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ADVANTAGE

CAPITAL

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Welcome

Welcome to Advantage Capital Partners' electronic newsletter for January 2006. We think you and other decision-makers in business, finance, government, economic development and higher education will find these topics informative, especially as we begin the New Year.

Economic Development News

Assigning grades to Wisconsin's economy shows progress on many fronts

Wisconsin's high-growth, high-tech economy made improvements last year in many areas, with tremendous strength in innovation, according to the [Wisconsin Technology Council](#), a science and technology advisory organization for the governor and the legislature. Writing about the state's economic performance as if he were a professor evaluating a student's performance in a class, council President Tom Still graded a number of aspects of the economy, including business costs, investment climate and political climate.

"Academic research and development spending in the state continues to climb, although national trends are slowing," Still wrote in [Wisconsin Technology Network News](#). The category of investment climate in the state may be the "most improved" area, he noted, though infrastructure received a higher mark due to the rise in opportunities for entrepreneurs and technologists to share their business plans and ideas. Still credited statewide teamwork that has built on regional strengths and leveraged specific clusters.

For more on Still's assessment, and the state's overall grade, go [here](#). Advantage has invested in Wisconsin companies since 1999.

Military retirees emerge as a good source of entrepreneurs in Missouri

Where do entrepreneurs come from? All walks of life, of course. But a recent study in Missouri found that military retirees are more likely to become entrepreneurs than persons without military backgrounds. Former servicemen and women are better represented among the state's entrepreneurs than they are in the overall U.S. population, according to the [Missouri Economic Research and Information Center \(MERIC\)](#). In addition, military retirees in Missouri

are more likely to become entrepreneurs than those in the neighboring states of Illinois or Kansas.

The study considered the importance of alternative income in generating entrepreneurial activity and defined entrepreneurs as individuals earning at least half of their income from self-employment; potential entrepreneurs were defined as individuals receiving 25 percent to 50 percent of their income from self-employment. The most common sources of self-employment income were construction, real estate and truck transport. For more information, go [here](#).

SBA publishes latest data on entrepreneurship, economic activity and job growth

The Office of Advocacy of the U.S. Small Business Administration has issued *The Small Business Economy 2005 Edition*, which documents the impact of small business on the nation's economy. Dr. Chad Moutray, chief economist for the Office of Advocacy, said the economic environment fostered entrepreneurial activity while increasing the gross domestic product and creating more jobs. The report is available [here](#).

News about Advantage investments

TomoTherapy in Madison raises \$14 million round for continued growth

TomoTherapy Inc., which produces the innovative Hi-Art System for radiation therapy, has raised \$14 million in new equity capital to support the company's continued growth and expansion as it meets demand for its revolutionary cancer treatment system. The Endeavors Group led the Series E financing round, which was completed with the current investor group, including Advantage Capital, Ascension Health Ventures, the State of Wisconsin Investment Board, and the company's board of directors.

"Our growth has been dramatic," said Dr. Frederick Robertson, chief executive officer. "Revenue increased almost 70 percent in 2005, while the number of orders for our system more than doubled between years. To keep up with this product demand, we have ramped up our hiring, growing from 171 employees at the end of 2004 to 327 employees at December 31, 2005. The underlying TomoTherapy business is very strong."

Advantage first invested in TomoTherapy in 2000 through the Wisconsin Certified Capital Companies program and to date the company has raised a total of \$42 million of outside equity capital. In addition, TomoTherapy's Hi-Art System is now being used to treat patients in 50 cancer centers in North America, Europe and Asia-Pacific. For more on the company's success, go [here](#).

EmergingMed.com in New York raises \$3 million for expansion

Software developer EmergingMed.com has closed a \$3 million round of financing led by Advantage Capital. Other investors included The Spring Bay Companies, Rand Capital SBIC and Florida Gulfshore Capital. EmergingMed will use the funds to provide new services in addition to its current cancer clinical trial matching.

EmergingMed maintains a database of clinical trials and provides services to manage and promote patient and physician searches for these trials. "Our company has established itself as the leading provider of cancer clinical trial matching and referral services in the United States," said Courtney Hudson, EmergingMed's co-founder, president and chief executive officer. Advantage's investment was made in connection with New York's Certified Capital Companies program. Read more about it [here](#).

Advantage backs new restaurant in historic St. Louis neighborhood

Advantage Capital has invested \$1.5 million in Soda Fountain Square, a new neighborhood

diner located in the historic Lafayette Square neighborhood south of downtown St. Louis. Advantage made its investment in the business using funds raised in connection with the federal New Markets Tax Credit program, which facilitates the investment of private capital in targeted communities.

Soda Fountain Square is owned and operated by entrepreneur Bethany Budde, who founded the successful Sqwires Restaurant and Market five years ago that has contributed to Lafayette Square's popularity as a destination and as a residential area. "The Lafayette Square area has been a great location for Sqwires and the neighborhood has welcomed Soda Fountain Square warmly," Budde said. For more on the investment, go [here](#).

Advantage leads \$1.2 million round for machine tool firm in upstate New York

Advantage Capital and Rand Capital SBIC have invested \$1.2 million in [New Monarch Machine Tool Co.](#), based in Cortland, N.Y. Monarch, founded in 1909, produces high-end machining centers for blue-chip manufacturers in addition to the sale of repair parts, service and retrofits to the thousands of Monarch machines currently in service.

"These funds give us the working capital we need to keep growing the business and bring new products to market," said Mark Quinn, co-CEO and chief operating officer. "As a result, we expect 2006 to be another strong year for growth." Indeed, Monarch's machine sales revenue has risen threefold since Adantage and Rand first invested in the company in late 2003. "Our success to date would not have been possible without the help and confidence of our partners at Advantage and Rand," said John Keeler, co-CEO and chief financial officer.

Advantage's investments were made in connection with New York's Certified Capital Companies program. Go [here](#) for more on the investment and Monarch's growth plans.

Semiconductor group names Florida's AuthenTec 'most respected'

[AuthenTec](#), the leader in fingerprint sensor security, was named the world's Most Respected Private Company by the Fabless Semiconductor Association (FSA). This is AuthenTec's second major honor in the past few months, after being named the biometric fingerprint sensor market leader by industry analyst firm Frost & Sullivan. Advantage first invested in AuthenTec in 1999 through the Florida Certified Capital Companies program.

The FSA award was presented at the 2005 FSA Awards Dinner Celebration in Santa Clara, Calif. The company, based in Alachua, Fla., was chosen by members of the industry, analysts and suppliers. Judges evaluated the candidate companies' product, vision, strategies and future opportunities. Read [here](#) how AuthenTec was selected for this honor over 1,000 other companies around the world.

In other AuthenTec news, [Realm Systems](#) has chosen the company's biometric technology to enable secured endpoint computing in its pocket-sized server, the Realm iD3 Personal Server. For more, go [here](#).

Nascent Pharmaceutical reports positive results in Dry Eye trial

[Nascent Pharmaceuticals](#), a specialty pharmaceuticals company based in Honolulu, announced positive results for a 90-patient clinical trial of its therapeutic eye drop for treating Dry Eye Syndrome (DES) in postmenopausal women. The trial was designed to determine the appropriate patient population for continued development of the company's topical eye drop.

Patients with moderate to severe disease experienced a significant improvement, indicating that the therapy provides a benefit in relieving the signs and symptoms presented by DES in postmenopausal women. It is estimated that about 30 percent of postmenopausal women suffer symptoms of DES, which accounts for more than 12 million women in the United States.

Read more about the trial results [here](#). Advantage first invested in Nascent in late 2003.

Quickoffice Recognized by Nokia

Quickoffice, a Dallas-based provider of innovative mobile office document software, was chosen as Developer of the Year as part of the 2005 Forum Nokia PRO Awards at the Nokia Application Summit in Dubai. Quickoffice was selected from more than 150 entries by an independent panel of mobile industry journalists and analysts.

Quickoffice was recognized for its Quickoffice Premier Software suite. "This confirms Quickoffice's reputation as a pioneer in mobile business solutions for customers around the world," said Barry Cottle, Quickoffice CEO. Advantage invested in the company late last year in connection with the Texas Certified Capital Companies program. For more on the Nokia recognition, go [here](#).

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 more than \$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.



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