



**Press Release**

**5 June 2006**

**XL TechGroup, Inc.**

("XL TechGroup" or "the Company")

**XL TechGroup launches new company GenXL**

XL TechGroup (AIM: XLT), the systematic architect and builder of an ongoing stream of high value new companies, announces the launch of a new company GenXL LLC ("GenXL"), a joint venture with GEN3 Partners, Inc. ("GEN3"), the highly regarded US headquartered product innovation and technology development firm.

XL TechGroup identifies numerous potential opportunities throughout the year and creates one to two new disruptive companies per year from this "pipeline". In addition, this selection process identifies many other prospects with considerable worth which up until now have been unexploited. Now, however, XL TechGroup has joined with GEN3, which uses a proprietary process to match the opportunity with the right technical solution, to create GenXL, a new value creation entity, to ensure the value of these opportunities is captured. This new collaboration will provide a pathway to deliver even greater value for XL TechGroup shareholders by taking advantage of this rich pipeline of opportunities over and above the Company's core business model. Moreover, GEN3 also has its own pipeline of opportunities which will be contributed to GenXL.

GEN3 is a product innovation consulting firm that dramatically improves the impact, predictability and productivity of product innovation. The firm provides a superior approach to product innovation through the *GEN3: Innovation Discipline* (G3:ID) and identifies the greatest opportunities and solves the technical barriers to achieving them. GEN3 has boosted innovation at Boston Scientific, Alcoa, Appleton, CR Bard, Honda, Toshiba, Nippon Chemi-Con and other leading companies around the globe. The firm is headquartered in Boston, USA, with additional locations in, San Francisco, USA, Tel Aviv, Israel, and St. Petersburg and Moscow, Russia.

The significant advantage of GenXL is that it will blend the best of both parent companies, namely their respective opportunity pipelines, XL TechGroup's expertise and track record in identifying unmet market needs and creating new businesses, and GEN3's proven and established track record with start ups and their application of G3:ID. This combination will produce a steady flow of new, self generated businesses within the BioTech, EcoTech, MedTech and Communications sectors that are intended to add significant value for both XL TechGroup and GEN3 in a number of ways. These will include new companies, standalone product lines and technology licensing opportunities or an appropriate mix of these.

Both XL TechGroup and GEN3 will be investing an initial US\$1 million to establish GenXL, and each company will appoint four directors to the board of GenXL. The Executive Chairman of GenXL will be Jim Sims, who is the CEO of GEN3 which he co-founded in 1999. Mr Sims was the founder of Cambridge Technology Partners ("CTP") in Cambridge, Massachusetts which he led to annual revenue of US\$620 million and a market valuation of US\$2.5 billion. Mr Sims previously founded Concurrent Computer Corp which grew to US\$340 million in annual revenue. Mr Sims is well known to the XL TechGroup senior management team, and is a valued member of the XL TechGroup advisory board.

In addition to their initial investments, both XL TechGroup and GEN3 Capital I, GEN3's affiliated private equity venture arm, have agreed to provide an additional US\$1 million in funding for GenXL when needed, although it is anticipated that GenXL will become self financing as soon as possible. Furthermore, and very differently to the XL TechGroup business model, each new GenXL business will be free to attract external private equity or venture capital ("VC") funding. In this regard, a number of established US based VC funds have already expressed a very strong interest in investing in GenXL businesses.

Jim Sims, Chairman and Chief Executive Officer of GEN3, said: "This is a very exciting new concept in value creation. John Scott, CEO of XL TechGroup has proven time and again that his methodology works, and we are delighted to be creating a joint platform where we can combine our respective skills and contacts to create companies and other opportunities that we are confident will add significant value over time."

John Scott, Chief Executive Officer of XL TechGroup, said: "We are creating a new company that will have an immediate inventory of commercial opportunities to work with and the right combination of skills to prepare them for maximum success. GEN3's established track record of solving product innovation challenges combined with the G3:ID will dramatically increase the value of relationships already cultivated by XL TechGroup. We are

very excited about the potential for creating even greater value for XL TechGroup shareholders.”

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**NOTES TO EDITORS**

**About XL TechGroup**

XL TechGroup is in the business of significant value creation. Working with major international corporate and technology partners such as AES, Procter & Gamble and leading universities, XL TechGroup first identifies global unmet market needs and then targets and exploits these by the systematic creation of successful, disruptive technology businesses. These are built from scratch, and are then funded and developed by XL TechGroup through to the point of a trade sale or a stock market listing.

XL TechGroup's unique and proven methodology selects the best opportunities in order to create one-to-two new companies annually, where each company is expected to achieve a valuation of at least US\$400 million within four years from its creation. While an XL TechGroup company might perform a stock market listing at an earlier point in this four year timeframe, XL TechGroup would retain its controlling interest and would continue to assist with the company's development.

XL TechGroup's companies to date are: AgCert International plc ([www.agcert.com](http://www.agcert.com)), TyraTech LLC ([www.tyratech.com](http://www.tyratech.com)), DxTech LLC ([www.dxtech.com](http://www.dxtech.com)), PetroAlgae LLC ([www.petroalgae.com](http://www.petroalgae.com)) and QuoNova LLC.

**About GEN3 Partners**

GEN3 Partners Inc. is a product innovation consulting firm that dramatically improves the impact, predictability and productivity of corporate innovation processes through a superior approach to identifying their greatest opportunities and solving the technical barriers to achieving them. Based in Boston and St. Petersburg, Russia, GEN3 works with CEOs, business unit general managers, and heads of marketing, product development, manufacturing and other executives to dramatically improve their return on product innovation.

For more information, please visit: [www.GEN3.com](http://www.GEN3.com)