

Michigan Pre-Seed Capital Fund Update

Michigan Pre-Seed Capital Fund Managed by Ann Arbor SPARK Named Top 100 VC by Entrepreneur Magazine

The Michigan Pre-Seed Capital Fund was recognized in the August 2008 Entrepreneur Magazine as one of the top 100 U.S. venture capitalists based on equity investments. The VC 100 ranking was based on the number of first-time fundings to companies in the startup and early stages of development made by VC firms and similar entities in calendar year 2007 as measured by the "Money Tree Report" from PricewaterhouseCoopers and the National Venture Capital Association based on data from Thomson Reuters. <http://www.annarborspark.org/growth-expansion/news-of-note/?i=2723>

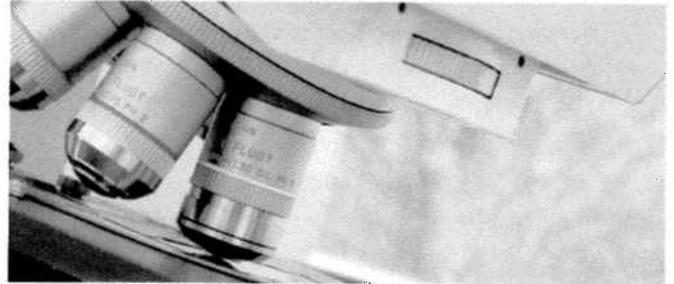
California Department of Transportation (Caltrans) Announces Partnership with ParkingCarma:

Michigan Pre-Seed fund recipient, ParkingCarma in partnership with Caltrans and NAVTEQ announced that they are the recipients of a multi-million dollar federal contract to design and implement Intelligent Transportation Systems (ITS) technologies which will inform commercial vehicles about the availability of parking and travel alerts. With the I-5 trucking corridor in California designated as one of the top areas in the U.S. in regard to trucking activity, the Federal Highway Administration's Truck Parking Initiative will reduce congestion, improve safety and will serve as a national prototype. Congratulations to ParkingCarma and partners on this exciting, rapid-growth opportunity.

<http://www.annarborspark.org/growth-expansion/news-of-note/Index.cfm?i=2727>

Danotek Motion Technologies Provides the Michigan Pre-Seed Capital Fund its First Return on Investment

Danotek designs and develops variable speed brushless motors, integrated electronics and permanent magnet generators. While this new technology can easily be customized for a wide variety of commercial applications, the company's focus is the wind turbine market which is experiencing unprecedented growth worldwide. In comparison to traditional products, Danotek's patent pending generators provide significant system cost savings, increase efficiency through a 50 percent size and weight reduction, and deliver substantial reliability and durability gains.



In June, 2007, the MI Pre-Seed Capital Fund matched the investment by NextEnergy, a nonprofit working to advance alternative energy in Michigan. Automation Alley also participated in the round. In May, 2008 Danotek paid back the capital investment with interest when they raised significant equity funding from a strategic investor.

"This return of investment was a fantastic surprise," said Skip Simms, manager of the fund. "We did not expect any of our investments to see a return in less than a year. The nature of the type of companies we invest in, very early stage, is considered high-risk with a long-term return probability. Danotek's return exceeded everyone's expectation."

The capital and interest received by the fund will be redeployed into another emerging technology company in the state through the funds investment process.

OVERVIEW OF PRE-SEED CAPITAL FUND:

In 2008, the Michigan Pre-Seed Capital Fund crossed the one-year mark of operations. As of June 2008, 25 Michigan companies have received a total of \$5.4 million from this statewide fund. Additionally, these companies came up with a total of \$8.6 million in matching funds. Currently these companies employ 150 people, and are projecting that in five years they will provide employment for more than 1,000 highly educated knowledge workers.

MI Pre-Seed Capital Fund Announces 2008 Investments:

Ann Arbor: ERT Systems LLC, provides automatic, real-time tracking and locating of emergency personnel and equipment. This company had \$126,000 invested in it for the purpose of increasing sales. www.onsiteert.com

Flint: Global Energy Innovations, Inc., supplies advanced and robust auxiliary high temperature PEM fuel cell power systems that are simple, cheap, and reliable. The \$250,000 invested in this company will allow them to finish product development.

Kalamazoo: Emiliem, Inc., works to create and acquire new drugs for clinical trials in cancer patients. \$250,000 was invested in this company to allow them to finalize option and license agreements. www.emiliem.com

Lansing: AFID Therapeutics, Inc., uses a platform synthetic chemistry approach that enables the company to discover and develop unique products for the prevention and therapy of pharmaceutically relevant indications. The \$200,000 they were supplied with will allow them to bring their products to market. www.afidtherapeutics.com

Midland: Fulcrum Composites, Inc., produces lightweight panels of patent pending anisotropic foam core. This company received \$200,000 in funding. www.fulcrumcomposites.com

Novi: 3IS, Inc., a business information aggregator providing a comprehensive data portal for the global electronics industry, received \$92,499, to finish their product and increase sales.

Troy: JADI, Inc., is a company working on developing innovative navigation and control technologies for robotic vehicles. The \$250,000 invested in this company will allow the company to hire engineers and cover operating costs. www.jadi.us

Praise for Michigan Pre-Seed Capital Fund:

"Receiving SPARK financial support has been vital to the success of our commercial trucking fuel cell APU project."

K. Joel Berry, Global Energy Innovations, Inc.

"With the tightening of the credit markets for companies without much of a revenue history the investment from a "friendly" partner like SPARK was absolutely critical."

Rawle Hollingsworth, Afid Therapeutics, Inc.

"The pre-seed funding we received has allowed us to launch our product nationally, through advertising, telemarketing, and in-person demonstrations."

Dennis Carmichael, ERT Systems LLC

2007 Recipients:

Accord Biomaterials, Inc. - Ann Arbor

Avidimer Therapeutics, Inc. - Ann Arbor

Cielo MedSolutions LLC - Ann Arbor

Compendia Bioscience, Inc. - Ann Arbor

Danotek Motion Technologies - Ann Arbor

EADevices, Inc. - Kalamazoo

Functional Brands LLC - Detroit

Hybra-Drive Systems LLC - Deerfield

MedElute, Inc. - Kalamazoo

OtoMedicine, Inc. - Ann Arbor

ParkingCarma - Flint

Phrixus Pharmaceuticals, Inc. - Ann Arbor

Pixel Velocity, Inc. - Ann Arbor

RazorThreat, Inc. - Royal Oak

SalezTrack LLC - Detroit

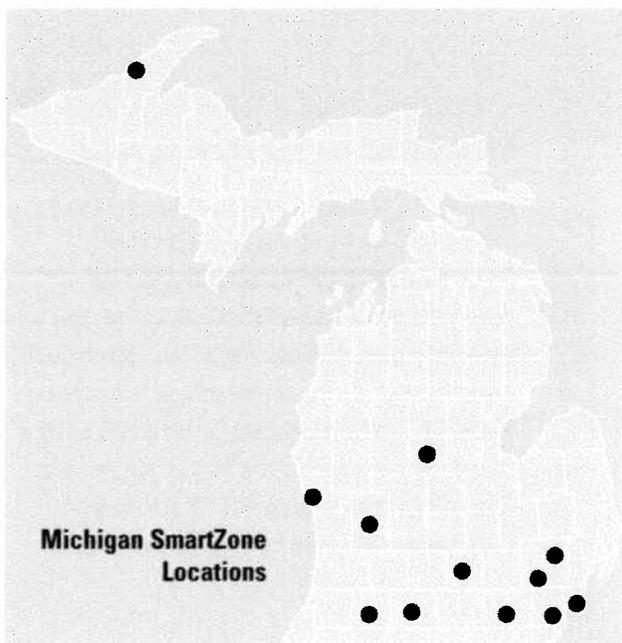
SensiGen LLC - Ann Arbor

Venomix, Inc. - Kalamazoo

XG Sciences, Inc. - Lansing.

The Michigan Pre-Seed Capital Fund was created with an award through the 21st Century Jobs Fund.

<http://www.michiganadvantage.org/Targeted-Initiatives/21st-Century-Jobs-Fund/Default.aspx>.



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