



Silverwood Partners Advises Life FX (Nasdaq: LEFX) in Connection with Investment from Safeguard Scientifics, Inc. (NYSE: SFE)

SHERBORN, MA – December 17, 2001 – Silverwood Partners today announced that Life FX, Inc., a Newton, Massachusetts, developer of digitized human faces for the Internet, today entered into a senior secured loan facility with an affiliate of Safeguard Scientifics, Inc., in the aggregate amount of up to \$4,000,000. Silverwood Partners provided financial advice to Life FX in connection with the investment from Safeguard Scientifics, Inc.

Terms of the Agreement

Under the terms of the loan, the funds may be drawn by the Company at certain scheduled intervals over a one-year period only upon the satisfaction of certain terms and conditions. The facility bears interest at a rate of 12% per year, and is payable upon the earlier of January 1, 2003, the closing of an alternative financing transaction, or an event of default. The facility is secured by a perfected first priority security interest in the Company's assets.

In accordance with the loan agreement, Safeguard agreed to deliver to the Company for cancellation outstanding warrants to purchase an aggregate of 15,628,295 shares of the Company's common stock in exchange for a new warrant to purchase up to an aggregate of 42,410,619 shares of the Company's common stock at an exercise price of \$.094316 per share. The shares subject to the Warrant vest in accordance with the aggregate funds advanced to the Company and have certain registration rights attached to them.

About Life FX

Life FX is creating the face of the Internet by developing photo-realistic, digital human faces, or Life FX stand-in virtual people, that can interact in real time. Life FX Stand-In™ virtual people will be used by Web businesses as life-like customer-service and sales representatives, guides, teachers and entertainers, while consumer applications will include e-mail, instant messaging and chat rooms. The Life FX technology was originally developed for professional medical applications by the University of Auckland, with which Life FX has an exclusive license.

About Silverwood Partners

Silverwood Partners is a sector focused investment bank that provides M&A and private capital raising advisory services to information, communications, financial services, and digital imaging technology companies, and healthcare, industrial and consumer companies. Silverwood delivers acquisition, divestiture or corporate sale advisory, strategic-financial advisory and institutional financing services to companies in its targeted business sectors. For additional information, visit Silverwood's Website at www.silverwoodpartners.com.

Important Information

This release may include forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995, about the future performance of one or more public companies. There are a number of factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements, such as the competitive market in which any company operates, market acceptance of a public company's existing and new products, a public company's ability to anticipate customer

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needs and the other factors set forth under the caption "Certain Factors That May Affect Future Results," or similar, in a public company's filings with the Securities and Exchange Commission. In addition, any forward-looking statements contained herein represent an estimate only as of the date of such statement and should not be relied upon as representing an estimate as of any subsequent date.

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