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ADVANTAGE

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Welcome

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

News from Advantage

Treasury awards Advantage \$70 million NMTC allocation

Advantage Capital Partners will use its new \$70 million [New Markets Tax Credit](#) allocation to invest in low-income communities of the hurricane-devastated Gulf Coast. Announced earlier this month at events in New Orleans, St. Louis and other cities, the fourth-round allocation brings to \$230 million the total amount allocated to Advantage under this program.

The \$16 billion New Markets initiative promotes economic growth and job creation in low-income communities through tax incentives to private-sector investors, such as Advantage, who commit capital to businesses and other investments there. Although Advantage invests nationwide, this latest allocation will be applied solely in the Gulf Opportunity Zone to help create jobs, support redevelopment, and revitalize neighborhoods in the areas affected by Hurricane Katrina.

"For more than a decade we have been building strong and vibrant Louisiana companies, investing more than \$250 million in the Gulf Coast region," said Steven T. Stull, Advantage's president. "Our partners and investors agreed that dedicating this allocation to the GO Zone was the right thing to do. We know from experience how vital risk capital is to the growth of entrepreneurs and regional economies."

To read more about this most recent Advantage allocation, go [here](#).

News about Advantage Investments

New Orleans' Turbo Squid takes aim at video-game market

The New Orleans-based technology company Turbo Squid, which supplies 3-D digital products to designers and creative professionals, is extending its technology tentacles into the video-game industry. GameFlood, a web site and download program, lets video gamers add content to existing personal-computer games. While the additional game content - such as new weapons or game environments - will be designed by the gamers themselves, GameFlood will act as the platform for buying and selling the add-ons, according to an article in the May 29 issue of *New Orleans City Business*. It's a business model that worked for Turbo Squid's present business, where users list, promote and sell three-dimensional and two-dimensional software worldwide, generating some \$4 million in 2005 sales.

"There is a whole cottage industry out there of third-party content being made by gamers and given free to people who play the game," GameFlood division head Matthew Wisdom said in the article. "But some of the problems are those files are not quality tested, they're too large for the game, and they're at times complicated for the user." GameFlood has asked certain sophisticated gamers to test those add-on products, which should be available without charge on the GameFlood Web site this summer, said Wisdom. Then, within six months, the add-ons will go on sale, with producers earning royalties for products sold through the GameFlood site and GameFlood charging a fee for each purchase.

Advantage first invested in Turbo Squid in 2001 in connection with Louisiana's Certified Capital Companies program.

Stereotaxis in St. Louis announces extension of Siemens development pact

Stereotaxis Inc. (NASDAQ: STXS) recently extended a joint development agreement with Siemens Medical Solutions that could help hospitals with older interventional catheterization laboratories accelerate their replacement with Stereotaxis' innovative technology. An important aspect of the collaboration is a technology trade-in program intended to help U.S. hospitals expedite patient and physician access to precise magnetic navigation technology combined with the most advanced imaging equipment.

Stereotaxis designs and manufactures a computer-enhanced magnetic guidance system for cardiac catheters that enables physicians to perform minimally invasive, life-saving cardiac procedures with an unprecedented level of precision. Advantage first invested in the company in 1998. For more on the Siemens agreement, go [here](#).

Hoku hydrogen fuel-cell technology wins Navy backing

Hawaii-based Hoku Scientific Inc. (NASDAQ: HOKU) has won U.S. Navy approval of its patented proton exchange membrane (PEM) fuel cells that convert hydrogen to electricity, with heat and water byproducts. The Navy has accepted the first two of 10 PEM fuel cell power plants incorporating Hoku membrane electrode assemblies (MEA) that will be demonstrated at Pearl Harbor Naval Station. Each of the stationary fuel cell power plants, designed by IdaTech LLC and incorporating Hoku's technology, produces hydrogen from a mixture of water and methanol and generates net electrical output of about 1.5 kilowatts. The remaining eight units are scheduled for delivery over the next several weeks. Read more [here](#) about the Navy contract.

Advantage invested in Hoku Scientific in late 2003 with private funds raised in connection with the federal New Markets Tax Credit program. Hoku, along with Stereotaxis, were the first two companies receiving such investments to go public.

2010 U.S. Census to use AuthenTec fingerprint sensors to secure data

AuthenTec, the world's leading biometric fingerprint-sensor company, has been chosen to supply 500,000 sensors that will help 2010 census takers reduce paperwork while increasing efficiency and accuracy. Harris Corp. will use AuthenTec's EntrePad 1510 slide fingerprint

sensors for the U.S. Census Bureau's Field Data Collection Automation program. The sensors will be embedded in more than 500,000 PDA devices that census takers will use during interviews. In the past, field data collection was handled through paper address lists, maps and questionnaires. Read more about the contract [here](#).

Advantage made its initial investment in AuthenTec, which is based in Melbourne, Fla., in 1999 through Florida's Certified Capital Companies program.

Freeloader.com taps Synacor to distribute LEGO PC games online

An agreement between digital games distributor Freeloader.com and [Synacor](#), the leading provider of premium content and services on the Internet, will make new LEGO PC Games available to some 10 million broadband homes. With LEGO PC Games, children can create a virtual world of medieval adventures with classic LEGO minifigures and enjoy dozens of other fun games.

The games will be distributed through Synacor's network of cable and telecommunications partners as part of a premium family and entertainment package. Freeloader.com helped LEGO Group build a subscription-based online and PC gaming service for children. Synacor, based in Buffalo, N.Y., will apply its paid-content expertise and technology platform to package and distribute the games in a way that attracts and retains subscribers. Read more about the agreement [here](#).

Advantage Capital invested in Synacor in 2003 in connection with New York's Certified Capital Companies program.

Study by New York's GridApp shows database administrators spend most time troubleshooting

A new study commissioned by [GridApp Systems Inc.](#), a leading provider of database automation solutions, reveals that database administrators (DBAs) and managers spend two-thirds of their time consumed by activities that do not produce revenue. "There's a real opportunity for IT operations to not only achieve significant cost reductions, but grow existing revenue through the introduction of database automation solutions," said Rob Gardos, GridApp Systems' president and chief executive officer.

The survey of some 8,000 IT professionals employed by large U.S. companies also showed that good database administrators are hard to find and costly to acquire. For more about the study's findings, go [here](#).

Advantage invested in GridApp in 2004 through New York's Certified Capital Companies 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 more than \$700 million in institutional private equity since 1992 and has invested in companies and projects located in states and communities underserved by traditional venture capital.



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