



Building Bridges
For Today's Opportunities
and Tomorrow's Success

Fall 2009

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About River Cities

River Cities provides venture capital and growth equity financing for healthcare and information technology companies.

Our investment focus is on established, fast-growing companies with market-proven technology, services and solutions.

Founded in 1994, we have \$400MM under management in four funds and are actively investing out of Fund IV which closed on \$120MM in 2008.

River Cities is looking to partner with strong managers to help build their businesses into market leading companies.

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McAfee, Inc. Acquires River Cities Capital Funds SaaS Company MX Logic for \$140MM Plus Earn-out

On Sept 1, 2009—McAfee, Inc. (NYSE: MFE)) announced that it completed the acquisition of privately owned MX Logic, Inc. for approximately \$140 million in cash, with an earn-out of up to an additional \$30 million in cash if certain performance targets are met.



“With this transaction, McAfee is uniquely positioned to offer the most comprehensive cloud-based security portfolio in the industry—one that combines leading global threat intelligence technologies from McAfee with its Security-as-a-Service solutions. Customers will be able to leverage the cloud to simplify their security architecture and enjoy access to a broader set of delivery options, including appliances, software or in-the-cloud deployments.” Said Marc Olesen, senior vice president and general manager, McAfee.

MX Logic is a leading global provider of cloud-based email and Web security, email archiving and email continuity services. MX Logic protects approximately 40,000 customers and four million end users that will now be able to rely upon McAfee as a single source for complete security. In addition, more than 1,800 MX Logic channel partners provide a strong Security Software-as-a-Service partner ecosystem to cross sell McAfee technology-based solutions and develop co-branded and bundled offerings. MX Logic venture capital investors include Adams Street Partners, Axiom Venture Partners, Grayhawk Venture Partners, River Cities Capital Funds, UV Partners, and Vista Venture.

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River Cities Capital Funds Releases Software as a Service Valuation and Capital Efficiency Benchmarking Report

River Cities is pleased to announce the availability of a benchmarking report that analyzes the eighteen pure play public SaaS companies along with our own eight SaaS investments. The focus of the study is on identifying characteristics that make for a high value SaaS company and what it takes to get there. Key performance metrics such as sales and marketing efficiency and effectiveness, gross margins, customer churn, and what metrics high growth SaaS companies should target at various stages in their development to maximize shareholder value.

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River Cities Capital Funds Releases Senior Management Compensation Survey

River Cities is pleased to share the results from our annual Senior Management Compensation Survey. Thirty-one private growth companies from the IT and healthcare sectors participated in this year's survey. Firms provided data on compensation components – cash and stock – for senior management and Independent Directors. In addition, data was collected with respect to D&O Insurance and Audit expenses.

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Portfolio News:

[Fullscope Sells Process Module Software to Microsoft →](#)

[EndoChoice Closes Series B Financing With Council Ventures, Envest and River Cities Capital Funds →](#)

[Micronics Receives NIH Grant to Advance Rapid Molecular Test for Respiratory Disease Diagnosis →](#)

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