Funds. Principals. Portfolio Companies. Investors. Cendrowski Corporate Advisors (CCA) has helped them all.

CCA is a full-service financial and operations consulting firm dedicated to helping venture capital (VC) professionals maximize after-tax earnings. We provide high-quality, personal, and consistent services to our clients at all levels of the VC value chain, including back and middle office administration; ASC 820-compliant business valuations; and tax planning for VC funds and fund principals. Find out why many MVCA members select CCA by visiting our website or contacting us today.
Dear Reader,

The Michigan Venture Capital Association is pleased to deliver to you the *2010 Michigan Venture Capital Report*. Venture Capital plays an important role in Michigan’s revitalization, and our progress and successes should be continually measured in order to become a vibrant center of venture capital activity in the Midwest and nationally.

Through our Annual Michigan Venture Capital Report, the MVCA has become the centralized source of industry information. This report provides vital statistics regarding Michigan’s venture capital landscape, and serves as an education tool for a variety of interested audiences.

The research effort would not be possible without the strong participation from our community. Best efforts are used to publish complete and accurate information. If you know of any oversights or inaccuracies, please contact us. Enjoy!

Very truly yours,

LeAnn Auer

*MVCA Executive Director*

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Make no mistake—Michigan’s reinvention will not come from Lansing or Washington. It will be fueled by your vision as well as the tireless efforts of adventurous entrepreneurs.

Dear Friends:

Successfully transitioning to the “new Michigan” relies on our confidence and investment in its future. By nurturing that commitment, Michigan’s venture capital community will be a leader in driving our state’s reinvention.

This is an exciting time in Michigan. With a renewed sense of purpose, we are confronting economic challenges that have been ignored for too long. We are building a solid foundation based on fiscal integrity, tax fairness and reasonable regulation. The result will be an environment in which entrepreneurial dreams can flourish.

For the first time in years, Michigan will have a structurally balanced budget that avoids accounting gimmicks and one-time solutions. Our tax reform initiative eliminates the job-killing Michigan Business Tax and offers a new structure that is simple, fair and efficient for all taxpayers. We have created the Office of Regulatory Reinvention to eliminate needless barriers to job growth. In addition, we are expanding access to Michigan’s 21st Century Jobs Fund, with a particular eye toward the agriculture and information technology sectors. Complementing these efforts is our vigorous pursuit of the New International Trade Crossing between Detroit and Windsor, which will open more doors to global markets for Michigan entrepreneurs, farmers and manufacturers.

Make no mistake—Michigan’s reinvention will not come from Lansing or Washington. It will be fueled by your vision as well as the tireless efforts of adventurous entrepreneurs. By working in partnership, though, we can ensure that the five pillars of entrepreneurial success are in place: supporting technology, modern infrastructure, accessible capital, abundant talent, and a culture shift in which the unbelievable becomes the new achievable.

The road to the “new Michigan” will be paved with the countless achievements made possible by the Michigan Venture Capital Association. Thank you for the unflinching belief in the creativity, vibrant energy and relentless determination that make Michigan the place we are proud to call home.

Sincerely,

Rick Snyder  
Governor

Brian Calley  
Lt. Governor
EXECUTIVE SUMMARY

Success begets success. In Michigan, the venture capital industry has experienced a number of entrepreneurial successes that will catalyze future successes. Since 2007, nine venture capital-backed companies in Michigan have achieved successful exits. These successes are critical for a venture capital community to be vibrant, and for Michigan to be nationally known as a top location where entrepreneurs can both start and build high-growth companies.

Behind these successes lies a maturing cadre of venture capital firms operating in Michigan. In 2010, there were 25 venture capital firms in Michigan, 19 of which are headquartered in the state. Together, these firms have 58 venture investment professionals who manage $2.6 billion in capital. Many of these firms have raised second or third funds and actively invest both inside and outside Michigan. While the national venture capital industry has experienced a tightening in the number of venture capital firms, professionals and capital managed due to lower than expected returns, a constrained fundraising environment and managers ultimately deciding to leave the industry as their current funds wind down, Michigan's venture capital community continues to grow.

During 2010, $215 million in venture capital was invested into Michigan start-up companies. There were 30 investments in total, including 16 new companies receiving their first round of venture capital funding. Michigan currently has nearly 80 venture capital-backed companies. Many of these companies represent Michigan's future success stories and a growing high-technology entrepreneurial workforce present in our state. In fact, there are currently over 1,200 direct jobs at these companies alone. This activity validates how venture capital is an important economic development tool, creating many high-paying jobs and helping to revitalize Michigan's economy.

Our current Governor and former venture capitalist, Rick Snyder, speaks of the five pillars necessary to build Michigan's next economy: Capital, Technology, Culture, Infrastructure, and Talent. These pillars also underpin a vibrant venture capital industry in Michigan, and throughout the report, you will read more on what each means to our community. Strengthening each pillar is critical to Michigan's success. The MVCA has established a five year set of goals to ensure growth in these areas, especially in the areas of capital and talent where quicker success may be possible.

The Michigan Venture Capital Association is resolute in its mission to grow and sustain a vibrant venture capital community. That data in this report provides evidence that we are achieving this goal.
The Michigan Venture Capital Association is a trade organization, formed in 2002 to create a concerted voice for Michigan's growing venture capital industry. MVCA members include private venture capital firms, corporate venture capital firms, angel investor groups, industry service providers, economic development and entrepreneurial organizations, and Universities. Today, the MVCA has nearly 200 individual members and firms, and continues to provide value to the industry through its voice and activities.

In late 2010, the MVCA and its Board of Directors put into place a revised five year strategic plan, forming a set of goals and objectives to achieve by the year 2016.

Our vision states that in the year 2016, Michigan will have:

1. Abundant and accessible capital
2. Abundant and accessible entrepreneurial management talent
3. Many successful companies that have been financed by venture capital funds and angel groups residing in Michigan and by venture capital funds which reside elsewhere
4. Many successful Michigan-based venture capital funds that invest both in Michigan and nationally, as well as angel groups that invest in Michigan
5. Both venture and angel capital communities playing a meaningful role in Michigan's revitalization, and
6. Become a nationally known top venture capital location
MVCA 2011 BOARD OF DIRECTORS

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Executive Director
MVCA

MANISHA TAYAL
Associate Director
MVCA

Staff
HOW DOES VENTURE CAPITAL IN MICHIGAN COMPARE NATIONALLY?
VENTURE CAPITAL: SUMMARY STATISTICS

NATIONAL VENTURE CAPITAL SUMMARY STATISTICS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># of VC Firms in Existence</td>
<td>791</td>
<td>794</td>
<td>882</td>
<td>741</td>
</tr>
<tr>
<td># of Investment Professionals</td>
<td>6,328</td>
<td>6,828</td>
<td>7,497</td>
<td>8,890</td>
</tr>
<tr>
<td>Total Capital Under Management</td>
<td>$177B</td>
<td>$179B</td>
<td>$197B</td>
<td>$258B</td>
</tr>
<tr>
<td>Avg. Venture Capital Under Management by Firm</td>
<td>$223M</td>
<td>$226M</td>
<td>$224M</td>
<td>$347M</td>
</tr>
<tr>
<td>Venture Capital Funds Raised</td>
<td>$12B</td>
<td>$15B</td>
<td>$288</td>
<td>$408</td>
</tr>
<tr>
<td>Avg. Venture Capital Fund Size</td>
<td>$108M</td>
<td>$106M</td>
<td>$144M</td>
<td>$162M</td>
</tr>
</tbody>
</table>

SOURCE: NVCA

MICHIGAN VENTURE CAPITAL SUMMARY STATISTICS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># of VC Firms in Existence</td>
<td>19</td>
<td>16</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td># of Investment Professionals</td>
<td>53</td>
<td>44</td>
<td>43</td>
<td>40</td>
</tr>
<tr>
<td>Total Capital Under Management</td>
<td>$1.2B</td>
<td>$1.1B</td>
<td>$1B</td>
<td>$900M</td>
</tr>
<tr>
<td>Avg. Venture Capital Under Management by Firm</td>
<td>$74M</td>
<td>$76M</td>
<td>$73M</td>
<td>$69M</td>
</tr>
<tr>
<td>Venture Capital Funds Raised</td>
<td>$40M</td>
<td>$136M</td>
<td>$173M</td>
<td>$0</td>
</tr>
<tr>
<td>Avg. Venture Capital Fund Size</td>
<td>$40M</td>
<td>$39M</td>
<td>$38M</td>
<td>$40M</td>
</tr>
</tbody>
</table>

SOURCE: MVCA, Data represents venture firms headquartered in Michigan.

The national venture capital industry continues to experience downsizing as the number of venture firms, investment professionals and capital managed and raised steadily declines. According to the NVCA, further declines are likely due to a very constrained fundraising environment. Also, more fund managers are expected to leave the industry as their portfolios wind down.

- Among all venture capital firms headquartered in Michigan, there was slight growth in the number of firms, investment professionals, and capital under management, while other industry statistics remained steady.
- Michigan is 1/3 the national average in the Average Venture Capital Fund Size and in the Average Venture Capital Under Management by Firm. As Michigan’s indigenous venture capital industry grows, we will come closer to national averages in these categories.
# NATIONAL AND MICHIGAN VENTURE CAPITAL: A TIERED VIEW OF 2010 VENTURE CAPITAL INVESTMENT BY STATE

<table>
<thead>
<tr>
<th>TIER WITH YoY CHANGE</th>
<th>STATE</th>
<th>RANK</th>
<th>YEAR OVER YEAR RANK CHANGE</th>
<th>NUMBER OF INVESTMENTS</th>
<th>AMOUNT INVESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TIER 1</strong> $1 BILLION+  +7%</td>
<td>California</td>
<td>1</td>
<td>0</td>
<td>1289</td>
<td>$10,978M</td>
</tr>
<tr>
<td></td>
<td>Massachusetts</td>
<td>2</td>
<td>0</td>
<td>351</td>
<td>$2,373M</td>
</tr>
<tr>
<td></td>
<td>New York</td>
<td>3</td>
<td>0</td>
<td>266</td>
<td>$1,339M</td>
</tr>
<tr>
<td><strong>TIER 2</strong> $500M- $1B  -6%</td>
<td>Texas</td>
<td>4</td>
<td>0</td>
<td>143</td>
<td>$891M</td>
</tr>
<tr>
<td></td>
<td>Washington</td>
<td>5</td>
<td>0</td>
<td>116</td>
<td>$613M</td>
</tr>
<tr>
<td></td>
<td>Illinois</td>
<td>6</td>
<td>9</td>
<td>60</td>
<td>$575M</td>
</tr>
<tr>
<td></td>
<td>Pennsylvania</td>
<td>7</td>
<td>1</td>
<td>153</td>
<td>$508M</td>
</tr>
<tr>
<td><strong>TIER 3</strong> $250M- $500M  +1%</td>
<td>Colorado</td>
<td>8</td>
<td>-1</td>
<td>77</td>
<td>$468M</td>
</tr>
<tr>
<td></td>
<td>North Carolina</td>
<td>9</td>
<td>2</td>
<td>57</td>
<td>$456M</td>
</tr>
<tr>
<td></td>
<td>New Jersey</td>
<td>10</td>
<td>-4</td>
<td>71</td>
<td>$451M</td>
</tr>
<tr>
<td></td>
<td>Virginia</td>
<td>11</td>
<td>3</td>
<td>51</td>
<td>$375M</td>
</tr>
<tr>
<td></td>
<td>Maryland</td>
<td>12</td>
<td>0</td>
<td>70</td>
<td>$357M</td>
</tr>
<tr>
<td></td>
<td>Georgia</td>
<td>13</td>
<td>-4</td>
<td>63</td>
<td>$333M</td>
</tr>
<tr>
<td><strong>TIER 4</strong> $100M- $250M  -3%</td>
<td>Connecticut</td>
<td>14</td>
<td>3</td>
<td>52</td>
<td>$200M</td>
</tr>
<tr>
<td></td>
<td>Florida</td>
<td>15</td>
<td>-5</td>
<td>39</td>
<td>$186M</td>
</tr>
<tr>
<td></td>
<td>Oregon</td>
<td>16</td>
<td>6</td>
<td>32</td>
<td>$174M</td>
</tr>
<tr>
<td></td>
<td>Ohio</td>
<td>17</td>
<td>4</td>
<td>52</td>
<td>$157M</td>
</tr>
<tr>
<td></td>
<td>Michigan</td>
<td>18</td>
<td>1</td>
<td>33</td>
<td>$151M</td>
</tr>
<tr>
<td></td>
<td>Utah</td>
<td>19</td>
<td>-3</td>
<td>25</td>
<td>$143M</td>
</tr>
<tr>
<td></td>
<td>Minnesota</td>
<td>20</td>
<td>-7</td>
<td>26</td>
<td>$139M</td>
</tr>
<tr>
<td></td>
<td>Wisconsin</td>
<td>21</td>
<td>8</td>
<td>19</td>
<td>$122M</td>
</tr>
</tbody>
</table>

Source: NVCA and MVCA
In 2010, total national venture capital investment was $21.9 billion. This is a $4 billion increase from the industry low in 2009, and the first time the annual investment level has increased since 2007.

National sources indicate there were 33 venture capital investments in Michigan companies totaling $151 million. This is a $20 million increase from the total investment reported in 2009. Data collected by the MVCA reveals 30 investments in 27 companies, totaling $215 million.

Michigan’s state ranking improved from 19 in 2009 to 18 in 2010. Our state also remained in the fourth tier with seven other states with total investment ranging from $100 to $250 million. This tier represents 5% of the 2010 national venture capital investment. Illinois had the most significant ranking improvement over 2009, moving nine spots and from the fourth to the second tier.
Michigan and its neighboring states share many of the same growth challenges and opportunities. Although venture investment is slowly increasing in this region, it is still largely underserved. Great opportunities exist to build upon the region’s abundant innovation and talent in order to make the region more vibrant.

Last year, total venture capital invested across selected Midwest states and Western Pennsylvania was $1.2 billion across 180 investments. This represented 5% of total venture capital investment nationally.

Michigan accounted for nearly 20% of the total number of investments made in Illinois, Indiana, Michigan, Ohio, Western Pennsylvania and Wisconsin during 2010.
PILLAR #1

capital

At every stage of its life, a business needs capital resources. The stage and type of business defines where it can go to find the capital. Michigan has multiple sources of capital for its entrepreneurs at all growth stages. From our blossoming angel community to our early stage incubator programs and business plan competitions to later stage venture funds, Michigan capital is abundant for innovative companies in every sector who present a compelling value proposition.

“If an entrepreneur can find funding sources that are proximate to the business, that’s a double positive. In addition to capital, it provides them with local know-how, experience and resources. You tend to invest in what (and who) you know, and if you’re local, you have a better opportunity to really get to know an entrepreneur and his company. Having investors in the same geographic region can make a real difference to an entrepreneur’s success, and Michigan is fortunate to have a community of investors for Michigan entrepreneurs.”
– Managing Director, Venture Capital Firm

“When funding local companies, multi-state syndicates are very important to the long-term success of the Michigan venture capital community. Out-of-state venture firms will look to the Michigan investor to play a leadership role in the deal and they need a sense that the Michigan firm exercises good risk/return judgment. I think we’re growing in that regard.”
– Managing Director, Venture Capital Firm

MVCA’s Vision for a Sustainable Capital Environment in Michigan

By 2016:
- At least six venture capital funds in Michigan of at least $100 million in size.
- At least $500 million in venture capital available at any given time to invest in new opportunities, or in follow-on investments.
HOW DO MICHIGAN’S VENTURE CAPITAL FIRMS STACK UP?
There are a total of 25 private venture capital firms operating in Michigan. 19 are headquartered in Michigan, and another 6 are headquartered elsewhere but have a Michigan office. The 25 venture firms have a total of 58 investment professionals located in Michigan.

Since 2007, the number of venture firms and investment professionals has increased by 5 and 18, respectively.

**Venture Capital Firms**
Headquartered in Michigan
- Apjohn Ventures
- Arbor Partners
- Arboretum Ventures
- Beringea
- BioStar Ventures
- Bridge Street Capital Partners
- Detroit Venture Partners
- Dow Ventures*
- EDF Ventures
- GM Ventures*
- Hopen Life Sciences
- Huron River Ventures**
- Michigan Accelerator Fund Management**
- North Coast Technology Investors

**Plymouth Ventures**
- Resonant Venture Partners**
- RPM Ventures
- Seneca Partners
- SWMF Life Science Fund
- TGap Ventures
- Wolverine Venture Fund

**Out-of-State Venture Capital Firms**
with Michigan Presence
- Chrysalis Ventures
- Early Stage Partners
- Fletcher Spaght Ventures
- MK Capital
- Nth Power
- Venture Investors

*Corporate venture capital
**New venture firms
TOTAL CAPITAL

Since 2007, venture capital under management among firms headquartered in Michigan increased by nearly 40%. $340 million of the $2.6 billion of total venture capital under management across all funds operating in Michigan is available for new investment.

- The total amount of venture capital under management in Michigan has increased by $200 million over the prior year to $2.6 billion. The growth is split evenly between headquartered and non-headquartered Michigan venture firms.

- Available capital of $340 million decreased by only $5 million since 2009. This capital is available for new investment across all stage, industry sector, and geographical strategies.

- Approximately $80 million is reserved for follow-on financings for Michigan-based companies.

### CAPITAL UNDER MANAGEMENT

<table>
<thead>
<tr>
<th>Year</th>
<th>Venture Capital with Michigan Presence</th>
<th>Michigan-based Venture Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$1.58 billion</td>
<td>$0.90 billion</td>
</tr>
<tr>
<td>2008</td>
<td>$1.68 billion</td>
<td>$1.00 billion</td>
</tr>
<tr>
<td>2009</td>
<td>$1.18 billion</td>
<td>$1.18 billion</td>
</tr>
<tr>
<td>2010</td>
<td>$1.48 billion</td>
<td>$1.20 billion</td>
</tr>
</tbody>
</table>

### CAPITAL AVAILABLE FOR NEW INVESTMENT

<table>
<thead>
<tr>
<th>Year</th>
<th>Venture Capital with Michigan Presence</th>
<th>Michigan-based Venture Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$200 million</td>
<td>$100 million</td>
</tr>
<tr>
<td>2008</td>
<td>$330 million</td>
<td>$200 million</td>
</tr>
<tr>
<td>2009</td>
<td>$177 million</td>
<td>$168 million</td>
</tr>
<tr>
<td>2010</td>
<td>$134 million</td>
<td>$206 million</td>
</tr>
</tbody>
</table>

### CAPITAL UNDER MANAGEMENT BREAKDOWN

- 84% Capital Deployed
- 13% Capital Reserved for Follow On Financings
- 3% Capital Available for New Investment

MVCA 2011 VENTURE CAPITAL REPORT
Although there is a healthy concentration of venture capital firms in Michigan with interest in early stage life science investing, broad diversification still exists among firms interested in other industry sectors and stages of investment.

Across all investments made by Michigan venture capital funds, three quarters has been allocated to the Life Science and IT industry sectors, and 64% to the start-up/early stage of a company’s growth. Each represent a 10% increase from 2009.

IT investment increased by 15% since 2009, and are mostly concentrated in Software and IT Services, while Life Science investments are concentrated in medical device and healthcare service technologies.

Investments made in the growth/expansion stage decreased by 15% during 2010.
VENTURE CAPITAL FUNDRAISING

For Michigan to thrive as a place where high-technology companies can be started and grown, and where high-paying jobs can be created, more funds greater than $100 million in size are necessary. Larger funds are better able to lead more local investments, attract sufficient capital from national institutional investors, and ensure our promising early-stage technologies grow in Michigan. Although Michigan is experiencing a positive trend in the size of venture capital funds, it will take several more fundraising cycles to achieve this goal.

- In 2010, there were 37 venture capital funds managed by Michigan venture firms with nearly 300 active portfolio companies.

- The average venture capital fund size among Michigan-based venture capital firms is $40 million (a modest increase from 2009), and $53 million among all funds based or with an office in the state.

- There are 14 venture funds in Michigan less than $50 million in size. Another five are sized between $50 and $75 million, and six greater than $75 million.

- Nearly one-third of Michigan’s venture capital funds are sourced by Michigan institutions and Michigan venture capital “fund of funds”, while another one-third is sourced by high net worth individuals.

Michigan-based venture capital “fund of funds” actively investing include the Renaissance Venture Capital Fund and the Venture Michigan Fund.
Of the 24 venture capital firms operating in Michigan, 11 are currently fundraising a combined target of $504 million. To date, an aggregate of $190 million has been closed or soft-circled. Four of the 11 venture firms have completed first or second fund closings during 2010.

There are six new venture firms in Michigan currently raising first-time funds, while another five are raising their second or third funds.

Of the total capital target of $504 million, 76% is expected to be invested in the early and growth stages of a company’s development, and 70% to the life science and information technology industry sectors.

During 2010, two Michigan venture firms successfully reached final fund closings totaling of $95 million.
Twelve-seven Michigan start-up companies received $215 million in venture capital financing during 2010.

- Sixteen Michigan start-ups received venture funding for the first time in 2010, while eleven previously funded companies received follow-on investment.
- Companies in the Life Science sector accounted for nearly 75% of the total venture capital investment during 2010.

### 2010 Financings by Industry Sector

![Pie chart showing the distribution of venture capital funding by industry sector.]

- **Advanced Materials and Manufacturing**
  - $29M
  - 13%
- **Information Technology**
  - $19M
  - 5%
- **Alternative Energy/Clean Tech**
  - $11M
  - 9%
- **Life Science**
  - $156M
  - 73%

### Companies by Industry Sector

- **Life Science**
  - 15 companies
- **Information Technology**
  - 8 companies
  - Beyond Gaming, Duo Security, gloStream, IDV Solutions, Livio Radio, Mophie, Outside Hub, Plex Systems
- **Advanced Materials & Manufacturing**
  - 3 companies
  - Ambiq Micro, EcoMotors International, ReCellular
- **Alternative Energy/Clean Tech**
  - 1 company
  - Sakti3

**Total = 27**
Total venture capital investment in Michigan during 2010 increased by 64% to $215 million across 30 investments. The national increase in total capital venture investment was 22%.

- Since 2006, $800 million has been invested into 120 investment rounds. Between 2000 and 2005, it was $550 million into 90 investment rounds. This represents 40% growth in the number of investments made and the amount of venture capital invested in Michigan during the first half of the decade versus the second half.
Technology is the underpinning of many successful venture capital-backed companies. It allows a process, invention, or method to be refined or expanded in a way that leads to commercial viability. Michigan has long been a cradle of exciting technologies across many industry sectors: alternative energy, life science, IT, and, of course, in advanced automotive and manufacturing. Very strong corporate research and development activities, alongside first-class universities whose faculty wants to push the innovation envelope, means that we don’t need to import our ideas. Innovation and technology continues to be a strength in Michigan and crucial to our entrepreneurial success in the future.

“We have an abundant supply of technology and innovation in Michigan; where we fall short is in translating that technology into real products. There’s a huge disparity between dollars funding research (through grants and corporate initiatives) and dollars funding development, or translation. That part of the funnel is very narrow, and under-resourced. Choosing commercially viable technology from the massive amount of research we produce here is so important and is basically the purpose of seed stage capital. The key is having more people and more seed stage capital interested in development. More translatable opportunities equates to more venture capital backed companies.”

– Managing Director, Venture Capital Firm

“Our universities are a leading cause of Michigan’s entrepreneurial success. Venture capital-backed university spinouts or technological start-ups can afford to stay in Michigan because they can find the talent, capital and faculty expertise they need locally. First-class universities naturally mean more innovation, and more innovation means more great companies to fund.”

– Managing Director, Venture Capital Firm

**MVCA’s Vision for Technology Innovation**

By 2016:
- At least 100 venture capital-backed companies and 150 angel-backed companies operating in Michigan financed by venture capital funds and angel groups residing in Michigan and by venture capital funds which reside elsewhere.
MICHIGAN INVESTMENT SPOTLIGHTS

CERENIS THERAPEUTICS

Cerenis Therapeutics is a multinational biopharmaceutical company dedicated to the discovery and development of novel HDL (a.k.a. “good” cholesterol) therapies for the treatment of cardiovascular and metabolic diseases. Cerenis aims to become the leader in the HDL therapeutic market and has a broad portfolio of programs in development. Co-founder and COO Bill Brinkerhoff operates from Cerenis’ Ann Arbor office, which houses nearly half of the company’s employees. Funded by a syndicate of domestic and European investors, founding investor EDF Ventures announced the June 2010 closing of a $51 million Series C investment in the company. The financing will be used to scale up its efforts by initiating the next phase of clinical trials for the company’s lead candidate, as well as to continue the advancement of other programs.

SAKT3

The vision of electric drive-train vehicles capable of traveling 100 miles on one gallon of gas could become a reality when Ann Arbor-based Sakti3’s high performance solid state lithium-ion rechargeable batteries begin powering electric vehicles. CEO and President Dr. Ann Marie Sastry co-founded Sakti3 as a spin-out of the University of Michigan and has built and led the team, while they secured $16 million in grants and venture capital funding. The company’s modeling, manufacturing process and initial production results have shown promise, at a small scale, that their cells could radically change the performance and economics of electrified vehicles.

Sakti3 is commercializing a solid-state battery technology in order to overcome the inherent physics limitations being faced by current state-of-the-art batteries. In order to manufacture this technique at the pilot scale in a way that is transferable to large-scale manufacturing, Sakti3 has transferred manufacturing technology from the thin film industry to be used to manufacture their rechargeable energy storage devices. This switch to a new battery design and battery manufacturing “platform” will enable higher levels of energy density, cycle life, and safety that have not yet been achieved at the commercial scale.

In 2010, Michigan venture investors Beringea and GM Ventures joined Khosla Ventures and Itochu Technology Ventures as additional investors in the company.
IN 2010 NATIONALLY, THERE WERE...

- 791 VENTURE FIRMS
- 6,328 INVESTMENT PROFESSIONALS
- $177B TOTAL CAPITAL UNDER MANAGEMENT

YEAR-AT-A-GLANCE 2010
IN 2010 MICHIGAN, THERE WERE...

- 25 Venture Firms
- 58 Investment Professionals
- $2.6B Total Capital Under Management
- $340M Available Capital
- $40M Average Fund Size
- 37 Active Funds
- 2 Funds Closings ($95M)
- 76 Current VC-Backed Companies
- 83 Out-of-State Venture Capital Firms with Michigan Investment
- 3 Portfolio Company Exits
- 30 Investments
- 16 New Companies Funded
- $215M VC Invested in Michigan

ABOUT MICHIGAN ANGELS...

- 6 Angel Investment Networks
- $5M 2010 Angel Capital Investment
- 70 Companies Receiving Angel and Pre-Seed Investment
MICHIGAN’S VENTURE CAPITAL-BACKED COMPANIES

ANN ARBOR AREA

WESTERN MICHIGAN

MARQUETTE
V.I.O., Pioneer Surgical Technology

MIDLAND
Fulcrum Composites

LANSONG/JACKSON AREA
EcoSynthetix, Gema Diagnostics, IDV Solutions, Draths Corporation

DETROIT/ METRO AREA
In 2010, Michigan had 76 companies funded by local and national venture capital firms.

Michigan venture capital firms have investments in approximately 75% of the companies listed.

There are currently over 1,200 direct jobs at these companies.
SYNDICATES AND LEVERAGE
THE VITAL CONNECTION TO OUTSIDE CAPITAL

Michigan venture capital funds participated in 85% of all 2010 Michigan investments, and 34% of the amount invested. This highlights the importance of a strong local venture capital community. Local venture capital firms are better able to find Michigan investment opportunities and provide them with sufficient growth capital through their own funds and through syndicate partners.

- Of the 2010 total venture capital financings in Michigan, Michigan venture funds contributed 34% of the capital. The same funds also participated in 85% of the Michigan investments.
- These same venture capital funds and companies leveraged this investment by raising 1.4 times additional capital from non-Michigan venture capital funds, forming syndicates.
OUT-OF-STATE VENTURE CAPITAL FIRMS WITH CURRENT MICHIGAN INVESTMENT

There are over 80 venture capital firms active in Michigan.

401 Capital Partners
Aisling Capital
Alpha Capital Partners
Alta Partners
ARCH Development Partners
ARCH Venture Partners
Argill Venture
Atlas Ventures
Baird Venture Partners
Battery Ventures
BioFund Ventures
Catella Healthcare
Chrysalis Ventures*
Clarus Ventures
CMEA Ventures
Concentric Equity Partners
Credit Suisse Group*
Delta Northern Rivers Fund
DFJ Ventures
Domain Associates
Duchossois Technology Partners
Dunrath Capital
DuPont Ventures
Early Stage Partners*
Element Partners
Fidelity Biosciences
FirstMark Capital
Flagship Ventures
Flatiron Partners
Fletcher Spaght Ventures*
Frazier Healthcare Ventures
Galen Partners
H.B. Fuller Ventures
Hatteras Venture Partners
Hercules Technology Growth Capital
Hexagon Investments
Highlander Partners
Hopewell Ventures
Horizon Ventures
Intel Capital
Interwest Partners
Investor Growth Capital
Itochu Technology Ventures
Kearny Venture Partners
Khosla Ventures
Lightspeed Venture Partners
Longboat Partners
Lurie Investments
Menlo Ventures
MK Capital*
MPM Capital
Nadal Investments
NGP Energy Capital Management
Nth Power*
Open Prairie Ventures
Oxford Biosciences
Palomar Ventures
Partech International
Perseus
Pfizer Strategic Investments Group
Pharos Capital Group
Qualcomm Ventures
Riggs Capital Partners
River Cities Capital Funds
Rocket Ventures
Scale Venture Partners
Sigvion Capital
Sofinnova Partners
Spire Capital Partners
StatoilHydro Ventures
T.Rowe Price
Tera Capital
Thomas Weisel Venture Partners
Triathlon Ventures
True Ventures
TVM capital
Twenty One East Victoria Investments
Twilight Venture Partners
Updata Partners
Venrock
Venture Investors*
VentureLink Diversified Balanced Fund
XR Ventures

* Venture capital firms with Michigan presence.
Making mammograms faster, more comfortable, and more accurate is the goal of Delphinus Medical Technologies, a spinout from the Barbara Ann Karmanos Cancer Institute in Detroit. Its alternative to mammography for breast cancer detection, SoftVue, can effectively differentiate benign from malignant masses in breasts, helping to reduce the number of false positives and thereby reduce unnecessary biopsies. Unlike compression mammography the breast is submerged in warm water and an ultrasound ring surrounds the breast and captures detailed, three-dimensional images through the use of sound waves. The system is also able to perform repeated imaging, a necessary tool for treatment monitoring, and can accurately measure breast density, a known breast cancer risk factor as well as hindrance to accurate diagnosis.

Michigan investors Arboretum Ventures, North Coast Technology Investors, Beringea, and Wolverine Venture Fund have funded Delphinus’ commercialization effort.

IDV SOLUTIONS

Transforming a multitude of data sources—stretched across various locations—into a strategic tool for gleaning better organizational insight and intelligence is the idea that powers Lansing-based IDV Solutions. Its flagship product, Visual Fusion™ business intelligence software, enables the creation of focused apps that unite content from virtually any data source in a single interactive visualization, including location, time and context. It has been implemented in a wide variety of use cases, including security, crisis management, retail and marketing analysis, asset management, and supply chain management. With over 800,000 product users globally, IDV has achieved a reputation for quality and innovation among both leading commercial and government customers.

IDV Solutions was the first addition to Plymouth Management Company’s Plymouth Venture Partners Fund II portfolio. The investment will assist IDV in accelerating growth.
Michigan’s heritage is one of entrepreneurial risk-taking, but that culture was lost as the predominating automotive industry matured into complacency. Michigan is now in its second evolution of entrepreneurialism. Now, Michiganders are redefining their attitude toward risk-taking, as innovators in every age and income bracket recall the spirit of our enterprising forefathers. As the first generation of these new Michigan entrepreneurs realizes commercial and financial success, a second generation of entrepreneurs will be spawned starting new and successful venture capital-backed companies. With this, we’ll know the risk-taking, entrepreneurial culture here in Michigan is back and stronger than ever before.

“Success breeds success and that impacts the presence of an entrepreneurial culture more than anything. Having people near you who are going through what you’re trying to accomplish is very important to enhancing the culture, and I think that’s a process we’ve been going through in Michigan for five years. An entrepreneurial culture is coming to life again in Michigan. We planted the seeds ten years ago and now we’re bearing the fruit.”

– Executive Director, Regional Economic Development Authority

“A great entrepreneurial culture believes that if you take a risk in starting a company or working for a startup company, you will be rewarded, sometimes handsomely. We are comfortable with what is familiar, so if those we know have worked for entrepreneurial companies and have done well financially and professionally, we’re more comfortable with taking the risk ourselves.”

– Managing Director, Venture Capital Firm

MVCA’s Vision for an Entrepreneurial Culture in Michigan

By 2016:

- Michigan to be a nationally known location where innovation thrives and where entrepreneurs can start and grow promising companies.
- Michigan ranks in the top 10 nationally in the amount of venture capital invested.
# MICHIGAN’S SUCCESSFUL EXITS

## A TIMELINE OF MICHIGAN SUCCESSES

- **2000**: Blue Gill Technologies, Genitor Corporation, Genvec
- **2002**: Mechanical Dynamics
- **2004**: Esperion Therapeutics, Healthcare Solutions, Intralase, Stoneage Corporation, Colorbok
- **2005**: ArborText, Afmedica

## 2010 EXITS BY MICHIGAN VENTURE FIRMS

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>LOCATION</th>
<th>SECTOR</th>
<th>MICHIGAN VENTURE FIRM(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arbor Networks</td>
<td>Ann Arbor, MI</td>
<td>IT</td>
<td>EDF Ventures</td>
</tr>
<tr>
<td>CardioMEMS</td>
<td>Atlanta, GA</td>
<td>Medical Device</td>
<td>Arboretum Ventures</td>
</tr>
<tr>
<td>Greenplum</td>
<td>San Mateo, CA</td>
<td>IT</td>
<td>EDF Ventures</td>
</tr>
<tr>
<td>Ikano Therapeutics</td>
<td>Saddle Brook, NJ</td>
<td>Biotechnology</td>
<td>Apjohn Ventures</td>
</tr>
<tr>
<td>LenSx Lasers</td>
<td>Irvine, CA</td>
<td>Medical Device</td>
<td>Venture Investors</td>
</tr>
<tr>
<td>Mobius Microsystems</td>
<td>Ann Arbor, MI</td>
<td>IT</td>
<td>RPM Ventures, Wolverine Venture Fund</td>
</tr>
<tr>
<td>QuatRx Pharmaceuticals</td>
<td>Ann Arbor, MI</td>
<td>Biotechnology</td>
<td>Non-MI Venture Firms</td>
</tr>
<tr>
<td>Zystor Therapeutics</td>
<td>Milwaukee, WI</td>
<td>Biotechnology</td>
<td>Apjohn Ventures, Venture Investors</td>
</tr>
</tbody>
</table>
ARBOR NETWORKS is a leading provider of network security and monitoring solutions for global networks. Its customers include over 70 percent of the world’s ISPs and many large enterprises. Arbor solutions deliver best-in-class network security and visibility, along with the power to improve profitability by deploying differentiated, revenue-generating secure services. By employing flow-based and deep packet inspection (DPI) technologies, Arbor solutions measure and protect the entire network—from the service provider core to the broadband edge. The company was spun-out of the University of Michigan’s Technology Transfer Office by founders Franum Jahanian, Professor and Chair for Computer Science and Engineering Department, and Rob Malan, a computer science Ph.D.

In August 2010, Arbor Networks was acquired by Tektronix Communications, a Danaher operating company, in an all-cash deal. The sale represented a successful exit for a group of investors, including Michigan’s EDF Ventures and the University of Michigan.
LESS $ IN + GREATER EXIT VALUES
= EXTRAORDINARY RETURNS

<table>
<thead>
<tr>
<th></th>
<th>Top Venture Markets</th>
<th>Midwest</th>
<th>Michigan</th>
</tr>
</thead>
<tbody>
<tr>
<td>VC Dollars Invested per Company</td>
<td>$15.5</td>
<td>$8.9</td>
<td>$8.8</td>
</tr>
<tr>
<td>Average Acquisition Value</td>
<td>$138.9$</td>
<td>$116.7</td>
<td>$118.0</td>
</tr>
<tr>
<td>Multiple: Average Acquisition Value/Average VC Invested</td>
<td>9.0 X</td>
<td>13.1 X</td>
<td>13.4 X</td>
</tr>
</tbody>
</table>

Target Market Premium

|                          | 46.1% | 49.7% |


Efficient use of venture capital investment by Michigan companies is a competitive advantage for Michigan venture funds in delivering superior venture capital returns.

- Michigan companies are more capital efficient as they do not need as much capital to grow as companies operating in other venture markets. This is largely due to a lower cost of living, cheaper facility costs, smaller teams to execute growth objectives, and close adherence to disciplined, milestone-driven budgets.

- On average Michigan and Midwest venture capital-backed companies receive nearly $7 million less capital than coastal companies, yet achieve cash on cash returns nearly 4 times higher. This equates to at least a 45% premium over investments in the top venture markets.
Entrepreneurism is not a solo activity; it requires an infrastructure providing the basic resources, facilities, and services critical to nurture the entrepreneur and get the company on its feet, and then to grow and prosper. As a state, Michigan has assembled the vast amount of resources needed for the functioning of a strong entrepreneurial community. Examples of our infrastructure include capital providers, such as venture capital and angel investors, business incubators, University technology transfer offices, professional service providers, regional economic development groups, entrepreneurial support organizations, and business building workshops and competitions.

“Statewide, our offices of technology transfer have beefed up staff in recent years to better serve the many students and researchers validating and commercializing technology. These offices can help prospective entrepreneurs identify the proper markets for the product and prepare the entrepreneurs to leave the university and join regional business accelerators and/or solicit investors. These organizations are so important, because without any kind of support entrepreneurs often flounder in frustration, trying to figure out his or her next steps.”

— Executive Director, Regional Economic Development Authority

“A good infrastructure allows entrepreneurs to focus on their core innovation. For instance, professional service providers who are experienced with startups and provide a high level of service with minimal input needed means that’s one less non-core area the entrepreneur has to focus on. Good legal counsel, accountants, local banks and insurance providers--we just need more of everything.”

— Managing Director, Venture Capital Investment Firm

**MVCA’s Vision for an Entrepreneurial Infrastructure in Michigan**

By 2016:

- Increased programs available for entrepreneurs and venture capital firms
- Increased collaboration with entrepreneurial support organizations
WHAT SHOULD I KNOW ABOUT MICHIGAN’S ANGEL INVESTORS?
ANGEL AND PRE-SEED ACTIVITY IN MICHIGAN

Michigan is making concerted efforts in building a vibrant angel capital community. In late 2010, the Small Business Investment Tax Credit was passed by the state to grow the number of companies in Michigan by providing incentives to increase the amount of angel capital investment.

Michigan-based Angel Investor Networks

The angel investor networks in Michigan have a total of 188 high net worth members.

- Ann Arbor Angels
- Blue Water Angels
- Capital Community Angels
- First Angels
- Grand Angels
- Great Lakes Angels

Michigan Pre-Seed Capital Fund

The Michigan Pre-Seed Capital Fund is a significant resource to help companies in the seed and investigative stages. A collaborative effort with Michigan’s 12 SmartZones, the $13 million equity fund invests in technology-based companies to support business formation and acceleration. To date, the fund has made 55 investments and created nearly 320 jobs. The fund is administered by Ann Arbor SPARK.

About Angel and Pre-Seed Capital Fund

Investment in Michigan:

INDUSTRY SECTORS OF INTEREST:

- Advanced Materials and Manufacturing
- Alternative Energy
- Communications
- Healthcare Services
- Information Technology
- Life Science*

ANGEL CAPITAL INVESTMENT SIZE:

Typical Michigan capital group investments into a single company range between $125,000 to $1.2 million. However, investments may be as low as $25,000 and as high as $3 million.

* (includes Agriculture, Biotechnology, Diagnostics, Medical Device, Nutraceuticals, and Pharmaceuticals)
ANGEL AND PRE-SEED INVESTMENT ACTIVITY

A strong angel infrastructure is needed to provide the much needed capital to the growing number of Michigan entrepreneurs, and to ignite company creation across diversified industries.

- Nearly 70 companies exist in Michigan which received angel capital and/or pre-seed fund investment.
- In 2010, nearly $5 million of angel and pre-seed fund capital was invested across 19 companies.
- Life Science investment decreased from 60% to 50% since 2009. Investment increased in the Alternative Energy, E-Commerce, and Advanced Materials and Manufacturing industry sectors.
MICHIGAN’S COMPANY PIPELINE

ANGEL AND PRE-SEED ACTIVITY

A sampling of the Michigan companies that have received angel investment and/or Michigan Pre-Seed Capital funding.

**Advanced Materials & Manufacturing**
- Arbor Photonics
- BoroPharm
- Fulcrum Composites
- Grand River Aseptic Manufacturing
- InPore Technologies
- Jadi
- NextCAT
- NRG Dynamix
- SenSound
- XG Sciences

**Alternative Energy**
- Accio Energy
- Algal Scientific Corporation
- Current Motor
- Danotek Motion Technologies
- Global Energy Innovations
- Midland Solar Applications

**E-Commerce**
- Bandals
- Functional Brands
- Green Daisy
- Mandy & Pandy
- Plumstone
- RealKidz
- Saleztrack
- Pixel Velocity
- RazorThreat
- Salamander

**Information Technology**
- 3IS
- Creative Byline
- Downstream
- ERT Systems
- InfoReady
- Intervention Insights
- Inventure
- Janeeva
- Kabongo
- Mock Draft Central
- ParkingCarma

**Life Science**
- 3D Biomatrix
- Accord Biomaterials
- Accuri Cytometers*
- Advanced Battery Concepts
- AFID Therapeutics
- Armune Bioscience
- Aursos
- Axenic Dental
- Biotectix
- Cielo MedSolutions
- Compendia Bioscience
- Conceivex
- EAD Devices
- Emiliem
- Hygieia
- Incept Biosystems
- InformMed
- Innovative Surgical Solutions
- MedElute
- Michelle’s Miracle
- Nymirum
- OcuSciences
- OtoMedicine
- Phrixus Pharmaceuticals
- ProNai
- RealBio Technology
- SensiGen
- Tangent Medical
- Transcorp
- Vestaron
- V.I.O.
- White Pine Systems

*Acquired in early 2011
Led by veteran technology CEO, Bhushan Kulkarni, and a proven management team, Ann Arbor-based InfoReady is a newcomer to Michigan’s startup technology scene. InfoReady’s core technology platform helps knowledge workers find relevant information quickly with advanced search techniques, fosters communication with project peers via social-networking collaboration, and facilitates automated workflow management in one centralized project interface. The company’s flagship product, In4Grants™, helps grant seekers better manage the complex pre-award process.

The company spent 2010 perfecting its product offering, securing more than 20 paying customers, and closing out $1.1 million in first-round funding from three of Michigan’s seed-stage funds: the Michigan Pre-Seed Capital Fund, the First Step Fund and the Automation Alley Seed Fund. Angel investors Ted Dacko and Terry Cross joined the company’s advisory board, adding deep experience in relevant areas of InfoReady’s strategy; Dacko headed HealthMedia’s successful sale to Johnson & Johnson in 2008 and Cross is a long-time early-stage investor. It is expected the round will immediately help fund the expansion of sales, marketing and new product deployment.

A shared love of gardening and a passion for entrepreneurialism led two Grand Rapids women to found Plumstone, a business dedicated to helping people discover their gardening potential and make the gardening experience less costly and more fruitful. Plumstone’s award-winning SunStick and SunStick Home products allow homeowners to measure the amount of sunlight a growing area receives. The company built on its brand’s success by introducing the ShrubGuard, which sold out in its first season. Its newest product, soil pH-measuring device SoilStick, was launched in 2010.

The Grand Rapids-based Grand Angels initially invested in Plumstone in November 2008. The group delivered three tranches of funding to the company as it met milestones over the next 10 months; then, in January 2011, the group invested in a follow-on funding round. Two Grand Angels members hold Plumstone board seats and group members have been very active in working with the company. Plumstone expects the latest influx of angel investment capital to be used to produce inventory to service its high product demand.
Angelo VC

Accio Energy, Inc. is an Ann Arbor-based early-stage renewable energy company led by experienced and successful previously venture-backed executives. The company is developing a unique “turbine-free” wind energy generation technology to deliver clean, sustainable energy to people around the globe. Accio’s proprietary Aerovoltaic™ systems generate electricity using wind and a charged water mist. With distinctive systems that are as silent, stationary, and modular as solar panels, and more cost effective than wind turbines, Accio Energy offers grid parity without subsidies plus siting advantages that will disrupt the entire wind energy supply chain.

After growing venture capital-backed Solidica to $4 million in sales, Dr. Dawn White co-founded Accio in 2008 and is currently CTO. Jen Baird, whose previous start-up, Accuri Cytometers (recently sold to Becton Dickinson) joined Accio as CEO in 2010. Mary Campbell, Managing Director of EDF Ventures, chairs the Accio Board of Directors; Robert Buckler, retired Chief Operating Officer of DTE Energy, is also a director.

Accio has raised $3 million of non-dilutive and angel funding through their Series A financing round. The company will use the capital to scale-up the technology and further protect intellectual property prior to external demonstrations.
BUILDING AN ENTREPRENEURIAL ECONOMY

PILLAR #5
talent

Michigan is building a deep bench of entrepreneurial-minded operators and managers who are particularly gifted in areas of leadership, technology, business development or fundraising. This group, who have started and/or grown entrepreneurial endeavors, has many choices nationally in both where they live and what company they lead next. Michigan must continue to invest in talent—recruiting them to our state initially, retaining them when they are in between opportunities, and then funding them when they eventually land somewhere. Targeted efforts like the MVCA’s Executive In Residence (EIR) program are crucial, ensuring that when talented entrepreneurs find their next great opportunity, it’s here in Michigan.

“When I make an investment, the biggest impact my firm can make is to focus our time and effort on recruiting a great team, starting with a great CEO.”
– Managing Director, Venture Capital Firm

“The key for us in Michigan is to increase the pool of entrepreneurial C-suite officers. Great talent is the key to capital. People don’t always link the two together, but there’s no doubt that money, especially coastal money, follows successful talent.”
– Managing Director, Venture Capital Firm

“Repeat venture capital-backed entrepreneurs are so important. At successful start-up companies, it’s not just the CEO who leaves to start or helm an exciting new venture. It’s usually the top 10 people at these companies, often in groups of two or three.”
– Managing Director, Venture Capital Firm

MVCA’S VISION FOR ABUNDANT AND ACCESSIBLE ENTREPRENEURIAL MANAGEMENT TALENT IN MICHIGAN

By 2016:

• At least 50 successful venture capital-backed CEOs living in Michigan
• Double the growth of entrepreneurial talent working for Michigan start-ups.
• Continue successful programs targeted for the retention and attraction of entrepreneurs in Michigan (see page on right).
MVCA’S SUCCESSFUL ENTREPRENEURIAL TALENT PROGRAM

The MVCA Executive in Residence (EIR) and CEO Placement Programs were structured to merge capital, talent, and business ideas to produce Michigan-based companies poised to succeed. The awardees of the programs were given loan awards to implement one of two entrepreneurial executive talent building initiatives:

- **THE EIR PROGRAM** builds the number of entrepreneurial management talent by providing experienced entrepreneurs, seeking their next business venture, with an opportunity to join a venture firm. While in the program, EIRs assists the venture firm with the identification of new investment opportunities, while providing both experienced management counsel to the firm’s current portfolio companies. The program’s goal is to transition the EIR into an executive role in a new portfolio company investment of the venture firm.

- **THE CEO PLACEMENT PROGRAM** builds Michigan's entrepreneurial management talent base by assisting existing venture capital–backed companies recruit CEOs. This can be done by subsidizing the cost of an executive search firm, the CEO’s first year compensation, or a combination of both.

The MVCA talent programs were originally funded by the Michigan Economic Development Corporation through a 21st Century Jobs Program grant award in 2007. The MVCA builds entrepreneurial executive talent in the state of Michigan by continuing this vital effort.

<table>
<thead>
<tr>
<th>ENTREPRENEURIAL EXECUTIVE TALENT</th>
<th>COMPANIES CREATED AND/OR EXPANDED</th>
<th>VENTURE CAPITAL FINANCING RAISED</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>9</td>
<td>$73M</td>
</tr>
</tbody>
</table>

A total of eight new entrepreneurial executive level CEOs have been either retained or attracted to Michigan to lead our local venture capital-backed start-ups.

A total of five new companies have received investment as a result of the EIR Program, and another four existing venture capital-backed companies have expanded as a result of the CEO Placement Program. All high-technology companies represent a broad diversification of industry, such as alternative energy, life science, and information technology – all contributing to Michigan’s emerging new economy.

The companies lead by EIR and CEO Placement Program awardees have successfully raised an aggregate of $73 million. All have brought specific industry experience, start-up know-how, and the network and experience required to raise growth capital vital to their company’s development and ultimate success.

Today, these same venture capital-backed companies employ a total of 125 full-time people, and continue to grow.
Bringing value to our members through relationships, programs, education, and advocacy.

The MVCA recognizes the necessity of valuable networking within the venture capital industry. The association brings together our members through a variety of networking events, such as quarterly VC breakfast roundtables, the annual awards dinner, and special receptions based around legislative activities and entrepreneurial executive talent. The MVCA is also a partner of the Michigan Growth Capital Symposium, the state's premiere venture capital event.

Providing programs aiding in the success of venture capital-backed companies and venture capital firms in Michigan are a critical activity for the MVCA and its members. Our core programs have focused on the formation of capital (Fund Development Program) and entrepreneurial executive talent (EIR/CEO Placement Program). These programs have brought success in growing the number of active Michigan venture funds, increasing the amount of venture capital backed-companies and the financing they raise, as well as increasing the number of entrepreneurial executives living in Michigan who have the experience and skills required to grow companies and achieve successful exit events.

Educating about the importance of venture capital and the Michigan landscape is a key activity of the MVCA. The organization informs of the company creation and job creation that results from venture capital activity to key stakeholders in the economic revitalization of Michigan, or the United States, as well as to special interest groups and the general public. The MVCA also strives to educate local and national limited partners about the breadth and depth of successes of Michigan's venture firms, and why strong investor returns are possible. The organization's broad research activities help drive the educational efforts and provide a solid backbone to our message.

Public policy issues and opportunities arise locally and nationally. Due to this, the MVCA serves as an advocate for Michigan's venture capital industry by building and fostering strong relationships, both in the private and public sectors. In 2010, the organization and the voice of its members were incredibly instrumental in the successful passing of the Michigan Small Business Investment Tax Credit which provides much needed incentives for high net worth investors to invest in the growing number of Michigan high-technology entrepreneurs seeking capital in order to grow. Nationally, the MVCA provided a powerful voice regarding the negative impact of taxing carried interest as ordinary income.
<table>
<thead>
<tr>
<th>Venture Capital Firm</th>
<th>Address</th>
<th>Phone</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allos Ventures</td>
<td>11611 North Meridian Street, Suite 310, Carmel, IN 46032</td>
<td>317.275.6800</td>
<td><a href="http://www.allosventures.com">www.allosventures.com</a></td>
</tr>
<tr>
<td>Apjohn Ventures</td>
<td>350 East Michigan Avenue, Suite 500, Kalamazoo, MI 49007</td>
<td>269.998.3688</td>
<td><a href="http://www.apjohnventures.com">www.apjohnventures.com</a></td>
</tr>
<tr>
<td>Arbor Partners</td>
<td>130 South First Street, Second Floor, Ann Arbor, MI 48104</td>
<td>734.668.9000</td>
<td><a href="http://www.arborpartners.com">www.arborpartners.com</a></td>
</tr>
<tr>
<td>Arborum Ventures</td>
<td>303 Detroit Street, Suite 301, Ann Arbor, MI 48104</td>
<td>734.998.3688</td>
<td><a href="http://www.arborumvc.com">www.arborumvc.com</a></td>
</tr>
<tr>
<td>Beringea</td>
<td>32330 West Twelve Mile Road, Farmington Hills, MI 48334</td>
<td>248.489.9000</td>
<td><a href="http://www.beringea.com">www.beringea.com</a></td>
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<tr>
<td>Biostar Ventures</td>
<td>560 West Mitchell Street, Suite 480, Petoskey, MI 49770</td>
<td>231.487.9183</td>
<td><a href="http://www.biostarventures.com">www.biostarventures.com</a></td>
</tr>
<tr>
<td>Bridge Street Capital Partners</td>
<td>40 Pearl Street NW, Suite 1040, Grand Rapids, MI 49503</td>
<td>616.732.1051</td>
<td><a href="http://www.bridgestreetcapital.com">www.bridgestreetcapital.com</a></td>
</tr>
<tr>
<td>Chrysalis Ventures</td>
<td>115 W. Huron Street, 3rd Floor, Ann Arbor, MI 48104</td>
<td>216.453.1299</td>
<td><a href="http://www.chrysalisventures.com">www.chrysalisventures.com</a></td>
</tr>
<tr>
<td>Detroit Venture Partners</td>
<td>1050 Woodward Avenue, Detroit, MI 48226</td>
<td>313.373.7751</td>
<td><a href="http://www.detroitventurepartners.com">www.detroitventurepartners.com</a></td>
</tr>
<tr>
<td>DOW Ventures</td>
<td>1320 Waldo Avenue, Dorinco 100 Building, Midland, MI 48642</td>
<td>989.839.2333</td>
<td><a href="http://www.dow.com/venture">www.dow.com/venture</a></td>
</tr>
<tr>
<td>Early Stage Partners</td>
<td>201 South Main Street, Suite 900, Ann Arbor, MI 48104</td>
<td>734.214.3007</td>
<td><a href="http://www.esplp.com">www.esplp.com</a></td>
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<tr>
<td>EDF Ventures</td>
<td>425 North Main Street, Ann Arbor, MI 48104</td>
<td>734.662.3213</td>
<td><a href="http://www.edfvc.com">www.edfvc.com</a></td>
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<tr>
<td>Fletcher Spaght</td>
<td>201 South Main Street, Suite 900, Ann Arbor, MI 48104</td>
<td>734.717.2139</td>
<td><a href="http://www.fletcherspaght.com">www.fletcherspaght.com</a></td>
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<tr>
<td>GM Ventures</td>
<td>Mail Code 482-C37-D99, 300 Renaissance Center, Detroit, MI 48265</td>
<td>313.483.9983</td>
<td><a href="http://www.gmvventures.com">www.gmvventures.com</a></td>
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<tr>
<td>Hopen Life Sciences</td>
<td>319 Orchard Vista Drive, SE Grand Rapids, MI 49546</td>
<td>616.464.5071</td>
<td><a href="http://www.hopenls.com">www.hopenls.com</a></td>
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<tr>
<td>Huron River Ventures</td>
<td>320 North Main Street, Suite 400, Ann Arbor, MI 48104</td>
<td>734.998.3688</td>
<td><a href="http://www.huronriverventures.com">www.huronriverventures.com</a></td>
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<tr>
<td>MK Capital</td>
<td>130 South First Street, Suite 201, Ann Arbor, MI 48104</td>
<td>734.662.6500</td>
<td><a href="http://www.mkcapital.com">www.mkcapital.com</a></td>
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<tr>
<td>North Coast Technology Investors</td>
<td>206 South Fifth Avenue, Ann Arbor, MI 48104</td>
<td>734.662.7667</td>
<td><a href="http://www.northcoastvc.com">www.northcoastvc.com</a></td>
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<tr>
<td>NTH Power</td>
<td>One Embarcadero Center, Suite 1550, San Francisco, CA 94111</td>
<td>415.483.9983</td>
<td><a href="http://www.nthpower.com">www.nthpower.com</a></td>
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<td>Plymouth Management Company</td>
<td>717 E. Huron Street, Suite 2E, Ann Arbor, MI 48104</td>
<td>734.747.9401</td>
<td><a href="http://www.plymouthvc.com">www.plymouthvc.com</a></td>
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<tr>
<td>Resonant Ventures</td>
<td>425 N. Main Street, Ann Arbor, MI 48104</td>
<td>734.744.4419</td>
<td><a href="http://www.resonantvc.com">www.resonantvc.com</a></td>
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<tr>
<td>RPM Ventures</td>
<td>320 North Main Street, Suite 320, Ann Arbor, MI 48104</td>
<td>734.332.1700</td>
<td><a href="http://www.rpmvc.com">www.rpmvc.com</a></td>
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<tr>
<td>Seneca Partners</td>
<td>300 Park Street, Suite 400, Birmingham, MI 48009</td>
<td>248.723.6650</td>
<td><a href="http://www.senecapartners.com">www.senecapartners.com</a></td>
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<td>SMF Life Science Fund</td>
<td>421 East Michigan Avenue, Kalamazoo, MI 49009</td>
<td>269.553.9588</td>
<td><a href="http://www.southwestmichiganfirst.com/venturefund.com">www.southwestmichiganfirst.com/venturefund.com</a></td>
</tr>
<tr>
<td>TGAP Ventures</td>
<td>717 Stadium Drive, Kalamazoo, MI 49009</td>
<td>269.760.4570</td>
<td><a href="http://www.tgapventures.com">www.tgapventures.com</a></td>
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<tr>
<td>Venture Investors</td>
<td>201 South Main Street, Suite 900, Ann Arbor, MI 48104</td>
<td>734.274.2904</td>
<td><a href="http://www.ventureinvestors.com">www.ventureinvestors.com</a></td>
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<tr>
<td>Wolverine Venture Fund</td>
<td>Samuel Zell &amp; Robert H. Lurie, Institute for Entrepreneurial Studies, Ross School of Business</td>
<td>701 Tappan Street, Ann Arbor, MI 48109</td>
<td>734.615.4419</td>
</tr>
</tbody>
</table>

**Michigan Angel Directory**

- **Ann Arbor Angels**
  - 125 South Fifth Street
  - Ann Arbor, MI 48104
  - www.annarborangels.org

- **Blue Water Angels**
  - MidMichigan Innovation Center
  - 4520 Ashman Rd, Suite M
  - Midland, MI 48642
  - 989.839.2333
  - www.bluewaterangels.com

- **Capital Community Angels**
  - 1181 Ridgewood Drive
  - East Lansing, MI 48823
  - 517.442.2072
  - www.capitalcommunityangels.org

- **First Angels**
  - 241 E. Michigan Avenue
  - Kalamazoo, MI 49007
  - 269.553.9588
  - www.southwestmichiganfirst.com/First_Angels.cfm

- **Grand Angels**
  - 36 W. 8th Street
  - Suite 200
  - Holland, MI 49423
  - 616.546.4559
  - www.grandangels.org

- **Great Lakes Angels**
  - 440 Burroughs St, Suite 111
  - Detroit, MI 48202
  - 313.483.1309
  - www.giangles.org
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