



MEDIA CONTACTS: Sara Scavongelli
Davies Murphy Group, Inc.
781-418-2431
dragonfly@daviesmurphy.com
<http://www.daviesmurphy.com>

Dragonfly Secures Additional Capital to Build Out Next Generation HD Video Network

Company's technology vastly improves the way online video is compressed, delivered and measured

NEW YORK – Feb. 28, 2008 – Dragonfly®, an Internet video distribution provider, announced it has closed over \$3 million in funding to date from a group of strategic individual investors. Dragonfly is using this investment to enhance its world-class multimedia content delivery network. In the coming months, the company will be looking to build out its partner network in an effort to more quickly integrate and monetize high-quality HD video into additional portals and platforms.

Dragonfly's investment comes at a time when the online video market is exploding. With the streaming video market estimated at \$1.38 billion in 2007 and growing, bringing affordable, turnkey video solutions to market is a high priority among businesses looking to take advantage of this fast-growing market. Recognizing that higher-quality video content is going to create deeper revenue streams, companies are looking for video solutions that are easy to produce, optimize, manage and monetize.

Additionally, the model for video distribution is changing too as more businesses opt out of using traditional low-res YouTube-like videos and turn to higher-quality videos. With the goal of keeping viewers engaged on Web sites for longer periods of time, these businesses are seeing that the stickiness of better quality keeps viewers engaged longer and thereby increases revenue streams.

Previously, the primary drawback of producing high-quality, long-form video online was the often cost-prohibitive expense of building out a video network to showcase these videos. Using Dragonfly's flagship product, Movie Maker®, companies can publish, track, monetize and analyze video on their Web sites using Dragonfly's turnkey, low-cost platform. With Dragonfly, businesses don't have to invest in expensive video networks, so they can quickly and affordably bring fresh content to market. Dragonfly is also working with its partner network to create video portals for trade associations looking to bring their membership together on the Web for revenue sharing opportunities.

Guy Nouri, founder and CEO of Dragonfly, as well as an early pioneer in video technology, explained that in this frenzied video environment where content providers are eager to get high-

quality video streamed to viewers, video quality, performance, viewer analytics and affordability are “make or break” components in a delivery strategy.

“Not only is the market growing dramatically, but there’s a seminal transformation underway today as content providers look to improve the online viewer experience by featuring their content in full screen HD,” he said. “With Dragonfly’s technology, we are improving video quality on any device and wrapping in advanced analytics and metrics at an affordable price. For the mid-tier business market, this is a significant advancement. Our customers have access to high-quality, full screen, HD video without spending millions of dollars on a video network.”

Dragonfly Movie Maker gives companies superior control, tools, management and analytical capabilities to deal with the technical complexities associated with moving large media libraries onto the Internet.

Dragonfly Movie Maker Feature Highlights:

Easy player configurability

Create players in any size, any shape and with any combination of features such as thumbnails, channel lists and communication trays. The communication tray may be configured to include embed buttons with flexible site messaging enabled.

Archived content is easily delivered to new audiences

Embed Movie Maker in a Web page as an ‘iframe,’ as a single line embed or as a standard Flash object, which allows Dragonfly content to be used in most blogs, any Web page, eBay listings and social network pages such as MySpace and Facebook.

Highly flexible profiles

Multiple profiles can easily be configured to display content created for one Dragonfly site in different configurations and in different places. Through profiles you can feature channels on separate sites when it is appropriate to highlight specific video information. For example, when a magazine’s breaking news includes a story regarding a prominent figure, the associated video interview can be offered to enhance the Web viewer experience.

Full spectrum video including HD

Full spectrum video qualities and resolutions are supported including HD. Dragonfly is able to optimize the quality of the video output by adjusting the resolution and bitrate among other parameters.

Drag and drop user definable content

Interfaces with fully brandable and embeddable widgets, based upon the Yahoo! widget engine. This allows easy drag and drop creation of Dragonfly sites for user generated content.

Easily supported channels

Multiple content formats such as slides, video and audio are supported. Multiple videos may be included on a single channel with audio automatically ramping down to allow video audio track to play prominently.

Comprehensive reporting and analytics

Comprehensive channel and slide analytics using Dragonfly’s Vunit™ measurement system provide for real-time tracking in 10-second increments.

Dragonfly Movie Maker is commercially available and shipping.

About Dragonfly

Dragonfly is an Internet video delivery solution provider that enables businesses to build new revenue and retention programs around full-spectrum streaming HD video with advanced

analytics. Dragonfly is vastly improving the way online video is compressed, delivered and measured, enabling mid-sized companies to deliver high-quality video at budget-friendly prices. With Dragonfly's comprehensive offerings, companies can deliver and customize high-quality, full-screen, full-length video with no delays or interruptions. The company's advanced analytics measure advertising streams in 10-second increments. Dragonfly customers include such companies as American Business Media, Nielsen, Hilton Hotels, Nespresso (Nestle Group), Fendi North America (LVMH), Star Trek New Voyages and The Wall Street Reporter. Visit www.dragonfly.com for more information.

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