ACUITIVE, INC.

Virtual Resource Management: An Industry Update and Analysis

Highlights from the March 2000 Acuitive, Inc. Report

The Acuitive, Inc. March 2000 Report is a comprehensive study on Virtual Resource Management (VRM), also known as Internet Traffic Management or Server Load Balancing. Officially published in April 2000, the report focuses on vendors who have built products and features targeted at increasing the availability, performance, and manageability of web sites.

Report Summaries

On F5 Networks

"F5 Networks is the Cisco of the server load balancing industry. They remind me of Cisco back in 1986 through 1994 or so as Cisco went through the process of:

(a) Continually creating a technological separation from their competitors by being focused on software-oriented value-add
(b) Locking up channels to customers through a series of strategic OEM deals, technology licenses and key distribution outlets
(c) Training the world on their technology so that lack of user knowledge was not an impediment to market growth
(d) Expanding the market for their products by finding new applications for the core technology and embracing adjacent technologies and applications
(e) Continually articulating their long term vision in understandable terms while at the same time delivering a stream of product upgrades
(f) Supporting higher speed hardware platforms to house their value added software at the last possible moment – to once again block entry points into the market by competition
(g) Hiring all the talent they can to create a brain drain for the rest of the industry"

On Industry Leadership

"F5 Networks is a grown up company doing grown up things very well. They are operating smoothly on all facets of the success equation and as a result turned profitable in 3Q99 and expanded that profitability on 4Q99. Temporary Cisco unit shipment numbers aside, F5 is the industry leader and will continue to be so in the foreseeable future."

On Market Share

"F5 Networks continued to expand their business and are pretty close [as of 4Q99] to surpassing Cisco as #1 in the market. That will happen in 1Q00."

On Future Prospects

"It's a little too early to say that F5 has won. But they are two sets up in a five set match. By observing the pattern recognition of their deals, you can see that partners of various sorts are lining up to work with them. This, along with a compounding of reference-based wins, is what results in amplified spacing between industry leaders and also-rans as a market matures. F5 is starting to get the benefits that a market awards to the leader. The other vendors better start stealing their momentum fast or else next year I'll be saying that F5 Networks has won."

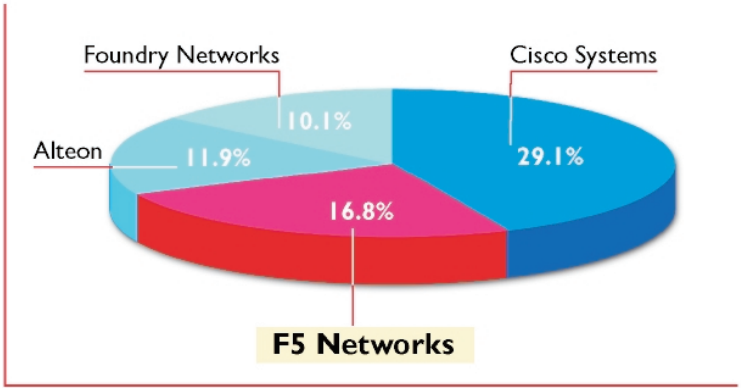
On Competitors

"Another F5 Networks characteristic that reminds me of Cisco – their competition *hates* them. That's generally a very good sign."

(Report continued on back)

Market Share Analysis – Four Key Points

1999 Market Share Leaders in VRM/Internet Traffic Management**



Based on 1999 Revenue, estimated

*** There were 8 other vendors each with a market share of 6% or less*

1999 Customer Base

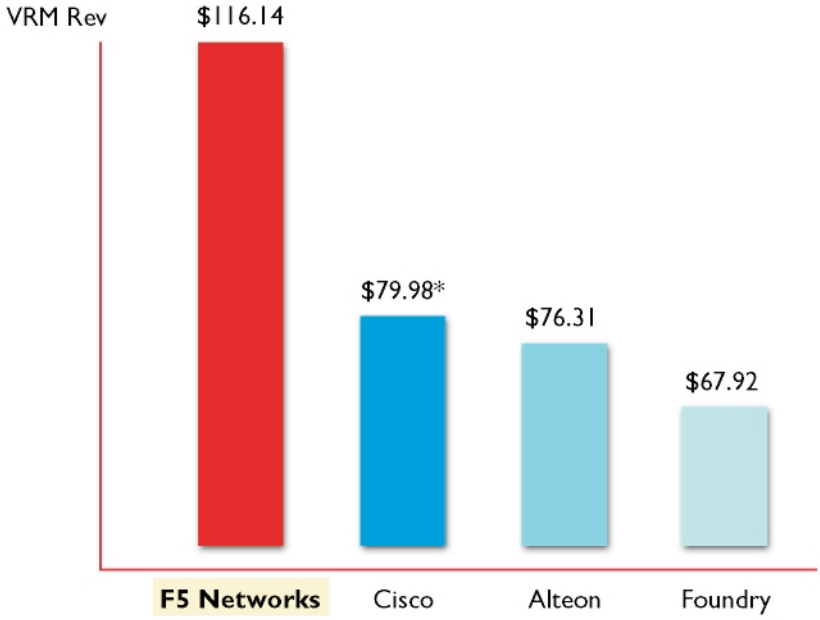
1. Cisco Systems – 2,400 (28.6%)
2. **F5 Networks – 1,250 (14.9%)**
3. Alteon – 1,000 (11.9%)
4. Foundry Networks – 800 (9.5%)

Based on approx. total market customer base of 8,400

Q499 Market Share in VRM

1. Cisco Systems – 22.0%
2. **F5 Networks – 19.6%**
3. Alteon – 12.3%
4. Foundry – 11.2%

Revenue Projections for 2000 in VRM Market



Revenue projections are for VRM products only.

*Does not take into account the May 2000 acquisition of Arrowpoint

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