



For Immediate Release

Hammerhead Systems Secures \$18 Million in Series D- Returning Investors Bullish on Customer Demand for HSX 6000

Foundation Capital Leads Round with all Investors Returning Including Mayfield Fund, Enterprise Partners Venture Capital, Pequot Ventures, Silver Creek Ventures and Apex Venture Partners

Mountain View, Calif. – August 1, 2007 – Hammerhead Systems, Inc., today announced the closing of an \$18 million Series D round of funding, led by Foundation Capital and joined by all existing investors including Mayfield Fund, Enterprise Partners Venture Capital, Pequot Ventures, Silver Creek Ventures and Apex Venture Partners. Hammerhead Systems has raised \$98 million in total capital and its HSX 6000 Layer 2.5 Aggregation Switch has completed lab trials and will be deployed in tier 1 global networks. The funds will be used for accelerating product development in response to customer demand for higher bandwidth applications driven by the convergence of video, data and voice.

“We are delighted with the confidence our investors have in our customer traction with carriers who have committed to deploying MPLS in their networks, as well as those who have also expressed interest in evaluating our PBT Service Gateway,” said Peter P. Savage, Hammerhead Systems CEO. “We take pride in our role as the industry’s source for technology innovation with the first Carrier Ethernet platform to enable both VPLS and EVPL services with Multi-class QoS™, the first software-only feature to add PBT to an MPLS platform, the developer of Bandwidth Pooling™ for aggregation efficiency, and the technology leader in MPLS Pseudowires with multiservice QoS.”

“When we provided the initial capital for Hammerhead they had an ambitious vision to deliver breakthrough technology that would offer greater flexibility and choice to large carriers as they moved to MPLS. Hammerhead has delivered on that vision, beat every competitor and is poised to deploy their product in tier 1 networks for a fraction of the capital that other vendors have raised. We are proud to lead this round and to fund Hammerhead’s continued technology leadership” said Adam Grosser, General Partner of Foundation Capital.



The HSX 6000 is the only purpose-built Layer 2.5, single box solution available offering dense Ethernet aggregation for both E-Line and E-LAN Services, MPLS Pseudowire termination, VPLS, Leased Line IP Aggregation, Frame Relay and ATM/IMA support, and Any-to-Any Service Interworking.

In April, Hammerhead announced general availability of the first VPLS (Virtual Private LAN Service) with Multi-Class™ implementation and a PBT (Provider Backbone Transport) Service Gateway™ software feature, which enables service providers to interwork PBT networks with the vast MPLS and growing VPLS installed base.

The HSX uses its unique patent-pending Bandwidth Pooling™ architecture to enable the industry's lowest TCO for edge aggregation, and a best-in-class hierarchical QoS implementation that enables unmatched levels of service segregation and SLA assurance, critical for robust aggregation of diverse data, video, and packet voice services feeding a common IP/MPLS core.

About Hammerhead Systems

Hammerhead Systems, Inc. is the market leader in Aggregation, Interworking, and Migration to accelerate the profitable delivery of new Ethernet and existing legacy services at a fraction of the cost and complexity of other solutions. The HSX 6000, the first purpose-built Layer 2.5 Aggregation Switch using MPLS Pseudowire technology, and the Pegador SOA Element Management System are poised for deployment in service provider networks worldwide. For more information about Hammerhead, visit www.hammerheadsystems.com

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