

INVESTING

in Entrepreneurs

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GROWING

Companies

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FUNDING

Development

# A HISTORY of excellent investor returns and significant community impact.



## Letter from the President

Our company was founded in 1992 with a mission to generate superior returns for our investors while bringing businesses, technologies and jobs to communities that have historically lacked access to investment capital. By every measure, we have been successful. In partnership with state and federal economic development programs, we have raised over \$1.3 billion; helped to create more than 15,000 jobs, and facilitated the flow of more than \$6 billion in follow-on capital into the companies and regions where we invest.

Our double bottom line focus on excellent investor returns and significant community impact has guided us to seek out those businesses that not only demonstrate profit potential but also have the potential to spur economic development in their surrounding communities. Advantage Capital, named by *Entrepreneur* magazine as a top venture capital firm for entrepreneurs, has also been recognized and honored for its involvement in regional economic initiatives that foster community development.

The work that we are doing today is more important than ever. During the peak of the recent economic crisis, at a time when most other financial institutions were conserving capital, we continued to fund small businesses using a wide range of investment vehicles. Advantage Capital is able to meet a company's capital needs at virtually any phase of development and design a financing package that works best for each business.

We have invested in more than 200 companies over the years. While only a fraction of them are represented in the brief case studies included here, this overview should give you a sense of our breadth, depth and commitment. We intend to continue our mission of generating substantial value for both our investors and our communities, and we are confident you will like what you find as you explore this report and learn more about us.

Thank you for your interest in Advantage Capital Partners.

A handwritten signature in cursive script, appearing to read "Steven T. Stull".

**Steven T. Stull**  
President

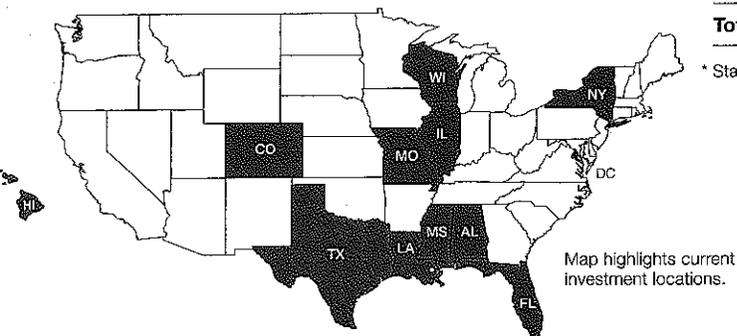
*Some of the information herein may contain projections or other forward-looking statements regarding future events or the future financial performance of Advantage Capital Partners. We wish to caution you that these statements are only predictions and that actual events or results may differ materially.*

**ADVANTAGE CAPITAL PARTNERS** is an innovative group of investment partnerships that has raised more than \$1.3 billion in capital. Founded in 1992, the firm has grown to include offices in Missouri, Louisiana, New York, Texas, California, Illinois, Florida, Mississippi and Washington, D.C., with affiliated offices in Alabama, Colorado and Wisconsin.

### Company Overview

From the start, Advantage Capital has raised private funds to invest in states and communities that are underserved by traditional sources of risk capital. The firm has built a strong and successful track record of public-private partnerships with state and federal economic development organizations, facilitating the flow of billions of dollars of investment capital into these communities.

Advantage Capital's investments include early stage and expansion equity, mezzanine financing, senior and subordinated loans and government-guaranteed loans. The firm also provides value-added counsel and other support to operating businesses that have the potential for **excellent investor returns** as well as **significant community impact**. The firm uses this double bottom line to measure its success.



### Current Investment Locations

#### State Overview\*

(dollars in millions)	Dollars Invested	Follow-On Capital Attracted	Jobs Created and Retained
<b>Alabama (AL)</b>	\$ 13.9	\$ 101.1	1,180
<b>Colorado (CO)</b>	\$ 14.8	\$ 163.5	233
<b>Florida (FL)</b>	\$ 54.3	\$ 193.6	309
<b>Hawaii (HI)</b>	\$ 13.9	\$ 92.4	108
<b>Illinois (IL)</b>	\$ 14.7	\$ 10.0	223
<b>Louisiana (LA)</b>	\$ 282.8	\$2,837.1	5,532
<b>Mississippi (MS)</b>	\$ 19.7	\$ —	150
<b>Missouri (MO)</b>	\$ 250.4	\$1,716.3	4,706
<b>New York (NY)</b>	\$ 78.7	\$ 321.8	1,546
<b>Texas (TX)</b>	\$ 17.5	\$ 61.8	231
<b>Washington, D.C. (DC)</b>	\$ 5.7	\$ 221.6	210
<b>Wisconsin (WI)</b>	\$ 16.6	\$ 402.7	1,011
<b>Totals</b>	<b>\$ 783.1</b>	<b>\$6,121.8</b>	<b>15,439</b>

\* State totals reflect Q4 2009 and exclude non-NMTC BizCapital investment data.

### ADVANTAGE CAPITAL IS A TRUSTED PARTNER

*"A longstanding partner of U.S. Bank, Advantage Capital is a well-respected leader in structuring innovative New Markets Tax Credit deals. Their unique approach sets them apart, allowing them to work with small and medium-sized operating businesses that might not otherwise have access to this flexible source of capital."*

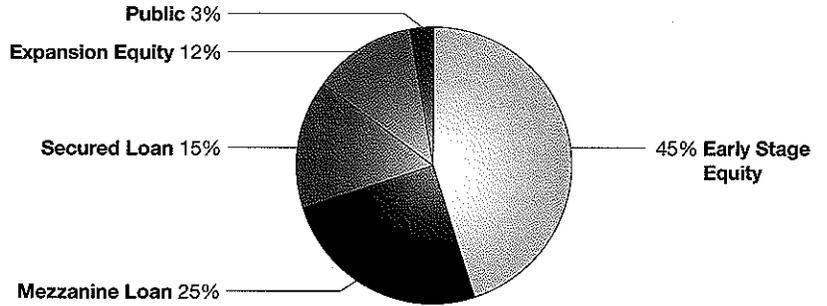
**Zachary Boyers**, Chairman and CEO of U.S. Bancorp Community Development Corp.

# FINANCIAL HIGHLIGHTS

## Company Investments by Risk Profile

(Q4 2009)

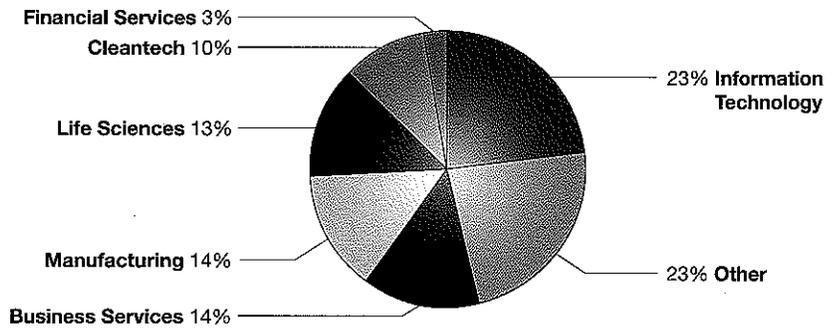
Our investments span the entire risk spectrum, but nearly half are best characterized as early stage investments.



## Company Investments by Industry Sector

(Q4 2009)

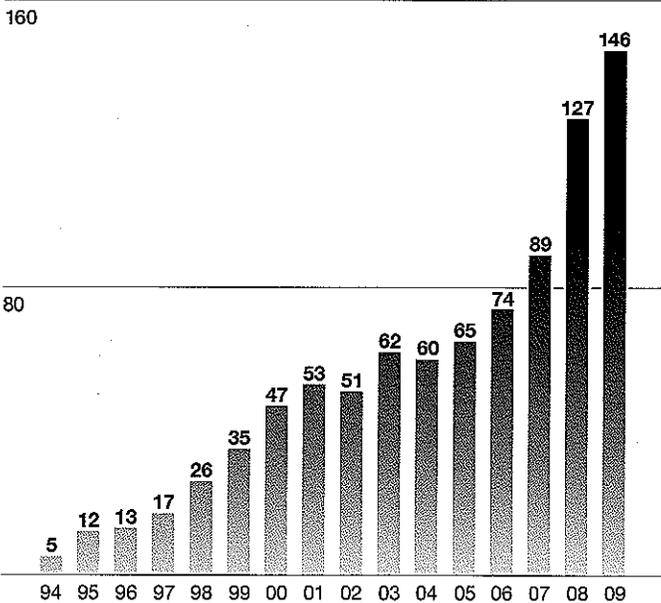
Advantage Capital invests in a wide range of industry sectors, with a significant portion of the portfolio consisting of information technology companies. The "other" category is comprised of a number of industry sectors, including education and retail.



BizCapital BIDCO loans excluded.

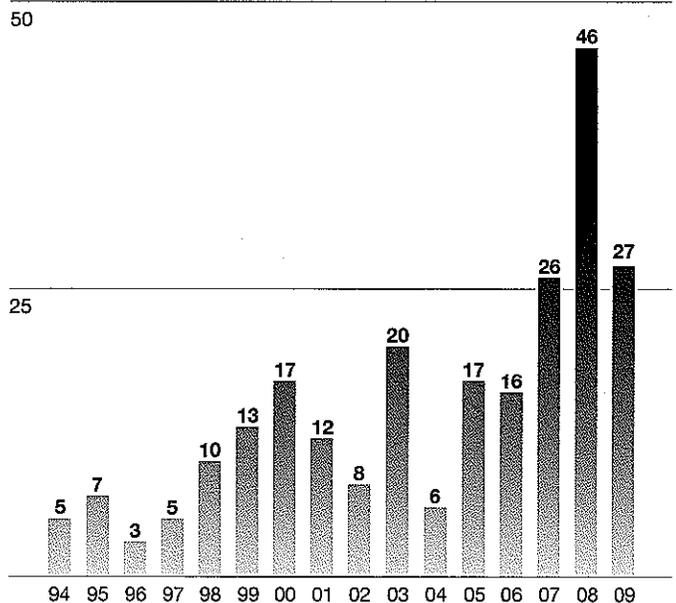
## Number of Companies in Portfolio

(by year)



## New Companies Added to Portfolio

(by year)



**Funds Raised, 1992-present**

(dollars in millions)

\$1,500

**TOTAL FUNDS RAISED**

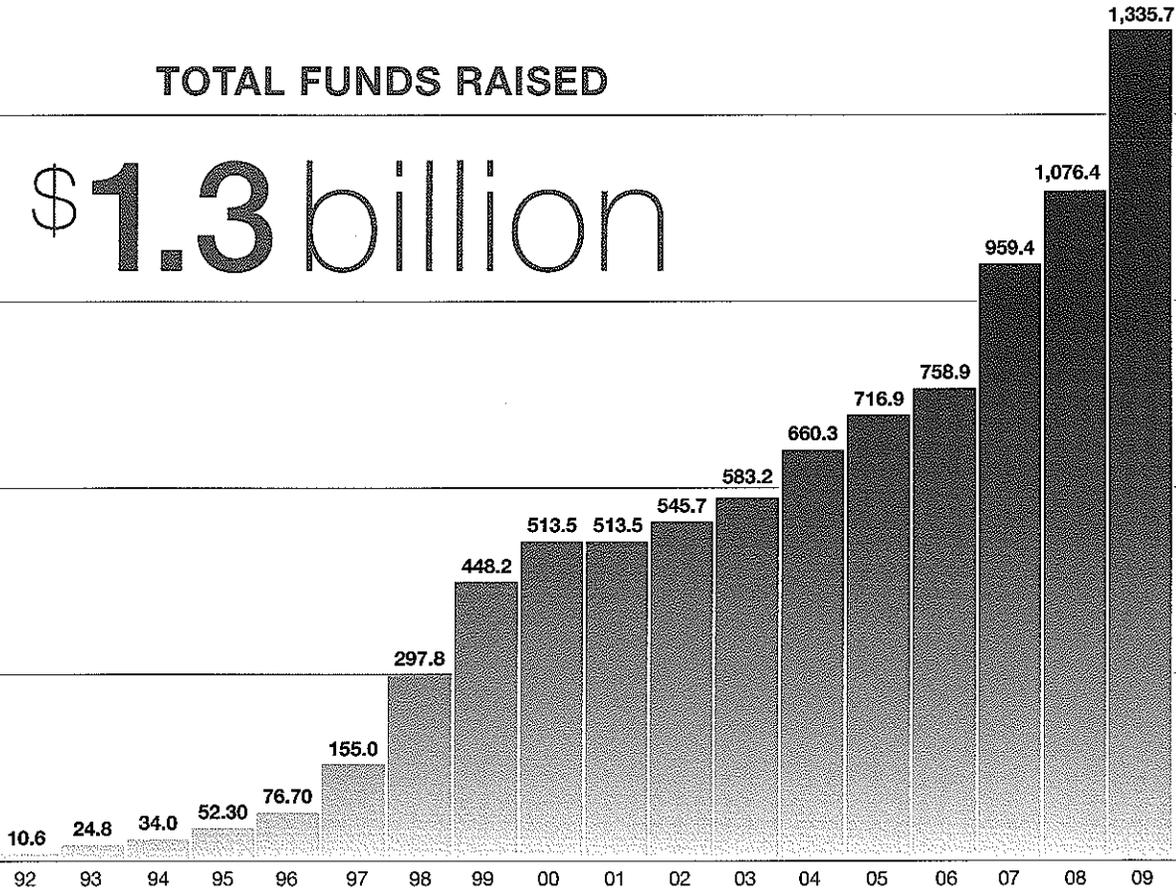
\$1,200

**\$1.3 billion**

\$900

\$600

\$300

**ADVANTAGE CAPITAL IS A TRUSTED PARTNER**

*"Our relationship with Advantage Capital Partners has grown significantly over the past four years despite very tough economic times. Their expertise in New Markets Tax Credits and their underwriting ability brings comfort and confidence to every deal. They understand the borrower's and lender's needs and then work to provide the necessary flexible capital to make things happen."*

**Gary L. Siddens, Jr.**, Senior Vice President, M&I Bank

**INVESTING. GROWING. FUNDING.** Advantage Capital has built a strong and successful track record of public-private partnerships with state and federal economic development organizations, facilitating the flow of billions of dollars of investment capital into underserved communities.

**Public-Private Partnerships Create Jobs and Build Communities**

**New Markets Tax Credit Program**

Advantage Capital is one of the top allocatees nationwide in the federal New Markets Tax Credit (NMTC) program. Administered by the U.S. Department of the Treasury, the program has facilitated \$26 billion of private-sector investment in economically distressed communities through certified Community Development Entities (CDEs). In a highly competitive allocation procedure, the Treasury Department has awarded investment authority based on applications submitted for each of the last seven years. Advantage Capital has been a successful applicant six times, receiving a total of \$388 million in allocations since 2003.

CDEs that receive allocations are required to invest the proceeds of the qualified equity investments in low-income communities over a seven-year period. These investments spur economic development in the poorest areas of cities and counties across the nation.

**State-level New Markets Programs**

Advantage Capital also participates in a number of state-level economic development incentive programs, such as the state New Markets Development programs, which attract investment to low-income communities through a state tax credit modeled after the federal New Markets Tax Credit. The tax credits are only available to highly qualified investors who have been accredited under the federal program. The goal of these initiatives is to attract large, long-term investors to a state's low-income communities, promoting new expansion, creating new job opportunities and building on existing growth in the state. To date, the following states have passed a state-level New Markets Development program: Louisiana, Missouri, Mississippi, Illinois, Florida and Ohio. Through Advantage Capital's innovative use of these programs, the firm has been able to nearly double the direct impact of its federal New Markets allocations, turning \$388 million in federal allocations into nearly \$600 million in direct investment dollars into some of the most economically-challenged communities in the country.

<b>Advantage Capital New Markets Tax Credit Allocations</b> <i>(dollars in millions)</i> Advantage Capital is a leading participant in the federal New Markets Tax Credit program.	Round One	Round Three	Round Four	Round Five	Round Six	Round Seven
	2002	2005	2006	2007	2008	2009
	\$110.0	\$50.0	\$70.0	\$28.0	\$60.0	\$70.0
<b>Total Allocation</b>						<b>\$388.0</b>

## Community Advisors Help

### Drive Investment Strategies

Advantage Capital works with a national advisory board of Low-Income Community (LIC) residents and representatives in identifying and financing promising LIC entrepreneurs that are not adequately served by traditional capital providers. The firm relies heavily on its advisory board members to provide feedback, ensuring the firm's investment strategy is responsive to the needs of such areas. Advantage Capital chose advisory board members that have jobs and official positions (elected office, social service advocates) that afford them natural opportunities to facilitate this type of feedback. The board assists Advantage Capital with its overall investment strategy and plays a role in implementing the strategy and monitoring investments to ensure the firm is fulfilling its mission. In addition, because of the board members' positions, they help coordinate activities with economic development initiatives, both public and private, at the local, state and national levels.

## ADVISORY BOARD MEMBERS

**Cory Booker**  
Mayor,  
Newark, New Jersey

**Bob Buckhorn**  
Former Council Member  
At-Large,  
Tampa, Florida

**William Clark**  
Entrepreneur,  
Mobile, Alabama

**Maida Coleman**  
Former minority floor leader,  
Missouri State Senate

**Alison Hewitt**  
Executive Director,  
Central Economic  
Development Center, Inc.,  
Bradenton, Florida

**Ed Johnson**  
CEO, Delta Economic  
Development Center,  
Greenville, Mississippi

**Harry Kennedy**  
Former member of the  
Missouri State Senate and  
current legislative liaison for  
economic development,  
St. Louis Board of Aldermen

**Lee Langerock**  
Executive Director,  
Nodaway County  
Economic Development,  
Maryville, Missouri

**Paul Minorini**  
President and CEO,  
Boys Hope Girls Hope,  
Bridgeton, Missouri

**Sandra Moore**  
CEO, Urban Strategies, Inc.  
St. Louis, Missouri

**Stephen Moret**  
Secretary, Louisiana  
Economic Development

**Chinwe Onyeagoro**  
CEO,  
O-H Community Partners,  
Chicago, Illinois

**Francis Slay**  
Mayor,  
St. Louis, Missouri

**Sue Stepleton**  
CEO, Parents as Teachers,  
St. Louis, Missouri

**Kerwin Tesdell**  
CEO, Community  
Development Venture  
Capital Alliance,  
New York, New York

**John A. Wood**  
Senior Program Officer  
for Lending & Development,  
Greater Kansas City — Local  
Initiatives Support Corp.,  
Kansas City, Missouri

## State Economic Development Initiatives Help Put Capital to Work for Communities

### Small Business Investment Credit Programs

Advantage Capital is a leading participant in small business investment credit programs, which strengthen state economies by stimulating the flow of financial capital to early stage and expanding small businesses, building venture capital infrastructures, creating high-paying jobs and increasing state tax revenues. Advantage Capital currently participates in such programs in Alabama, Colorado, Florida, Hawaii, Louisiana, Missouri, New York, Texas, Wisconsin, and Washington, D.C.

These programs create pools of privately-managed investment capital by offering tax incentives to insurance companies that do business in the state, tapping a source of funds previously unavailable for higher-risk private equity investments. With small businesses responsible for a large proportion of job creation and employment, this dynamic segment of the economy has benefited from encouragement by state and local governments, combined with private-sector expertise in identifying, evaluating and financing businesses.

## THE WISCONSIN EXPERIENCE

In 2010, Professor Donald A. Nichols of the University of Wisconsin-Madison issued an analysis of the Wisconsin Small Business Tax Credit Program, which was enacted in 1998. The report summarized the state's overwhelmingly successful experience from \$34 million of capital provided under the relatively small state Certified Capital Companies (CAPCO) program. Having run a full cycle, the results (based on data from just two of the three certified investment firms involved in the program) show that the state will continue to receive benefits far in excess of the amount provided:

- By 2009, the 23 businesses had hired 898 new in-state workers with payrolls of \$61.6 million.
- Actual full and part-time employees of these firms exceeded 3,500.
- The average salary paid to these new workers was \$68,650 in 2009.
- As of 2009, these firms have been able to attract \$485 million in additional capital from outside, non-governmental sources.
- There is a 14:1 ratio of total capital invested per tax credit.
- Ongoing direct personal income tax paid by new employees (not including retained jobs) is \$6.9 million. As the report notes, "at the rate that taxes were being paid in 2009, the initial tax credit would be paid back to Wisconsin governments in five years."

Concluding that the ongoing annual total of direct and indirect revenue is at least \$12.8 million, Professor Nichols notes, "it is important to remember that these firms will continue to exist and grow and will provide a growing stream of tax revenue in the future."

# BIZ CAPITAL

AN ADVANTAGE CAPITAL  
COMPANY

*In business to get you in business.*

**BizCapital** is Advantage Capital's non-depository financial institution offering competitive loans to small and mid-sized companies. BizCapital is licensed to make government-guaranteed SBA 7(a) and USDA B&I loans, as well as SBA 504 loans.

Providing loans for expansion efforts, working capital needs and asset acquisitions, BizCapital is recognized as a leading government-guaranteed lender. BizCapital helps entrepreneurial businesses grow and prosper, while fostering stronger economic growth in local communities.

Within the state of Louisiana, BizCapital has been one of the top five Small Business Administration lenders since its inception in 1999, and it has also been a top minority lender. In addition, BizCapital was awarded the New Orleans Regional Chamber of Commerce Rising Tide Award, honoring the accomplishments of small companies throughout the New Orleans region.

#### **Loan Products**

SBA 7(a) Loan Program  
SBA 504 Loan Program  
USDA B&I Lending  
Mezzanine Lending

#### **ADVANTAGE CAPITAL IS A TRUSTED PARTNER**

*"I started my engineering business out of my basement. The support I received from BizCapital enabled me to take my company to the next level. I now employ 22 professionals, have a new state-of-the-art office space, and recently acquired a surveying group that will help us continue to grow our business. We are now able to compete for and win valuable contracts for projects that improve the communities where we live and work."*

**Vicki S. LaRose, PE**, President of Civil Design, Inc., a civil engineering firm located in a low-income community



## ADVANTAGE CAPITAL FOSTERS SUCCESS

Over the past 17 years, Advantage Capital has invested in more than 200 portfolio companies, providing patient capital to enable businesses to grow and communities to prosper. A selection of these dynamic companies follows.



**TomoTherapy, Inc.** (NASDAQ: TOMO) produces the Hi-Art® system, one of the most advanced and versatile radiation therapy systems for the treatment of a wide variety of cancers. The system makes treatments easier for both patients and clinicians by precisely delivering radiation with sub-millimeter accuracy to kill cancer cells while reducing radiation exposure to surrounding healthy tissue. TomoTherapy markets the system to university research centers, hospitals, private and governmental institutions and cancer treatment centers in North America, Europe and Asia.

The TomoTherapy technology grew from research at the University of Wisconsin-Madison, and the Madison-based company was founded in 1997. Advantage Capital first invested in the company in 2000 in connection with the Wisconsin Certified Capital Company (CAPCO) program, a state economic development tool designed to encourage the flow of investment capital to promising companies located within the state. At the time of Advantage Capital's investment, the company was in its earliest stages, and facing numerous challenges. TomoTherapy continues to grow rapidly and today has more than 650 employees.

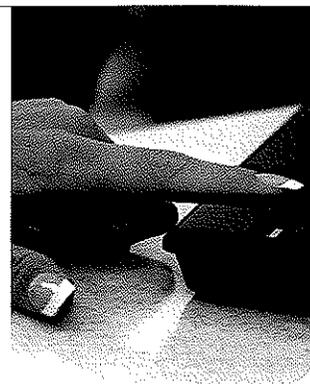
TomoTherapy completed an initial public offering (IPO) in May 2007, raising net proceeds of approximately \$185 million. Including the IPO, the company has raised more than \$220 million in private capital in addition to the CAPCO investment.

**Synacor** in Buffalo, New York is the leading provider of technology supporting the delivery of unbranded online services. Synacor enables Internet Access Providers (such as cable companies) to easily bundle a variety of subscription-only premium, entertainment and value added services into their Internet access products. In total, Advantage Capital has invested \$6.1 million in Synacor in connection with the New York Certified Capital Company (CAPCO) program. Since Advantage Capital's investment, Synacor has experienced rapid growth, including a significant jump in employment from 28 to 198 jobs in the state. Follow-on capital tops \$26 million.

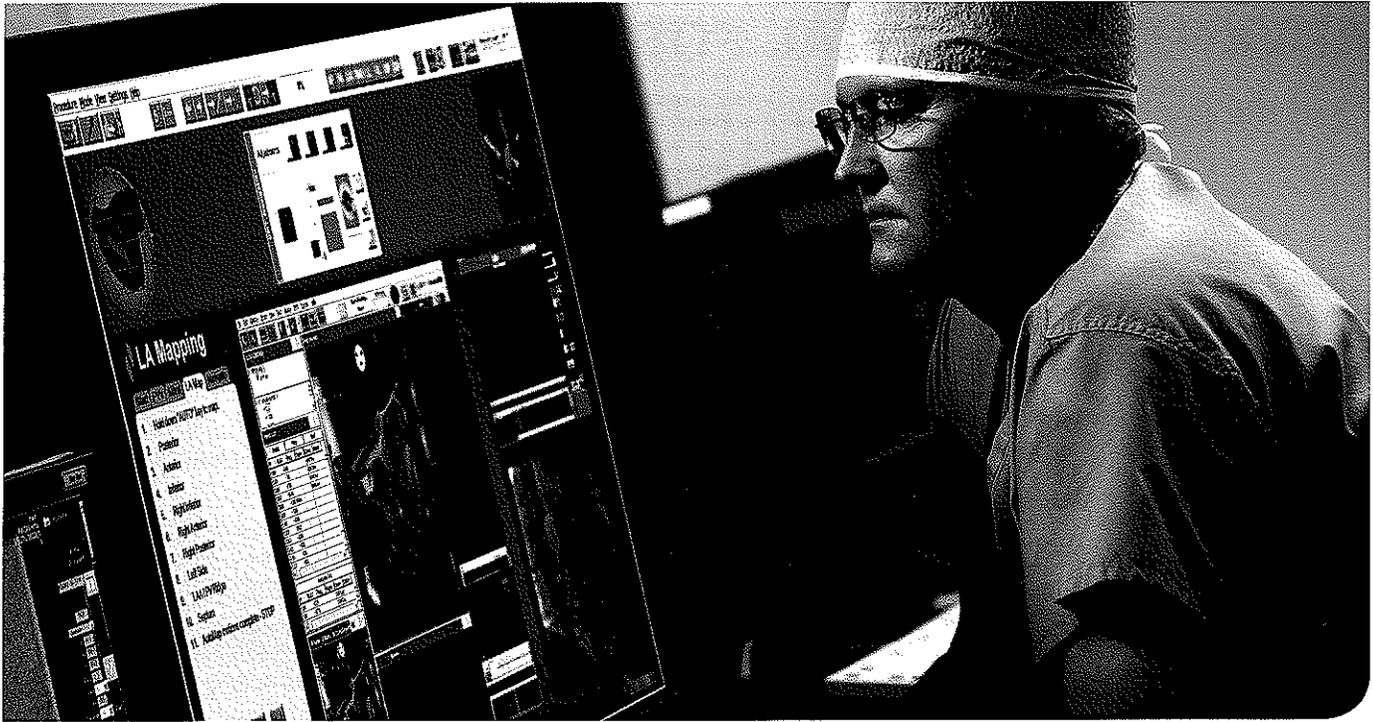
**synacor**

**AuthenTec, Inc.** (NASDAQ: AUTH) is the leading provider of fingerprint sensors to the PC, wireless device and access control markets. Used to replace PINs, passwords, physical access cards and keys, AuthenTec's silicon-based sensors are convenient and reliable security solutions. AuthenTec's patented technologies allow fingerprints to be read below the surface of the skin, to the live layer.

Advantage Capital invested in AuthenTec in 1999 with capital raised in connection with the Florida Certified Capital Company (CAPCO) program. By the time of its IPO in the summer of 2007, AuthenTec had raised \$71 million in private capital from Advantage Capital and other prominent national venture capital firms; the IPO raised net proceeds of \$82.5 million. Since 1999, the company has grown from 35 employees to 125. The Melbourne, Florida-based company continues to garner honors and awards for its promising technology and growth.



**AuthenTec**  
The Power of Touch



Stereotaxis' technology enables practitioners to exercise digital control of imaging, device movement and positioning using minimally invasive medical techniques.



**Stereotaxis, Inc.** (NASDAQ: STXS) produces an advanced cardiology instrument control system to enhance the treatment of coronary artery disease and arrhythmias. The company's proprietary technology uses superconducting magnets and digital computer imaging to guide surgical instruments through the blood vessels and chambers of the heart to precise targets for treatment. Advantage Capital first invested in Stereotaxis in 1998 through the Missouri Certified Capital Company (CAPCO) program, a state economic development tool designed to encourage the flow of investment capital to promising companies located within the state. The investment was part of an \$18 million private placement that came at a critical time for the company, when it had only a dozen employees and no revenue.

That funding enabled Stereotaxis to begin to expand the clinical application of its technology from neurological to cardiovascular uses. Advantage Capital has continued to invest in Stereotaxis in conjunction with the federal New Markets Tax Credit program. Stereotaxis had an initial public offering in August 2004. The company currently employs 195 people.

Stereotaxis has contributed in critical ways to St. Louis' nationally recognized efforts to establish the region as the BioBelt center for plant and life sciences. The company has created highly paid professional jobs; developed much needed medical technologies; and generated economic development in the city of St. Louis, helping to revitalize a neighborhood located in the urban core.

**iCardiac Technologies, Inc.**, headquartered in Rochester, New York, is a leading provider of advanced cardiac safety analysis technologies. The company evolved from research carried out at the Heart Research Follow-up Program at the University of Rochester. The company's technology provides more rigorous characterization of the cardiac safety profiles of in-development and on-market drugs. This allows iCardiac's customers to both accelerate drug development as well as bring compounds forward in clinical trials with more confidence about their cardiac safety. Additionally, the company's core technology has applications in ECG-based cardiac diagnostics and medical devices. Advantage Capital invested \$1.2 million in 2006, and the company has received \$4 million in follow-on capital. From the initial three founders, the company has grown to more than 20 employees.

