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ADVANTAGE

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Welcome

Welcome to Advantage Capital Partners' electronic newsletter for August. We think you and other decision-makers in business, finance, government, economic development and higher education will find these topics informative.

Economic Development News

New Markets Tax Credit program to allocate up to \$3.5 billion in next round

The [U.S. Treasury Department](#) has announced it will allocate up to \$3.5 billion for the next round of the [New Markets Tax Credit](#) (NMTC) program, which will be announced in spring 2006.

"The New Markets Tax Credit program spurs development and creates jobs in communities most in need," Treasury Secretary John Snow said. This innovative federal program will leverage up to \$15 billion in private capital to stimulate economic growth in distressed communities. Through the first three rounds of the program, Treasury has authorized \$8 billion in tax credit allocation authority. Of that amount, more than \$2.2 billion of private capital has been raised and invested in low-income communities.

Advantage most recently received a \$50 million authorization in the program's third round, which was announced in May, bringing to \$160 million the amount of private capital Advantage is authorized to raise under New Markets and invest in distressed areas. All three rounds to date have been highly competitive, with Advantage and other organizations selected from among hundreds of applicants. For more on the NMTC program, go [here](#).

SBA profiles small businesses' contribution to state economies

The [U.S. Small Business Administration](#) outlines small businesses' contribution to the economy in the 2005 edition of Small Business Profiles for the States and Territories.

Small businesses provide jobs for more than half of the private workforce, the SBA noted. Data

and research funded by the SBA's Office of Advocacy shows that small businesses represent 99.7 percent of all firms, they create more than half of the private non-farm gross domestic product, and they create 60 to 80 percent of the net new jobs. Moreover, the latest figures show that small businesses with fewer than 20 employees increased employment by 853,074 during 2001-2002.

"Small business drives the American economy," said Dr. Chad Moutray, Chief Economist for the Office of Advocacy. "Main Street provides the jobs and spurs our economic growth. American entrepreneurs are creative and productive, and these numbers prove it."

For more on the SBA's report and profiles on each state and territory, go [here](#).

Rural Oklahoma group partners with Advantage to apply for SBA program

The Rural Oklahoma Capital Alliance (ROCA) has partnered with Advantage Capital to apply for participation in the U.S. Small Business Administration's Rural Business Investment Program. The program promotes economic development and job creation in rural areas.

Created by the 2002 Farm Bill, the program licenses Rural Business Investment Companies (RBICs) through a competitive process. RBIC applicants must identify targeted rural areas and demonstrate how they would assist those areas through disciplined, profit-oriented investing in rural enterprises.

"This SBA program offers a tremendous opportunity to help direct capital investment to rural Oklahoma," said Ray Wheatley, ROCA's chief executive officer. "By partnering with Advantage Capital, we add experienced investment professionals to our team to help us in raising private funds and making investments."

A decision on the application is expected this fall. To learn more, go [here](#).

News About Advantage Investments

First automated mapping of a patient's heart uses Stereotaxis technology

A doctor in Milan, Italy, recently completed the first automated "mapping" of a patient's left atrial heart chamber during an atrial fibrillation ablation procedure. Using the Niobe magnetic navigation system developed and produced by St. Louis-based [Stereotaxis Inc.](#), the doctor moved a magnetically navigated catheter to more than 100 places in the chamber of a beating heart in about 10 minutes. Prior to the Niobe system, the mapping procedure was done manually and often took more than 30 minutes.

"This procedure, to our knowledge the first of its kind in the world, is a testament to the growing capabilities of our Niobe system," said Bevil Hogg, Stereotaxis' president and chief executive officer.

Advantage first invested in Stereotaxis in 1998, when its product was in the early stages of development, and has continued to invest over the years. The firm's investment included funds raised in connection with the New Market Tax Credit program, and Stereotaxis was the first company to have received funding under that program to subsequently trade publicly, thus raising \$45 million in additional capital. Read more about St. Louis-based Stereotaxis and its advanced cardiology instrument control system by going [here](#).

\$4 million financing enables Alabama hospice service provider to open call center

[HospiScript Services LLC](#) of Montgomery, Ala., has received a \$4 million round of financing from Advantage Capital Alabama in Huntsville and Waveland NCP Alabama Ventures in

Birmingham. This investment enables HospiScript to retire debt and have working capital for growth, including the establishment of a 24-hour, national call center in Montgomery to accommodate the company's growing customer base.

HospiScript provides hospices with the tools and resources to reduce pharmaceutical expenses through services such as deep discounts for all medications, tools to help track and manage pharmacy costs and a formula to define individual drug plans.

"This investment from Advantage and New Capital could not have come at a better time," said Shannon G. Speir, president and chief executive officer of HospiScript. "Our business is growing rapidly and having sufficient working capital is critical for us to support an increasing customer base."

Both Advantage and Waveland made their investments in connection with Alabama's Certified Capital Company program. Learn more about HospiScript and its new call center, go [here](#).

AuthenTec leaves its fingerprint on biometric recognition industry

AuthenTec Inc. has taken the world of biometric fingerprint sensors by storm. The company, based in Melbourne, Fla., recently shipped its 5 millionth sensor, more than twice the number of any other company, and achieved this milestone in five years. AuthenTec's sensors now represent two-thirds of the fingerprint sensors in circulation.

The silicon chip industry is taking notice. Analyst firm Frost & Sullivan recently recognized AuthenTec with its 2005 market leadership award, the third in as many years. The award recognized AuthenTec, in which Advantage first invested in 1999, for its unit shipment and market share leadership in the silicon chip fingerprint sensor market. Learn more [here](#).

Laser manufacturer Alfalight wins \$5.9 million in contracts

Diode laser manufacturer Alfalight Inc. recently was awarded two government contracts totaling \$5.9 million to enhance and refine its lasers.

The Madison, Wis.-based company will use a \$4.5 million contract from the U.S. Army to develop a high-brightness, high-power multimode diode laser source with an output of one kilowatt. "The ... program will have a significant impact on fundamental diode source brightness and foster new techniques for delivering power from multiple diodes into small spot sizes and fibers," said Manoj Kanskar, vice president of Research and Development for Alfalight. The second contract, for \$1.4 million, was awarded by the Defense Advanced Research Projects Agency for research to increase the efficiency of Alfalight's diode lasers.

Advantage invested in Alfalight in 2000 through Wisconsin's Certified Capital Company program.

About Us

Advantage Capital Partners is a private equity firm focused on investing in promising companies in connection with federal, state and local economic development efforts. With offices in New Orleans, St. Louis, New York, Austin, Washington D.C., Tampa, Madison, Denver and Huntsville, Advantage has raised almost \$700 million in institutional private equity since 1992 and has invested in companies and projects located in states and communities underserved by venture capital investment.