



Founders Equity/New York State Common Retirement Fund Commit \$10 Million to Invest in Convergence Technologies, Inc.

February 9, 2005 | New York, NY – Founders Equity Inc. (through Founders Equity SBIC I, L.P.) and The New York State Common Retirement Fund have committed a total of \$10 million to invest in Convergence Technologies, Inc., (“CTI”) headquartered in White Plains, NY. Convergence provides data integration services (including Voice-over -IP “VoIP”) and resells related hardware and software to small and mid-sized companies, government entities and schools. Convergence used the initial \$5 million of funds to invest in the first of a number of targeted acquisitions, Open Systems Technologies, LLC, (“OST”).

OST, based in Clifton Park, NY, was founded in 1991 and focuses on providing VoIP, data, voice, security and wireless services to schools in upstate New York and Long Island. OST also focuses on local and federal government agencies, hospitals and commercial accounts. Ken Canastar, President of OST said “Since launching our VoIP business in 2001, OST designed and installed 20 large scale VoIP systems validating OST’s position as a regional leader in the VoIP market.” OST has fifty-six employees who deliver integration services on small and large implementation projects throughout New York State.

Alan Hevesi, New York State Comptroller said “In September, I announced the Retirement Fund’s partnership with Founders Equity with a \$20 million commitment. I said then that we are creating even more opportunities to help New York State businesses expand and add jobs. Just four months later, Founders has closed its first investment with CTI and Open Systems, and the promise of new opportunities has become a reality. I look forward to many more such quality investments with Founders.”

“We are excited to partner with Convergence and the team at Open Systems in building a major data and voice provider in the education and commercial arenas,” J.D. White, a Founders Equity partner said. “We believe the growth opportunities are compelling.”

“We chose to work with Founders Equity because of their experience in partnering with small and mid-size companies to create growth opportunities, while encouraging management to be inventive and to challenge convention” Len Fassler, Chairman of Convergence said.

Senate Majority Leader Joseph L. Bruno said “This investment by the Retirement Fund will help strengthen both Open Systems Technologies of Clifton Park and Convergence Technologies Incorporated and lay the ground work for future expansion and job creation,” Senator Bruno said. “Providing this kind of investment is critically important because it demonstrates the state’s support for small, cutting-edge businesses, which are growing many of the new jobs being created in the Capital Region and throughout New York State. I applaud Comptroller Hevesi for his efforts to use the Retirement Fund to invest in New York businesses.”

“I applaud Comptroller Hevesi’s commitment to invest New York State Retirement funds in companies like Clifton Park’s Convergence Technologies, Inc.,” Assemblyman Robert Reilly said. “The investment of retirement system dollars in local companies is not only good for our local economy, but it is a wise investment of our retirement system dollars. Convergence Technologies, Inc. is an exciting small company that has earned the trust of the State Comptroller and the respect of our community. I congratulate Convergence Technologies, Inc. on today’s announcement and wish them all the best in the coming years for their business.”

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