

ADVANTAGE
CAPITAL
PARTNERS



Welcome

Welcome to Advantage Capital Partners' electronic newsletter for October. 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.

October 2007

News from Advantage

Treasury awards Advantage \$28 million NMTC allocation

News about Advantage investments

GridPoint; Virent Energy Systems; Anark Corp; Stereotaxis; Allworx Corp

News from Advantage

Advantage awarded \$28 million NMTC allocation

Advantage Capital was awarded another \$28 million allocation under the federal New Markets Tax Credit program. The fifth round of allocations brings a total of \$258 million to Advantage under this innovative program.

The federal New Markets Tax Credit program stimulates 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 in these communities. Advantage's latest allocation was among \$3.9 billion in total awards announced by the Department of the Treasury.

"We're committed to serving targeted communities through public-private partnerships and the New Markets program is a powerful tool," said Steven T. Stull, president of Advantage Capital. "The private capital raised through this program has

had a significant economic impact on the communities in which we invested. As the Gulf Coast continues to rebuild from the devastation of the 2005 hurricanes, New Markets investments will continue to be an important part of the region's recovery."

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

News about Advantage investments

GridPoint, a Washington D.C., CAPCO investment, raises \$48.5 million and appoints new board members

[GridPoint, Inc.](#) has raised \$48.5 million of follow-on capital from various investors, bringing the company to a total of \$88 million in equity capital since its inception in 2003. Additionally, GridPoint appointed new members to its board of directors, including David W. Mohler, CTO of Duke Energy and Jacob J. Worenklein, CEO of US Power Generating Company. Read more about this investment [here](#).

GridPoint's [SmartGrid Platform](#) aligns the interests of electric utilities, consumers and the environment. The platform provides utilities with an intelligent network of distributed energy conservation and generation resources that control load, stores energy and produces power. SmartGrid platform's modular, scalable and upgradeable architecture enables utilities to deploy proven technologies, (e.g. load control devices and advanced batteries) while creating a practical path for integrating new technologies (e.g. plug-in hybrid electric vehicles and fuel cells).

Last month, GridPoint was selected as the overall winner by AlwaysOn GoingGreen 100 Top Private Companies for 2007. Additionally, GridPoint received the 2007 North American Frost & Sullivan Award for Green Excellence in recognition of its success in pioneering a way to harness load management and distributed generation to achieve environmental sustainability.

Advantage was an early investor in GridPoint, having invested in the company in 2005 through the Washington, D.C., Certified Capital Companies program. Read more about GridPoint [here](#).

Wisconsin CAPCO investment Virent receives federal technology grant for biofuel development

[Virent Energy Systems, Inc.](#), a Madison-based energy technology developer has been awarded a \$2 million Advanced Technology Program grant from the National Institute for Standards and Technology. The funding will support the company's efforts to develop cellulosic pretreatment technology to break down cellulosic biomass and convert it into biofuels.

Virent's patented [BioForming platform technology](#) renewably produces transportation fuels, fuel gases, and many chemicals, all products most commonly made from fossil fuels. Based on the innovative Aqueous Phase Reforming (APR) pathway to biofuels and bioproducts, the BioForming process delivers more net energy and offers a scalable, cost-effective alternative to traditional biofuel production routes.

"Virent has already proven its ability to generate universally usable liquid transportation fuels from carbohydrates," said Virent CEO Eric Apfelbach. "With this research grant, Virent now aims to address the fundamental challenge of cost effectively accessing the sugars available in plentiful cellulosic feedstocks. Together, these two processes offer a complete solution for unlocking the energy potential of renewable lignocellulosic biomass."

Advantage invested in Virent in 2005 through the Wisconsin Certified Capital Companies program. To read more on Virent, go [here](#).

Colorado CAPCO investment Anark provides software solution to major aerospace manufacturers

[Anark Corp](#)'s Core Platform has been adopted by two of the world's leading aerospace manufacturers for use in 3D training and interactive visualization applications. Lockheed Martin and Rockwell Collins are using Anark Core to rapidly transform their 3D CAD data into both high and low resolution formats to be shared in a variety of protected forms throughout internal departments, partners and customers alike.

Anark Corp. provides powerful enterprise software and solutions to organizations that need to cost effectively utilize their CAD data and other 3D graphics assets to deliver a wide array of high-end collaboration and visual communication aspects. The [Anark Core Platform](#) is an innovative software solution for transforming and distributing use-appropriate CAD data throughout the enterprise supply chain and support organizations.

"Anark Core allows us to develop training applications with product data that has been supplied directly by our engineers," said John Reasoner, Principle Multimedia Engineer for Simulation and Training Solutions at Rockwell Collins. "This saves a significant amount of expense and time that is typically associated with the

development of training material from scratch."

Anark received its first funding from Advantage in 2003 through the Colorado Certified Capital Companies program. Read more about Anark [here](#).

Stereotaxis, a Missouri CAPCO and New Markets investment, grows in popularity with more than 10,000 procedures worldwide and a 93% success rate

[Stereotaxis, Inc.](#), a leading producer of an advanced cardiology instrument control system, has announced that more than 10,000 procedures have been performed using the company's [Magnetic Navigation System](#). Stereotaxis was recently the subject of a *St. Louis Business Journal* article where an industry expert cited a 93 percent acute success rate in patients treated for atrial fibrillation using the Stereotaxis system.

Stereotaxis designs, manufactures and markets an advanced cardiology instrument control system for use in a hospital's interventional surgical suite to enhance the treatment of coronary artery disease and arrhythmias. The innovative Stereotaxis system uses advanced, magnetic navigational technology to perform complex cardiology procedures.

"The steady adoption of the Stereotaxis system, its increasing utilization and safety profile, are very encouraging. With additional milestones on the near-term horizon, we anticipate a favorable acceleration of our clinical usage in 2008," said Bevil Hogg, CEO of Stereotaxis.

Advantage Capital was an early investor in Stereotaxis, investing in connection with the federal New Markets Tax Credit program and the Missouri Certified Capital Companies program. Both programs stimulate economic growth in the areas that historically have been underserved by traditional sources of investment capital. To read more about Stereotaxis, go [here](#).

PAETEC Holding Corp. acquires Allworx

[Allworx Corp.](#), the small business phone and network solutions company, has been acquired by [PAETEC Holding Corp.](#) PAETEC offers a suite of voice, data and IP services, as well as enterprise communications management software, network security solutions, CPE and managed services. The Allworx acquisition will allow the company to offer a complete solution, making the transition to IP-based communications simple for small-to-mid-sized businesses (SMBs).

Founded in 1998, Allworx develops award winning, phone and network systems for SMBs through a network of authorized resellers. The product line includes the Allworx 6x, 10x and 24x systems and Allworx 9112 and 9102 phones along with a

series of software options.

Advantage invested in Allworx in 2005 in connection with New York's Certified Capital Companies program, which encourages the flow of investment capital to promising companies located in the State of New York. Since its inception, Allworx has grown from 35 to 75 people and is now recognized as a leading provider of VoIP PBX systems for SMBs. To read more about the acquisition, go [here](#).

About Advantage Capital Partners

[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 \$800 million in institutional venture capital since 1992.

About the Certified Capital Companies program

Advantage Capital Partners is a leading participant in the [Certified Capital Companies \(CAPCO\) program](#), a state economic development tool designed to strengthen state economies by stimulating the flow of investment capital to local small businesses, creating high-paying jobs and increasing state tax revenues. Under a CAPCO program, insurance companies are encouraged to invest in certified capital companies; the state allows the insurance companies to claim tax credits for qualified investments in CAPCO funds. The tax credits, taken over time generate large pools of private venture capital to be invested in the state. CAPCOs leverage the funds received from insurance companies to invest in qualified small businesses in the state.

About the New Markets Tax Credit program

The [New Markets Tax Credit program](#), administered by the U.S. Department of the Treasury, encourages private-sector investment in economically distressed communities through tax incentives. Through a highly competitive allocation procedure, the Treasury Department awards the tax credits based on applications submitted for each tax year. Applications are evaluated based on the submitting organization's experience investing in capital; experience in and strategy for raising capital; strength and depth of management team; and expected community impact of the business plan.

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