

News Release



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Florida rich in venture capital opportunities

New State fund opens door for early stage investment in strategic sectors

To expand on the success of venture capital investments in Florida, the State has created the Florida Opportunity Fund, a multimillion-dollar program that directs investments to high-performing funds committed to seed and early stage businesses.

The program is designed to build upon the successful Florida investment activities of leading national venture capital investors such as Kleiner Perkins Caufield & Byers, Benchmark Capital and Sycamore Ventures. These firms provide capital to companies focused on developing cutting edge technologies like surgical robotics design, business intelligence software, defense and aerospace applications, and green methods to create new products out of recyclables.

The Florida Opportunity Fund will further establish the State as a hub of innovation as it seeks a larger share of the billions invested nationally from fund managers, particularly at the seed and early stage.

The program will seek to grow the availability of venture capital funds for companies in strategic sectors such as life sciences, clean energy, homeland security, aerospace and defense, information technology and advanced manufacturing. In turn, it will seek to serve as a platform for creating new companies with high-wage jobs.

“The State is rich with early stage investment opportunities that can attract the interest of venture capital funds alongside other high-profile firms that have invested in Florida,” said Christopher Fountas, general partner with MILCOM Venture Partners (MVP).

The Florida Opportunity Fund is a fund of funds established by Enterprise Florida pursuant to Florida’s Capital Formation Act and is managed by Florida First Partners (FFP) – a joint venture between MVP, a leading Florida venture capital fund manager, and the Credit Suisse Customized Fund Investment Group (CFIG), the global investment bank’s primary private equity fund-of-funds investment team. Enterprise Florida is an economic development partnership between business and government leaders and is the principal economic development organization for the State.

Florida has amassed a significant technology and information services community that is

competitive nationally and internationally – with startup businesses funded by venture capital prospering alongside the State’s legacy defense, aerospace and communications industries.

In the United States, Florida is the fourth largest employer in the high-tech industry – with more tech jobs than every other state but California, Texas and New York, according to the report *Cyberstates 2008* by AeA, the American Electronics Association.

The State has one of the largest homeland security and defense industries, with nearly \$11 billion Department of Defense Prime Contract Awards in 2006, according to Enterprise Florida.

And Florida, which ranks among the top 10 biotech states in a recent report by Ernst & Young, is poised to see tremendous job growth with the addition of Scripps Florida in Palm Beach County, the Burnham Institute for Medical Research in Orlando and The Torrey Pines Institute in St. Lucie County.

Nearly 700 venture capital deals have closed in the State since 2000, resulting in more than \$6.4 billion in total venture capital spending, according to Enterprise Florida.

“This program seeks to realize significant long-term returns from funds making investments in early stage Florida opportunities,” said CFG investment professional Mel Carter. “But ultimately, it’s more than just a catalyst for investors. The program’s activities are expected to attract additional venture capital for entrepreneurs and companies active in Florida’s high growth sectors, which will energize the State’s economy.”

In 2008, venture capital activity in the State included several major investments:

- The appeal of its green technology helped Lehigh Technologies of Naples secure a \$34.5 million investment from Kleiner Perkins and Index Ventures. Earlier investors in the recycling startup include NGP Energy Technology Partners and Florida Gulfshore Capital. Kleiner Perkins has backed entrepreneurs in more than 500 ventures, including AOL, Amazon.com, Electronic Arts, Google, Intuit, Juniper Networks, Netscape, Lotus and Sun Microsystems.
- Highwinds Network Group Inc. of Winter Park received a multimillion-dollar investment from the European Founders Fund in recent months. That is on top of \$55 million of financing from General Catalyst Partners and Alta Communications the Internet company announced earlier in the year.
- Pentaho Corp. of Orlando brought in \$12 million in a round of investments led by Benchmark Capital, adding to funding from Index Ventures and New Enterprise Associates. The company’s business intelligence customers include Cox Communications, Delta Dental, Lifetime Networks, Monsanto Corporation, Savvion, Sun Microsystems, Terra Industries, U.S. Naval Air Command and Wachovia.

Already seeing returns from early stage deal flow, those businesses follow in the footsteps of several Florida startups of the past decade that have seen success nationally and globally.

For example, Maitland-based MeshNetworks Inc., a venture that partnered with MVP and secured venture capital financing to launch a wireless network company, was acquired by communications giant Motorola in 2004 for an undisclosed sum. MeshNetworks technology is used in communications networks by the military, public safety agencies, municipal traffic divisions and major companies.

Another example is MAKO Surgical of Fort Lauderdale. This biotech startup, known to attract investors such as Sycamore Ventures, has pioneered robotic techniques for knee surgery procedures. The company was added to the NASDAQ listings this year after raising more than \$50 million.

Miami-based Alienware's success with high performance desktop systems led to its acquisition by Dell Corporation in 2006. Alienware, a venture-backed company, ranked as one of the fastest-growing private companies in the United States the previous year.

"By providing incentives, like the Florida Opportunity Fund, we hope to increase the amount of innovation that occurs within the State. This will ensure that Florida's workforce and economy are diverse, vibrant and competitive for years to come," Lt. Governor Jeff Kottcamp said about the program funded by the Legislature.

• FLORIDA OPPORTUNITY FUND APPLICATIONS

In evaluating firms that apply for the first series of investments from the Florida Opportunity Fund, FFP will consider a variety of factors, including funds with a track record of strong returns, an interest in seed projects or early stage companies, and a willingness to work with startups developed through Florida university and research institutions. Eligible firms must have offices in the State or a history of investing in Florida companies.

The first series of applications from state, regional and national venture capital firms to be considered for funds from the program will be accepted through January 30, 2009. Interested participants from the venture capital community should visit the program's Web site at www.floridaopportunityfund.com.

• THE FUND MANAGERS

Florida First Partners (FFP) is a joint venture between MILCOM Venture Partners (MVP) and the Credit Suisse Customized Fund Investment Group (CFIG).

MVP, a leading Florida venture capital firm, has invested in companies in the power and energy, communications, software and materials science sectors.

CFIG is a leading primary private equity fund-of-funds investment group of global banking giant Credit Suisse. CFIG also manages in-state private equity investment programs in Ohio, Michigan, Indiana, New York and Oregon.

• THE FLORIDA OPPORTUNITY FUND AND THE LEGISLATURE

The Florida Opportunity Fund was created by the Legislature as a fund of funds to increase

venture capital activity in the State as part of an economic development package called the Florida Capital Formation Act. The legislation was sponsored by Representative Michael Grant, R-Port Charlotte, and Senator Jeremy Ring, D-Margate.

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