



Hillcrest Communications Secures \$10 Million in Funding to Deliver New Entertainment Products to Market

Rockville, MD – January 6, 2004 - Hillcrest Communications, Inc., a developer of software and hardware products designed to enrich the television viewing experience, has secured \$10 million in financing from a prominent roster of investors. Hillcrest's products fall into two categories: 1) tools that enable manufacturers to transform consumer entertainment and 2) a suite of entertainment applications that leverage those tools.

New Enterprise Associates (NEA) led the investment, with participation from Columbia Capital and Grotech Capital Group. Peter Barris, managing general partner at NEA, Phil Herget, partner at Columbia Capital, and Patrick Kerins, general partner at Grotech, will join the board of directors of Hillcrest. Dan Simpkins, founder, president and CEO of Hillcrest, will serve as chair.

Simpkins served as executive in residence at NEA while incubating Hillcrest. Prior to founding Hillcrest, he was the founder, president and CEO of SALIX Technologies, one of the region's most successful start-ups. SALIX, which pioneered the development of next generation voice switches, was acquired by Tellabs in 2000. Both NEA and Grotech were investors in SALIX.

"Hillcrest's tools overcome the complexity that has hampered the adoption of advanced multimedia services," Barris said. "They are making it easier to take advantage of these services by making them more intuitive, easy-to-learn and 'fun'. We are very impressed with their product -- we believe it will serve as a catalyst to multimedia entertainment much as SALIX's technology did to the multimedia communication market." He added that NEA seeks entrepreneurs like Simpkins who have already proven their ability to succeed.

"This is a very challenging market. We have been very impressed with Hillcrest's ability to identify a market opportunity and develop technology that has great commercial potential," said Phil Herget. "We are very pleased to join NEA and Grotech in this venture."

"Our past experience working with Dan and his team at SALIX was extremely beneficial for Grotech," said Patrick Kerins. "After evaluating Hillcrest's technology and business plan, we were convinced that this would be another great opportunity for us. We look forward to working with them again."

"We are very pleased to have our product concept validated by this funding from blue chip investors, especially in this extremely challenging economic environment," said Simpkins. "During the past two years, the Hillcrest engineering team has created a revolutionary approach to the management of multimedia that will significantly improve the way people interact with their television sets and home media centers. With this investment, we can get this technology to consumers."

Simpkins and other representatives of Hillcrest will be attending the Consumer Electronics Show (January 8-11, 2004, Las Vegas Convention Center). Potential customers and partners can schedule a meeting by contacting Beth Ward (bward@hcrest.com or 240-386-0600 x223).

About New Enterprise Associates

New Enterprise Associates (NEA) is a leading venture capital firm investing in information technology and healthcare companies. Practicing classic venture capital for 25 years, NEA focuses on early stage investments, playing an active role in assisting management to build companies of lasting value. With \$5 billion under management, NEA's experienced management team has invested in over 500 companies, of which more than 135 have gone public and more than 150 have been acquired. NEA has offices in Reston, Virginia, Menlo Park, California and Baltimore, Maryland. For additional information, visit <http://www.nea.com>.

About Columbia Capital

Columbia Capital is a premier private equity firm focused exclusively on the communications and information technology industries, investing in both emerging service providers and innovative, next generation technologies. Columbia Capital has invested in more than 60 communications and technology companies since 1989 and currently manages approximately \$1.4 billion. Columbia Capital is located in Alexandria, Virginia. Additional information about Columbia Capital can be found at www.colcap.com.

About Grotech Capital Group

Founded in 1984, Grotech Capital Group (www.grotech.com) is the largest private equity firm focusing exclusively on the Mid-Atlantic and Southeastern United States and has originated and created some of the most successful companies in America. With nearly \$1 billion in capital under management and offices in Maryland and Northern Virginia, Grotech originates and leads investments in emerging and traditional industries including communications, technology, healthcare, and business products and services.

About Hillcrest Communications

Based in Rockville, Maryland, Hillcrest Communications (www.hcrest.com) was founded in 2001 by Dan Simpkins. Hillcrest has developed technology that will transform home multimedia entertainment.

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