economy, companies are investing here because they're keenly aware of the productivity advances this technology offers." WLAN networks in hotels, airports or congress centers enable business travelers to work just the same as if they were at their own desks. In addition to high-speed access to Web content and the ability to send and receive data at a speed of 11 Mbit/sec, 200 times faster than ISDN, it is the ability to utilize their employers' Virtual Private Networks (VPNs), first and foremost, that is significantly enhancing the productivity of business travelers.

Both WLAN GmbH and Garderos are tapping into huge market potential. According to a study conducted by the market research firm of Frost & Sullivan, the number of hotspots with WLAN networks will soar from 400 to 37,000 in Europe alone by the year 2007. The number of users is expected to rise from several thousand to over 16 million. In the eyes of WLAN co-founder Robert Lang, his company now holds the pole position in Germany: "The additional funding will assist us in swiftly expanding our position of leadership wherever travelers have the greatest need for affordable and convenient Internet access: On business trips, in our partner hotels." These partners include hotels from the Hilton, Lindner, Kempinski and Steigenberger chains.

Wellington Venture Partner Plattfaut doesn't think that WLAN expansion might hurt market opportunities for the UMTS network: "WLAN and UMTS are primarily complementary technologies. WLAN can't match the importance of UMTS over geographically widespread areas; that simply won't happen. Instead, WLAN will provide a superior, easy-to-handle broadband solution in specific locales." Given WLAN's business traveler clientele, he views the creation and operation of wireless networks as offering outstanding opportunities for smaller companies: "Those who position themselves here early on will be able to grow exponentially in the years to come."

About Wellington Partners

Formed in 1991, Wellington Partners invests venture capital in young start-ups throughout Europe in the fields of information and communication technology and life science and numbers among Europe's most successful early-stage financiers. To date, the Wellington Partners I fund has achieved a return of around 160 percent. The Munich-based company today manages a total fund volume of € 265 million, with € 85 million of this funding available for new investments.

Wellington Partners is presently invested in over 20 companies, including Codetoys (Finland), Covast (Netherlands), EnOcean (Germany), Garderos (Germany) and Maxxio (Germany). Serving as the lead or co-lead investor, the company has already accompanied such successful technology vendors as Chipbroker ACG or biotech player Actelion in going public. www.wellington.de

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