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Welcome

Welcome to Advantage Capital Partners' electronic newsletter for September. We think you and other opinion leaders in business, finance, government, economic development, and higher education will find this month's news about Advantage investments and our innovative portfolio companies to be informative.

September 2007

News from Advantage

Entrepreneur magazine names Advantage one of top 100 VC firms; BizCapital expands and hires two

News about Advantage investments

T&K Machine; ARC Solutions; Louisiana Elastomer; Virent Energy; Adventure Central; Alfalight; AuthenTec; QSR; TomoTherapy

News from Advantage

***Entrepreneur* magazine names Advantage Capital among top 100 VC firms**

Entrepreneur magazine has recognized Advantage Capital among the nation's top venture capital firms for entrepreneurs for the second year in a row. The list of 100 firms, published in the magazine's July issue, was based on the number of first-time fundings in 2006 to companies in the startup or early stages of development. The web site's list of firms for later-stage companies also includes Advantage.

"It's an honor to be recognized by *Entrepreneur* magazine and be ranked among so many great firms," said Steven T. Stull, president of Advantage Capital. "Entrepreneurs are the lifeblood of our nation's economic growth and we're proud to have helped many innovative companies grow."

According to the MoneyTree Report from PricewaterhouseCoopers, the National Venture Capital Association and Thompson Financial, the magazine noted that 799 startup and early stage companies received an average of \$4.1 million in funding for 2006. In total, venture capitalists invested \$25.5 billion in 3,416 deals in 2006. This number is up 10 percent from 2005 and marks the highest level of investment since 2001. To view the list, go [here](#).

BizCapital opens Mississippi office, hires two business development officers

BizCapital, the small business lending arm of Advantage Capital Partners, has opened a new office in Jackson and hired Arthur Magee as business development officer. In addition, Richard Pearce has joined the New Orleans team as vice president of business development.

"BizCapital has wanted to expand into Mississippi for some time now," Magee said. "Our ties and relationships in the state make Jackson the best location for us to serve our clients."

Magee is responsible for growing the business and generating SBA, USDA and other lending opportunities in Mississippi. Before joining BizCapital, Magee worked for Budget Phone Inc. as CFO/controller. He also worked for Commercial National Bank as a business banking manager/SBA manager/senior lender. For more on Magee, go [here](#).

Pearce's responsibilities include generating New Markets-qualified SBA and USDA loans in Louisiana. Prior to joining BizCapital, Pearce served as vice president and chief credit officer at Wilshire Louisiana BIDCO. Before that, he served as vice president/manager/loan trader & pool assembler for SAMCO Capital Markets. For more on Pearce, go [here](#).

BizCapital is recognized as a leading government-guaranteed lender, helping small-to-mid-sized businesses grow and prosper while fostering stronger economic growth in local communities. With offices in New Orleans, St. Louis and now Jackson, BizCapital invests across many types of businesses and offers loans from \$250,000 to \$5 million in the form of SBA, USDA, mezzanine, and well-secured real estate loans. Read more about BizCapital [here](#).

News about Advantage investments

Advantage leads \$5 million funding round for Texas' T&K Machine

[T&K Machine Inc.](#) a manufacturer of highly engineered precision-machined airframe components in Paris, Texas, has closed on \$5 million of funding from Advantage Capital Partners and Stonehenge Capital Company.

The company produces a range of structural and airframe components for large commercial aircraft, corporate jets and military aircraft. T&K serves some of the leading OEMs and Tier1 aerospace suppliers including Spirit AeroSystems, Goodrich, Boeing and Vought Aircraft.

Advantage Capital's investment in T&K was made in connection with the federal New Markets Tax Credit program and Texas' Certified Capital Companies program. Both programs stimulate economic growth in areas that historically have been underserved by traditional sources of investment capital. For more on the T&K investment, go [here](#).

Advantage invests in Washington, D.C., software company ARC Solutions

Advantage Capital Partners and Enhanced Capital Partners have invested \$2 million in [ARC Solutions Inc.](#), an association management software company in Washington, D.C. The funds will be used to support continued growth.

"Advantage and Enhanced Capital believe in the value of our *True* On-Demand product for member-based organizations and have given us the financial ability to ramp up our efforts to reach more customers and accelerate our business

expansion," said Andrew Ryan, founder and chief executive officer of ARC Solutions.

ARC Solutions provides Software-as-a-Service (SAAS) solutions to member-based organizations. The software aims to address the special needs of these organizations with a fully integrated and comprehensive solution. The [Polaris](#) platform is a highly configurable software program with more than two dozen different application modules. The program is designed to increase operational efficiency and member satisfaction by providing user-friendly software package accessed via the web.

The two firms' investment in ARC Solutions was made in connection with the Washington, D.C., CAPCO program, an economic development initiative designed to stimulate the flow of financial capital to early stage businesses, creating high paying jobs and increasing tax revenues across the District. Read more about the ARC Solutions investment [here](#).

BizCapital finances rubber recycling plant in rural Louisiana

BizCapital recently provided a \$6.5 million construction loan to Louisiana Elastomer, LLC, a supplier of reactivated elastomer compounds for the rubber molding industry. The loan will be used to support a new facility in Vidalia, La.

Louisiana Elastomer's TireCycle technology is a true synthetic and natural rubber technology producing high-performance products that can be sold to a broad spectrum of manufacturers as raw materials. The company's environmentally friendly technology replaces two of the current standard disposal practices and provides a permanent solution to the hazardous waste problem relating to the disposal of scrap rubber and waste tires.

To read more on this investment, go [here](#).

Wisconsin's Virent Energy Systems raises \$21 million

Virent Energy Systems, Inc., a Madison-based energy technology developer, has closed a \$21 million Series B round of funding, including participation from Advantage Capital and Venture Investors. The company has raised approximately \$40 million in grants and venture funding since 2002. Virent plans to use the funding to accelerate commercialization of its technology for liquid fuels, hydrogen, and propylene glycol.

Virent is an energy technology company whose patented BioForming platform technology renewably produces transportation fuels, fuel gases, and many chemicals, all products most commonly made from fossil fuels.

Advantage first invested in the company in 2005 through Wisconsin's Certified Capital Companies program. Read more about this investment [here](#).

Colorado's Adventure Central expands offerings to more tour operators

[Adventure Central](#), the leading provider of online booking and travel inventory management solutions for adventure travel operators, has enabled 24 more tour operators with e-commerce capabilities and office management solutions.

The Denver-based company provides solutions that help operators of popular adventure and experiential tours to run their businesses more profitably and reach more travelers by creating new travel distribution connections. Adventure Central Office gives adventure tour operators an easy-to-use, web-based office solution. The full-service solution features customer reservations, real-time inventory

management reflecting up-to-the-minute bookings, secure payment processing, customer resource management (CRM), automated reservation e-mail communications and targeted marketing campaigns.

"We're not just helping tour operators with improved office management but also giving them e-commerce capability that increases their bottom line and lifts customer satisfaction," said Dick Schulte, CEO of Adventure Central.

Advantage first invested in Adventure Central in 2005, in connection with Colorado's Certified Capital Companies program. For more on Adventure Central, go [here](#).

Wisconsin's Alfalight acquired by California-based laser company

Madison-based [Alfalight](#) has been acquired by Arasor International Ltd., a developer of telecommunications and consumer optoelectronic products.

Alfalight was founded in 1998 in association with the University of Wisconsin and the Reed Center for Phototonics to create high-power, high-reliability diode laser sources based on technology developed at the center. It currently manufactures high-power diode lasers for the industrial, defense and telecommunications markets. The company will continue to operate as a wholly owned subsidiary of Arasor with its management and staff remaining at the Madison manufacturing site.

Arasor also announced it has acquired Australian company AOFR, an optical coupler maker. Both Alfalight and AOFR were acquired for a total of \$63 million.

Advantage Capital first invested in Alfalight in 2005 through Wisconsin's Certified Capital Companies program. To read more about the acquisition, go [here](#).

Florida's AuthenTec ships 20 millionth fingerprint security sensor

[AuthenTec](#) (NASDAQ: [AUTH](#)), the world's leading provider of fingerprint sensors and solutions, announced that the company shipped its 20 millionth fingerprint sensor in July, setting an industry record. The Melbourne-based company shipped a million-plus sensors in July alone, more than any other month in the company's history. In addition, AuthenTec's 20 million milestone comes only one year after the company reached the 10 million milestone.

"Although we're proud of setting another high-water mark for the industry with our 20 millionth sensor shipment, we believe the market for fingerprint sensors is just beginning and that the most significant growth opportunities are still ahead," said AuthenTec Chairman and CEO Scott Moody.

AuthenTec provides fingerprint sensors to the PC, wireless device and access control markets. Used to replace PINs, passwords, physical access cards and keys, AuthenTec's award-winning fingerprint sensors are based on the company's [TruePrint](#) technology. TruePrint is a unique, sub-surface RF technology which reads below the surface of the skin to the live layer where the true fingerprint resides.

Advantage made its first investment in AuthenTec in 1999 through Florida's Certified Capital Companies program. The company completed a successful Initial Public Offering in June. For more on the AuthenTec announcement, go [here](#).

QSR receives the St. Louis Mayor's Spirit Award

[Quick Study Radiology](#), a digital imaging services provider based in St. Louis, was recently honored by Mayor Francis Slay with the St. Louis Mayor's Spirit Award.

The award recognizes businesses that make major expansions or improvements to their existing city locations, innovative new businesses that open or relocate to the city, and certain major city projects.

OSR provides information technology services for hospital radiology departments, imaging centers and physician groups. The company offers implementation and support of an integrated digital radiology information system, including picture archive communication systems (PACs), radiology information systems (RIS), archiving, web distribution and interfaces.

Advantage first invested in OSR in 2005 with funds raised in connection with the federal New Markets Tax Credits program.

Wisconsin's TomoTherapy introduces new software to enhance radiation therapy functionality

[TomoTherapy](#) (NASDAQ: [TTPY](#)) recently announced the availability of its new software system called [StatRT](#). The new software is designed for the company's [Hi-Art](#) treatment system and allows the full radiation therapy process to be completed in as little as thirty minutes.

"True integration of CT-guided, intensity-modulated radiation therapy has been at the core of our development efforts since day one," said Fred Robertson, M.D., CEO for TomoTherapy. "StatRT lets clinicians apply the fruits of this focus for the efficient, effective care of patients who need it most."

In addition, TomoTherapy's co-founder was honored with a Health Breakthrough award from *Ladies' Home Journal*. T. Rock Mackie, Ph.D., was recognized for his work with the TomoTherapy Hi-Art treatment system. Minesh Mehta, M.D., was also honored for his work in the clinical assessment of the Hi-Art system. Dr. Mackie and Dr. Mehta will be featured in the September issue of the magazine.

Advantage, working with local partner, Venture Investors, first invested in TomoTherapy in 2000 through Wisconsin's Certified Capital Companies program. The company went public in May, raising a total of \$185 million. Read more about the company's recent announcements [here](#).

About Us

[Advantage Capital Partners](#) is a venture capital and private equity firm focused on investing in promising companies located in areas underserved by traditional venture capital. With offices and partners in New Orleans, St. Louis and several other cities, Advantage Capital has raised more than \$750 million in institutional venture capital since 1992.

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