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## **Dynamic Network Factory, Inc. Acquires StoneFly Networks To Extend Reach of Pioneering IP SAN Technology**

*StoneFly, Inc. Becomes Wholly Owned Subsidiary Focused on Entering New Global Markets with Expanded Line of Scalable, Affordable IP SAN Solutions*

**SAN DIEGO – Feb. 7, 2006** -- Dynamic Network Factory, Inc. (DNF), a leading maker of high-performance network attached storage (NAS), storage area networks (SAN), RAID and iSCSI systems, today announced it has acquired StoneFly Networks, a pioneer in the development of Internet Protocol (IP)-based SANs. Effective immediately, StoneFly Networks' company name has been changed to StoneFly™, Inc.

StoneFly will continue to maintain its San Diego headquarters, operating as a wholly owned subsidiary of DNF with a directive to expand its line of iSCSI storage solutions into integrated and modular configurations, while capitalizing on escalating worldwide demand for IP SANs. According to IDC, a leading provider of global IT research and advice, the iSCSI storage systems market is expanding at a rapid pace, growing from \$119 million in 2004 to an anticipated \$4.7 billion by 2009<sup>1</sup>.

Founded in 2000, StoneFly Networks led the way in the development of cost-effective SANs, actively participating in the advancement of the iSCSI standard that enabled SANs to be deployed using low-cost Ethernet. The company established the web site, [www.iSCSI.com](http://www.iSCSI.com), to serve as a resource for those interested in the technology.

According to Mo Tahmasebi, president and CEO of DNF, the StoneFly acquisition was finalized following an expansion of DNF's initial 2005 investment. "StoneFly has earned a competitive advantage by reaping the benefits of \$34 million in funding to fuel more than five years of ongoing product development, resulting in the most reliable, field-tested IP SAN solutions available in the world market," said Tahmasebi. "Our goal with this acquisition is to make the company stronger than ever by building upon its proven IP SAN expertise, while expanding its OEM and reseller channels in the U.S. and abroad where demand is high for reliable, scalable and affordable iSCSI storage."

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<sup>1</sup> IDC's Worldwide Disk Storage Systems 2005-2009 Forecast Update: Midyear Update, #34357, November 2005

Tahmasebi will serve as CEO of both StoneFly and DNF, while Dennis Hergert, a four-year StoneFly executive, has been named director of operations, responsible for overseeing all product development, systems testing, integration and support at StoneFly's San Diego headquarters.

“Not only is StoneFly organizing for expansion outside of North America for the first time, but we're also bolstering our operations to ensure a superior commitment to both new and existing customers,” said Hergert. “To accomplish this, we'll draw upon the strength and experience of a core team of seasoned iSCSI experts who have made significant contributions to StoneFly over the years and through the acquisition.”

The company is now actively expanding its turnkey iSCSI product line beyond entry-level and mid-range solutions to include larger scale SANs of up to 100 TB. It will continue to develop and support key product lines including StoneFly Backup Advantage™, StoneFly ValueSAN™ and StoneFly OptiSAN™, as well as the StoneFusion® Intelligent Network Storage Platform, which is available with all the company's integrated SAN solutions.

StoneFly will rely upon support from DNF in the areas of hardware technology and integration as it continues to sell through existing reseller channels. In addition, OEM sales are projected to account for a significant portion of StoneFly's business, which spans industries as diverse as insurance, finance, construction, education and government. For more information, please visit [www.StoneFly.com](http://www.StoneFly.com) or [www.iSCSI.com](http://www.iSCSI.com).

### **About Dynamic Network Factory**

Founded in 1989, Dynamic Network Factory, Inc. (DNF) is a privately held company based in the Silicon Valley (Hayward, Ca.). DNF carries a variety of products, ranging from network attached storage, direct attached storage solutions and IP SAN solutions, to assist companies in meeting their mission-critical storage needs with cost-effective, high performance storage equipment. DNF started as a U.S. subsidiary of the publicly-traded Japanese IT conglomerate, CSK Electronics, in 1989. In 1998, the company refined its strategy and began to focus the hardware group on storage solutions. Within a year, DNF's rapid growth resulted in its emergence as an independent, privately-held spin-off. In 2006, DNF completed its acquisition of StoneFly Networks, an iSCSI storage pioneer and developer of complete, turnkey IP SAN solutions. Now a wholly owned subsidiary of DNF Corporation, StoneFly, Inc. ([www.stonefly.com](http://www.stonefly.com)) is headquartered in San Diego.

Since its inception, DNF has designed custom solutions for organizations of all sizes and built products for many major computer manufacturers. DNF has more than 20,000 customers ranging from consumers and small-to-medium businesses, to government agencies, universities, hospitals, financial institutions and Fortune 500 companies. Key customers include UC Berkeley, MIT, the Federal Aviation Administration, FBI, Lockheed Martin, Bank of America, Citibank, Wells Fargo, Fujitsu, Honda Corporation of America, SBC, BAE Systems, and General Dynamics. For more information, visit [www.DNFstorage.com](http://www.DNFstorage.com)

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