

INVESTING IN NEW YORK'S FUTURE: THE COMMON RETIREMENT FUND'S IN-STATE PRIVATE EQUITY INVESTMENT PROGRAM

The New York State Common Retirement Fund (CRF) created an In-State Private Equity Investment Program in November 1999. Targeting investment in New York State, the Program was developed in response to the "Jobs 2000 for New York State" or "J2K" legislation adopted in August 1999. This program represented an important achievement, and continues to have a significant positive impact on the returns to the Common Retirement Fund and the economic strength of New York State.

Although New York State ranks third in the nation for venture capital under management, analysts suggest that New York-based venture capital firms may deploy as much as 90 percent of that capital out-of-state. Indeed, in 2007, 40 percent of these funds may have gone to California startups. Moreover, despite the presence of several major research universities in upstate New York, the region which includes upstate ranks third from the bottom of the 18 regions across the nation for venture capital received.

It is estimated that almost 90 percent of the total venture capital investment in the State occurs in New York City. While this activity is a significant portion of the In-State portfolio, the Program also seeks to encourage investment in suburban and upstate areas traditionally underserved by large private equity funds. This ongoing commitment is intended to signal to the owners of established firms and start-ups that alternative investment funding is available to foster the growth of their businesses.

Although most large private equity buyout funds, many of which are New York City-based, focus on large transactions involving "name" businesses, there remain many attractive investment opportunities in small and medium-sized enterprises, especially in suburban areas of New York and in upstate communities. Owners of mature businesses often find they are unable to execute plans to ensure the long-term survival of the enterprise. Funds provided through the In-State Program have assisted owners in re-structuring or transferring their businesses to a new generation of entrepreneurs, thus maintaining the business as a viable enterprise and benefit to the community.

Even in these difficult economic times, the innovative spirit is alive and well in New York. In 2009, the Comptroller participated in nine events across the State to publicize the program and to let New York entrepreneurs know that the Common Retirement Fund is committed to investing in New York. These well-attended events yielded over 200 new investment leads.

Support for innovation and small business investment has become increasingly necessary and relevant during this period of economic uncertainty. Most of our new jobs arise in small businesses, and the expansion of innovation is critical to community revival and economic diversification.

COMMITTED TO NEW YORK ENTREPRENEURS AND SMALL BUSINESSES

Since 2007, total commitments to the In-State Program have more than doubled from \$453.3 million to \$971.3 million today, an increase of 114 percent. There have been investments in 155 separate companies since the inception of the Program, with 71 new investments since 2007, or about 46 percent of the total.

The Program currently consists of 17 fund managers located across the State with almost \$500 million available for investment. There have been seven new commitments to the Program since 2007, including the addition of two new Fund managers. The CRF's commitment to investing in New York has also attracted substantial private resources, which might otherwise have been directed to alternative opportunities outside the State. The In-State Program has leveraged almost \$2 billion in new investment upstate, and almost \$4 billion statewide.

Fund	Stage	Commitment	
		Date	Amount
FA Tech Ventures ¹	Venture	Oct-00	\$25.0
Summer Street Capital NYS	Buyout	Aug-00	25.0
Ascend Ventures ²	Venture	Mar-01	2.5
Ascend Ventures NY	Venture	Apr-01	5.0
Wheatley Partners NY	Venture	Jul-02	25.0
Delta Point Capital Partners	Buyout	Aug-02	21.9
Hudson River Co-Investment (HLA)	Buyout/Venture	Sep-03	50.0
Wheatley Additional Commitment	Venture	Dec-03	25.0
High Peaks Ventures NY	Venture	Dec-03	27.4
Founders Equity NY	Growth/Buyout	Dec-03	20.0
Easton Hunt NY	Venture/Growth	Dec-03	30.0
Paladin Homeland Security NY	Growth	May-04	20.0
Trillium Lakefront Partners III NY	Venture	May-04	25.0
Ascend Ventures NY-II	Venture	Oct-04	20.0
Summer Street Capital NYS-A	Buyout	May-05	6.0
CSFB Coinvestment (series 2005)	Multistage	May-05	25.0
Softbank Capital Technology NY	Venture	Jun-05	30.0
Ascent Biomedical Ventures NY	Venture	Dec-05	15.0
GSAV New York	Venture	Mar-06	25.0
Summer Street Capital NYS II	Buyout	Aug-06	25.0
Ascend Ventures NY II Add'l. Commit.	Venture	Nov-06	5.5
Subtotal: Prior to 2007			\$453.3
Hudson River Co-Investment (HLA) Add'l	Buyout/Venture	Feb-07	\$150.0
Founders Additional Commitment	Growth/Buyout	Feb-07	18.0
Milestone Venture Partners III NY	Venture	Apr-07	15.0
CSFB Co-investment (series 2007)	Venture/Buyout	Sep-07	200.0
Paladin III (NY)	Growth/Venture	Nov-07	25.0
Ascent Biomedical Ventures NY-II	Venture	Oct-08	25.0
Softbank Capital Technology NY Add'l	Venture	Jan-09	20.0
DFJ Gotham NY Fund II	Venture	Feb-09	25.0
DeltaPoint IV	Buyout	Nov-09	25.0
High Peaks Seed Ventures	Venture	August-10	15.0
Subtotal: Since 2007			\$518.0
Total: All to date			\$971.3

¹ FA Tech Ventures received a total commitment of \$50 million; \$25 million is the targeted New York State portion.

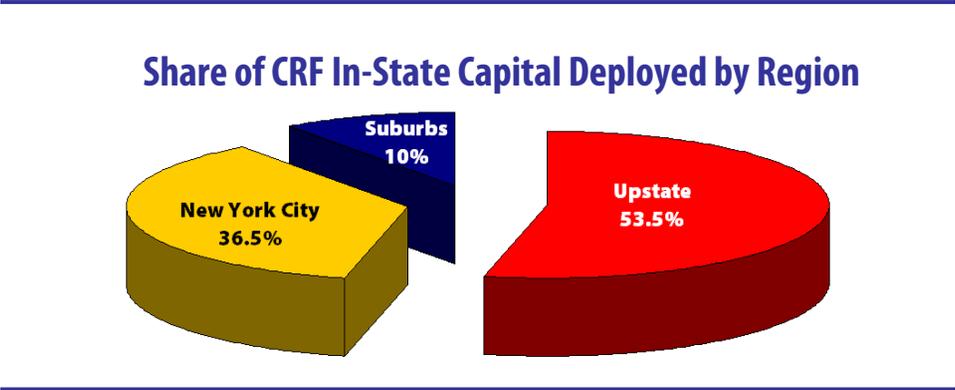
² Ascend Ventures received a total commitment of \$10 million; \$2.5 million is the targeted New York State portion.

The recession and related economic turmoil have clearly impacted the investment landscape. Tightness in the credit markets and other strongly unfavorable economic conditions during 2009 had a discernable impact on the In-State program and in private equity generally. The \$63 million in new or follow-on investments during 2009 was 35 percent below the \$97 million invested during 2008.

The pace of new investments was particularly impacted by the challenging economic conditions. The \$46.7 million total invested through the In-State Program by the CRF and its partners across 20 new companies in 2009 was half the amount invested in new companies a year prior. The CRF share of these new investments, totaling \$26.7 million, was down 55 percent from \$59.8 million in 2008 and represented the lowest amount invested since 2003, when just \$25.9 million was placed in eight new companies.

FINDING OPPORTUNITIES ACROSS THE STATE

Since the In-State Program began, 53.5 percent of the CRF’s funds have been invested upstate, 36.5 percent in New York City and 10.0 percent in the immediate suburbs. Overall about half of the companies in the In-State portfolio are located in New York City and half in the rest of the State. But in recent years, New York City has accounted for almost two-thirds of the 61 new investments, reflecting the expansion of a vibrant and productive tech sector.



JOBS

Small businesses are the most effective creators of new jobs, and the expansion of innovative and entrepreneurial enterprise is a key factor in community revival and economic diversification. In-State Program portfolio companies employed over 11,000 people at the conclusion of 2009, a level about 30 percent over that at the time of the investments. Total employment in portfolio companies during 2009 declined slightly from the prior year, due to recessionary slowdown in hiring and the implementation of cost containment measures.

SELECTED CURRENT PORTFOLIO COMPANIES



Flat World Knowledge (www.flatworldknowledge.com) is a next-generation higher education content company that is reinventing the \$8 billion college textbook market. The world's first commercial open-source textbook publisher, Flat World publishes books written by leading authors, makes those books fully customizable by the faculty who use them, and offers them free or affordably offline in a range of formats that fit the media consumption habits of 21st century students.

In the company's first year of operations, Flat World books have been used by 50,000 students in over 900 classrooms, and those students have saved over \$5 million by avoiding the expense of comparable traditional textbooks. The company is well on its way to transforming the model for creation and delivery of content for college coursework. Greenhill and High Peaks have invested \$2.6 million in the company on behalf of the CRF.



5Linx (www.5linx.com) is a direct selling company for telecommunications products and services. It is an integrated network provider, with software-based network operations in selected locations in the United States. 5Linx offers a range of Voice over Internet Protocol (VoIP) telephone and videophone communication services to domestic, Scandinavian and emerging market populations around the world. It is enjoying strong growth, and increased its New York jobs base from roughly 25 at the time of our initial investment in June 2006 to about 150 as of the end of 2008. These trends are expected to continue, driven by domestic growth and market penetration in new, nondomestic markets. The company was named to the Inc. 500 list of fastest growing companies in America in 2006, 2007 and 2008. Trillium invested approximately \$1.7 million of CRF capital in 5Linx over two equity rounds.

Advion **Advion Biosciences, Inc.** (www.advion.com), located in Ithaca, New York, provides bio-analytical services and nano-electrospray products to the pharmaceutical industry. The company's product employs chip-based nano-electrospray technology to improve the analytical information generated from conventional available mass spectrometry systems. It also provides analyses of proteins, post-translational modifications, biomarkers, lipids, and metabolites, as well as sample management, metabolism, biomarker and discovery services. CSFB has invested \$8.9 million into the company on behalf of the CRF.



Aequus Technologies Corp. (www.aequustechnologies.com) provides Video Relay Services through broadband to the deaf and hard-of-hearing community. The company was located in New Jersey when it began seeking financing; as a condition of the investment from Wheatley Partners and Softbank Capital, the company moved to Pearl River, New York, in Rockland County. CRF has a total of \$14.7 million invested in the company.



Advantage Healthcare (www.ahsrcm.com) is a New York-based enterprise offering revenue cycle and practice management services to physicians and related healthcare providers. It operates both as a business process outsourcer and an applications service provider that offers medical claims transaction processing services and proprietary web-based practice management systems to physicians. Founders Equity has invested \$7.6 million of CRF's capital since April 2006.

Anterios

Anterios is a New York City-based emerging biotechnology company based on a proprietary technology for delivering large molecules safely across the skin. The company's lead product for development is a topical pharmaceutical that contains Botulinum Type A toxin as its active ingredient for the treatment of hyperhidrosis (excessive sweating), acne, and rhytides (wrinkles). Anterios has successfully completed Phase I human clinical trials and will shortly enter Phase II studies for its lead indications. In addition, the company has generated promising preclinical data on the delivery of other large molecules across the skin for a number of additional unmet clinical needs. Ascent Biomedical Ventures has invested \$1.2 million of CRF's capital in the company.

APPLICATION SECURITY, INC. **Application Security, Inc.** (www.appsecinc.com), located in New York City, is a leading provider of database security solutions for a range of enterprises. The company's products proactively secure enterprise applications at more than 400 organizations around the world by discovering, assessing, and protecting the database against rapidly changing security threats. By securing data at its source, the company's solutions enable organizations to extend their business more confidently with customers, partners and suppliers. The company's security experts, combined with its strong support team, deliver up-to-date application safeguards that minimize risk and seek to eliminate its impact on business. Paladin invested \$3.8 million of CRF's capital in March 2006.



Auterra, Inc., formerly known as Applied NanoWorks (www.auterrainc.com), located in Malta, New York, is CRF's first investment in a nanotechnology company. Auterra is an advanced inorganic materials manufacturing company, which has developed the Molecular Control Platform (MCP), an advanced materials manufacturing platform which is the first major advancement in inorganic material science in 30 years. This process is patent-pending, cost-effective, and scalable and has already delivered two new patent-pending molecules, with four to six more and countless derivatives anticipated. The company is currently focused on two applications—a catalyst system for improved desulfurization and sweetening of crude oil, and flame-retardant additives. Auterra's products are nontoxic and offer performance improvements five-to-ten times greater than existing additives. HighPeaks and FA Technology Ventures invested \$2 million of CRF's capital in February 2006.



Apprenda (www.apprenda.com), located in Clifton Park, New York, is the pioneering developer of a general purpose platform that focuses on making software-as-a-service (SaaS) accessible as a distribution model to software vendors across the globe. The SaaSGrid platform gives independent software vendors the ability to deploy and deliver scalable, multi-tenant, enterprise applications via SaaS quickly and cost effectively without deviating from their core business and development competencies. High Peaks invested \$930,000 of CRF's capital in the company.



Auction Direct (www.auctiondirectusa.com) is a national retailer of quality used vehicles. The company operates three superstore locations in Rochester, New York, Jacksonville, Florida and Raleigh, North Carolina. Rochester serves as the company's headquarters and base of operations. Auction Direct utilizes highly sophisticated Internet marketing techniques as well as a unique customer proposition. Within two years of opening, each of its locations has earned a number one or two market share position. Its New York-based operations include a national buying center, its IT operation and a national customer call center and have New York State employment of approximately 120. Hamilton Lane and Trillium Lakefront Partners invested \$14.0 million of CRF's capital in three phases of the operations. The Company has raised total capital in excess of \$33 million since it was founded in 2006.



Autotask Corporation (www.autotask.com), located in East Greenbush, New York, is pioneering "software as a service" for IT services management. Autotask provides a platform for the complete operation of IT solution providers (including Value Added Resellers [VARs], Managed Services Providers [MSPs], Systems Integrators, and IT Consultants). Autotask's vision is to establish itself as the de facto standard business platform for the IT services community – one that is used by solution providers to run their operations and to deploy services to their customers. The

IT services industry is a dynamic market consisting of more than 50,000 solution providers in North America alone, employing over 1.3 million professionals. Autotask was established in 2001 and currently has more than 2000 customers and 20,000 subscribed seats in 2009. Autotask has received many awards, including Business Solutions Magazine's "Best Channel Vendor 2009" and "Best Places to Work in the Capital Region." FA Technology Ventures and the Hudson River Co-Investment Fund together have invested \$5.6 million of CRF's capital in the company.



Climax Manufacturing Company

Climax Manufacturing Company, Inc.

(www.climaxpkg.com), headquartered in Lowville, New York, manufactures folding cartons and

recycled paperboards in North America. Founded in 1904, the company offers retail packaging; stock boxes, such as jewelry and sweater boxes for gift and apparel markets; fiberboard packaging; muffin boxes and vented packers for supermarket bakeries; deli and fast food packaging products; and industrial packaging products. It also offers specialty paperboards, matboards, coaster boards, set-up box boards, graphic arts boards, and chip boards, as well as paperboard grades that are used in various products, such as picture frame mats, illustration and mounting boards, beverage coasters, retail gift boxes, rigid boxes, and industrial packaging products. DeltaPoint Capital and the Hudson River Co-Investment Fund together invested \$8.1 million of CRF's capital in the company.



CreditSights (www.creditsights.com) is a New York City-based Internet-enabled, independent research firm which provides capital market research to institutional investors. The company has an experienced team of analysts,

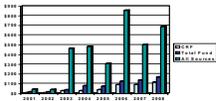
many of whom are Institutional Investor-rated, covering the corporate bond, credit derivatives and equity markets. CreditSights has become a leader in independent credit research. The company's flagship product, the "Morning Comment," is now considered a "must read" for much of the credit investment community. The company's products are web-based and modular in design, enabling rapid delivery of only relevant information to each user, with drill-down capabilities to access more detailed analysis and information quickly. CreditSights is preparing to file an application with the SEC to become a registered credit rating agency. One major contributor to the subprime lending crisis was that major rating agencies were paid by the issuers, creating a conflict of interest. The CreditSights model is a "buyer pays" model, which would be independent of this conflict. FA Technology Ventures has invested \$1.5 million of CRF's capital in the company since April 2004.



Crystal IS, Inc., (www.crystal-is.com), based in Green Island, New York, is the market leader in the commercialization of single-crystal aluminum nitride (AlN) substrates for the cost-effective production of high power, high temperature, and optoelectronic devices such as blue and ultraviolet lasers. The company's ultraviolet (UV) LED device technology and aluminum nitride wafer technology were developed at Rensselaer Polytechnic Institute (RPI) by Dr. Leo Schowalter, former chair of the RPI Physics Department. CSFB has invested \$1.4 million in the company on behalf of the CRF.



Drop.io (www.drop.io), is a Brooklyn-based company that provides a simple private content and media sharing solution to consumers and enterprises. Since its launch, Drop.io has realized significant user adoption (i.e., users have created more than 3 million "drops" or webpages for sharing files). Drop.io has ten New York employees. DFJ Gotham invested \$630,000 of CRF's capital in the company in March 2009.



IPLogic (www.iplogic.com), headquartered in Albany with offices throughout New York State, Western Pennsylvania and West Virginia, provides converged voice and data business communications solutions. IPLogic's core focus areas include IP telephony, network security, managed services, network infrastructure (LAN/WAN), training, and staffing services. The company's core customers come from a variety of industries, including higher education, healthcare, financial services, and state and local government. DeltaPoint Capital has invested a total of \$2.0 million of CRF's capital in IPLogic.



Knoa Software (www.knoa.com) develops and markets User Performance Management solutions for enterprise software applications. Large deployments of enterprise resource planning (ERP) software cost large enterprises millions (or tens of millions) of dollars and are the backbone of many key business processes. Full realization of the value of these complex applications is greatly hindered by the inadequacies of user training, and not knowing where usage problems arise. Knoa is a leader in this nascent market, working to identify performance problems early and in great detail, allowing companies to better target ongoing training to specific problems that users are having and thereby greatly increasing user effectiveness and return on investment. Knoa's capabilities for monitoring end user experience has been recognized by a number of research organizations including the Butler Group, the Gartner Group and Forrester Research. FA Technology Ventures has invested \$1.8 million of CRF's capital in the company since June 2006.



Founded in 1999 and based in New York City, **Knovel** (www.knovel.com) is the first enterprise portal for technical information and analysis based on an innovative new search engine and database technology that brings major productivity gains to engineers and scientists. Knovel has been called “Bloomberg for Engineers,” and the company’s vision is to be used by every engineer and scientist in his or her daily work. CSFB has invested \$3.0 million in the company on behalf of the CRF.



Navilyst Medical, Inc. (www.navilystmedical.com), with a majority of its operations based in Glens Falls, New York, was formed through the acquisition of substantially all of the assets of Boston Scientific Corporation’s Fluid Management and Venous Access businesses by Avista Capital Partners. The Fluid Management business develops, manufactures and markets a wide range of single-use medical products, which are used to support certain procedures for the treatment of cardiovascular disease, primarily catheterization procedures, invasive pressure monitoring, and blood and fluid waste control. Venous Access develops, manufactures and markets medical devices that can be implanted under the skin, primarily for the delivery of medication, fluids, nutrients, and blood, and the removal of toxic substances, related to oncology, interventional radiology, nursing and vascular surgery. CSFB invested \$22.5 million in the transaction on behalf of the CRF.



Northern Safety (www.northersafety.com) is a national distributor of top quality safety and industrial supplies and has over 20,000 products in stock for construction, maintenance, agricultural, food preparation and handling, public service works, medical, and hazardous materials. The company started near Utica in 1983 as a home-based business delivering medical supplies to local companies. Northern Safety is headquartered in Frankfort, New York, in a 94,000 square foot, state-of-the-art facility. The company stocks over 20,000 of the best, cutting-edge safety and industrial products. In September 2001, the company completed the expansion of the warehouse, doubling its size from 60,000 to 120,000 square feet, to stock more products. Investment by the Hudson River Co-Investment Fund helped prevent competitors from purchasing the company and likely moving operations out of New York State. Hamilton Lane and Trillium Lakefront Partners have invested \$6.4 million of CRF’s capital since June 2005. Through a recapitalization transaction in October 2007, the Hudson River Co-Investment Fund and Trillium Lakefront Partners III provided additional growth capital to Northern Safety and generated an attractive return on the CRF’s initial investment.



Oncology Services International (OSI) (www.thinkosi.com) is the largest independent provider of maintenance services for linear accelerators (state-of-the-art radiology medical equipment used in the treatment of cancer). The company also resells used linear accelerators and has a subsidiary that provides spare parts for these machines. OSI is positioned within the market as a high quality, lower cost maintenance provider for linear accelerators that are no longer covered under the Original Equipment Manufacturer warranty. As a condition of its acquisition, the company relocated its headquarters from New Jersey to New York. Founders Equity has invested \$2.9 million of CRF's capital in the company since April 2008.



Peridrome Corporation (www.peridrome.com), based in New York City, is a financial services information technology company. Peridrome specializes in business process management software for the wealth management sector. Peridrome's software solutions enable investment managers, broker-dealers, and outsourcers to automate customer service for managed account product offerings, such as separately managed accounts (SMAs), unified managed accounts, and mutual fund/exchange-traded fund (ETF) wrap accounts. Milestone Venture Partners invested \$370,000 of CRF's capital in the company in April 2008.



Pontiflex (www.pontiflex.com), located in Brooklyn, is the first open and transparent cost per lead (CPL) market. Advertisers connect to interested consumers through Pontiflex and pay only for brand-specific marketing leads, not just clicks or impressions that might never convert. Pontiflex AdLeads offers publishers, advertisers and agencies a single point of connection for CPL media buying, management and optimization. Because Pontiflex AdLeads is open, advertisers and publishers can manage all of their campaigns (even those not generated through Pontiflex) for no charge. Because Pontiflex AdLeads is transparent, advertisers can optimize campaigns by mapping leads to their sources and increase returns even further. Greenhill SAVP invested \$1.2 million of CRF's capital in this company.



Royalty Pharma (www.royaltypharma.com), located in New York City, invests in pharmaceutical and biotechnology product royalties and other revenue-producing intellectual property. Royalty Pharma currently owns a diversified portfolio of royalties in 22 products: 16 leading approved and marketed pharmaceutical and pharmaceutical products, five products in Phase II clinical trials and/or under review with the FDA, and one product in an early stage of clinical development. The development of critical care treatments, therapies and vaccines for life-threatening diseases, viruses and other ailments form the cornerstones of the "cope" and

“recover” aspects of Paladin’s homeland security investment strategy. Paladin invested \$5.9 million of CRF’s capital in the company in January 2008.



SWN Communications, Inc. (www.sendwordnow.com) is the leading provider of on-demand alerting and response services for both emergency and routine communication. Send Word Now’s messaging platform (i) enables its customers to reach anyone anywhere, anytime with any device over any type of connection, and (ii) is capable of transmitting hundreds of thousands of voice and text messages in minutes, receiving responses and monitoring and reporting the results. Send Word Now’s web-based services are used by government agencies, universities, nonprofit organizations and businesses, including many of the Fortune 500. Headquartered in New York City, Send Word Now also has offices in Schenectady, New York, and London, England. Ascend Ventures has invested \$3.3 million of CRF’s capital in the company since July 2006.



SmartPill Corporation (www.smartpillcorp.com), located in Buffalo, is a leading developer of capsule-based medical devices that aid in the diagnosis, definition and therapeutic intervention of gastrointestinal (GI) motility disorders and diseases. The company’s flagship product – the SmartPill GI Monitoring System – features the SmartPill Capsule, an ingestible medical device that provides data, heretofore unavailable, that can assist physicians and researchers in the evaluation of GI motility disorders. SmartPill Corporation’s SmartPill GI Monitoring System was granted 510(k) approval by the U.S. Food and Drug Administration (FDA) in July 2006. High Peaks invested \$1.7 million of CRF’s capital in the company in February 2008.



Stone Source (www.stonesource.com), headquartered in New York City, finds materials from sources around the world and distributes natural stone, ceramic, glass and metal tiles, engineered stone and other decorative surfaced products. It offers a wide variety of architecturally significant materials along with expert knowledge and service to create design solutions for professional architects, designers and end users for residential and commercial projects. Founders Equity and Hamilton Lane have invested \$9.2 million of CRF’s capital in the company since June 2006.



Tabula Digita, Inc. (www.tabuladigita.com) is an educational video gaming company focused on delivering innovative and effective educational games to students and institutions. Through its fusion of education and technology-based immersive learning systems, Tabula Digita successfully offers standards-based, high impact educational tools that engage elementary, middle school and high school students in learning. Numerous school districts have contracted to use Tabula Digita's video games as part of their curricula, including New York City Public Schools, the Fort Worth Independent School District and Broward County Public Schools, among others. Tabula Digita is headquartered in New York City. Ascend Ventures has invested \$3.6 million of CRF's capital in the company since December 2005.



The NewsMarket (www.thenewsmarket.com) is the leading platform for management, archiving, and distribution of sponsored video news content. Fortune 500 enterprises, governments and other organizations that produce video content for distribution to the media as part of a broader public relations strategy use the NewsMarket to enable simple, searchable access to that content by the news media. The NewsMarket's web-based platform distributes sponsored video content to over 5,000 newsrooms in 140 countries. The company's rapidly growing client list includes General Motors, Intel, Adidas, Motorola, Rolls-Royce and the U.S. Department of State. Ascend Ventures was an early investor in the NewsMarket in 2002. SoftBank NY and High Peaks both invested at the end of 2005. The CRF has a total of \$5.6 million invested in the company.



Tutor.com (www.tutor.com) is the number one online tutoring and homework help destination. Tutor has a network of over 2,000 certified tutors available around the clock to help students with homework, exam preparation, study skills and much more. At Tutor.com, students can connect to a tutor in an online classroom that features chat, an interactive whiteboard, file sharing and web browsing. Over 4 million students have used Tutor.com for their educational needs. Tutor.com is headquartered in New York City. Ascend Ventures has invested \$2.0 million of CRF's capital in the company since April 2007.



Worktopia (www.worktopia.com), located in Harrison, New York, is the first and only online global distribution system for meeting space in hotels, conference centers, airport lounges and other venues. The company is addressing the \$24 billion demand for small and medium meetings – the last important unautomated space in the travel industry – by connecting buyers with thousands of meeting facilities across the United States and abroad. With Worktopia, meeting planners can conduct a search based on specific meeting facility

requirements, compare live pricing proposals, and book the meeting space, audiovisual equipment and catering from a live database 24 hours a day, eliminating the manual, costly and inefficient request-for-proposals (RFP) process. Worktopia's search and instant booking capability is available to agents and corporate meeting planners as a feature on most major corporate travel procurement services such as Worldspan and Sabre, or as a free service on Worktopia. DFJ Gotham, Milestone Venture Partners and High Peaks Venture Partners have invested \$3.7 million of CRF's capital in the company.



ZeroPoint Clean Tech, Inc. (www.zeropointcleantech.com), based in Potsdam, New York, is a renewable energy company providing distributed biomass-to-energy and water treatment technologies. The company's biomass gasification and related technologies have the capabilities to convert abundant, renewable biomass into carbon-neutral distillate fuels, ethanol, electricity, clean water and other valuable products. CSFB has invested \$2.5 million in the company on behalf of the CRF.

DESCRIPTION OF THE IN-STATE PROGRAM'S FUND PORTFOLIO



Summer Street Capital Partners, founded in 1999, is a Buffalo-based private equity fund with approximately \$300 million of capital under management focused on investing in small-market companies. The firm invests alongside talented managers, bringing capital, operating expertise and resources to support acquisitions and aggressive growth strategies. Summer Street's broad and experienced team consists of 12 investment professionals, and four operating partners who are integrally involved in assisting portfolio companies. The partnership typically invests \$10 to \$30 million per transaction in companies with market values of \$20 to \$100 million.

Summer Street will consider most industries, with a particular focus on healthcare, education, environmental services, and industrial goods. The firm focuses on investments with the following characteristics: committed management, sustainable competitive advantages, proven products and technology, and above-average growth prospects. Summer Street ensures that key managers have a meaningful equity interest in the business they manage and share in its success.

Summer Street's investors include leading pension funds, insurance companies and banking institutions. The CRF committed \$31 million to Fund I and \$25 million to Fund II.

Contact: Brian D'Amico, Managing Partner, (716) 566-2902

Website: www.summerstreetcapital.com



DFJ Gotham is an early-stage venture capital firm based in New York City, and focused primarily on investments in information technology startups in the New York metropolitan area. The principals also invest in Israeli startups that are in the process of creating a New York

presence. DFJ Gotham is a generalist IT investor and will invest in all subsectors of the IT industry. These subsectors include, but are not limited to:

- Digital media
- E-commerce
- Financial technology
- Wireless
- Network infrastructure.

DFJ Gotham is part of the Draper Fisher Jurvetson Network, currently the largest venture capital network in the world. The firm tends to be the first institutional investor in a company, making its first investment in the seed or Series A round.

The CRF has committed \$25 million to the fund.

Contact: Daniel Schultz or Ross Goldstein, (212) 279-3980

Website: www.dfjgotham.com



DeltaPoint Capital Partners is a Rochester-based fund with approximately \$44 million in total commitments; CRF's share of DeltaPoint's committed capital is \$22 million. The fund invests in management-led buyouts, corporate divestitures, going private

transactions, and ownership transitions of family businesses. Businesses should be established with proven cash flow and revenues of at least \$10 million. Focus industries include manufacturing, distribution and specialized services. As a member of the board of directors of its portfolio companies, DeltaPoint is involved in the development and implementation of financial and operational strategies.

DeltaPoint is currently in the market with its fourth fund with a targeted capitalization of \$125 million. In anticipation of the completion of its fundraising, DeltaPoint has enhanced its team with the addition of four operating directors who will focus primarily on supporting the portfolio management activities. DeltaPoint has also added a deal origination professional and two people to its transaction team.

Contact: David Waterman, (585) 454-6990

Website: www.deltapointcapital.com



Wheatley Partners is a New York-based private equity firm that invests primarily in technology-related companies. The CRF has provided Wheatley with \$50 million in commitments. Wheatley works closely with entrepreneurs to build successful businesses and supports its portfolio companies at all stages of development. Wheatley's target sectors include IT, business services, medical technology and healthcare.

Since its inception in 1992, Wheatley Partners has invested in over 150 private companies, most through multiple rounds of financing. Wheatley's principals have been investing in both public and private companies for over thirty years.

Contact: Larry Wagenberg, (212) 918-0563

Website: www.wheatleypartners.com



Founders Equity is a New York City-based fund that actively invests in leveraged buyouts, growth equity and recapitalizations in the lower middle market, defined as companies with \$10 to \$100 million of enterprise value. Founders targets companies at an inflection point in terms of growth or managements' bandwidth across a select range of industries where Founders' core strategies can be applied.

Founders Equity focuses on an underserved segment of the private equity market that is less competitive, has greater breadth of investment opportunities and more attractive risk-return dynamics. The combination of market inefficiencies and a team that shares a long track record of building successful businesses provides investors with the opportunity to achieve superior returns over a number of business cycles. The CRF has committed \$38 million to this fund. While Founders Equity applies a generalist approach, the firm's targeted industries share common characteristics, including:

- Products or services with a high perceived value relative to cost
- Strong fundamental trends supporting industry growth
- Fragmented industries offering consolidation opportunities
- Low capital requirements to support growth
- Potential for 10 percent or greater operating profit margins.

Contact: John Teeger, (212) 829-0900

Website: www.fequity.com



High Peaks Venture Partners is a venture capital firm based in Troy, New York, that invests in early-stage, high-growth, entrepreneurial technology companies across New York State. The High Peaks team comprises individuals with experience in starting and growing technology businesses as entrepreneurs, operators, advisors, and venture capital investors. The firm takes an active approach, working closely with company management to create value in its portfolio companies. The CRF committed \$27 million to High Peaks in 2003.

High Peaks targets technology companies located across New York State with the following attributes:

- Early customer traction and products at least in the beta stage of development
- Differentiated products or services that address pressing needs in the market
- Strong core management teams with experience, flexibility and domain expertise
- Sound business models with the potential for early profitability and multiple exit options.

The typical size of High Peaks' investments is \$500,000 to \$2,000,000. High Peaks often leads deals, but will also participate in deals led by other firms. High Peaks is part of the Village Ventures national network of regionally focused early-stage venture capital funds. The network consists of more than a dozen funds, involving more than 40 seasoned investment professionals. High Peaks benefits from the business relationships and the experiences of this larger organization.

Contact: Brad Svrluga or Bela Musits, (518) 720-3090

Website: www.hpvp.com



HAMILTON LANE

The Hudson River Co-Investment Program is managed by Hamilton Lane Advisors, headquartered in Bala Cynwyd, PA. It provides additional capital to private equity fund investors who are deploying capital in New York State. Hamilton Lane Advisors will seek out private equity funds that are considering an investment in New York-based companies. The Co-Investment Program will provide an additional source of capital to complement CRF's In-State portfolio and identify other opportunities within the State. The CRF has committed approximately \$200 million to the fund and has invested in 13 companies throughout the State.

Contact: David Helgerson or Josh Kahn, (610) 934-2222

Website: www.hamiltonlane.com

EASTON HUNT

Capital Partners, L.P.

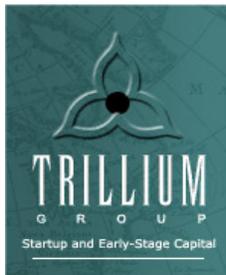
Easton Hunt Capital Partners is a venture capital/private equity fund, based in Buffalo and New York City, and established in late 2003 with \$30 million in capital from the CRF. As a component of the Easton Capital Investment Group (“Easton”), the Easton Hunt New York fund (EHNY) invests side-by-side with other Easton-controlled investment funds, Easton Hunt Capital Partners, L.P., and Easton Capital Partners, LP, a \$108 million small business investment company (SBIC) fund and a \$47 million venture capital fund, respectively.

Like all of Easton’s funds, EHNY pursues a broadly diversified approach to its venture- and expansion-capital investing, with a strong focus on life sciences, which account for approximately 50 percent of Easton’s combined portfolios. Within life sciences, Easton focuses on therapeutic drug discovery, medical devices and diagnostic technologies. In the non-life-sciences area, Easton has particular strengths in digital media, clean technology, industrial processes and specialized consumer products.

Easton invests between \$2 million and \$7.5 million in a company and prefers to invest alongside other strong financial players to provide maximum value to the company and to ensure the availability of adequate growth capital. Easton has generally not been a seed stage investor.

Contact: Richard Schneider, (212) 702-0950

Website: www.eastoncapital.com



Trillium Lakefront Partners III NY (TLP) is a Rochester-based venture capital fund. TLP primarily invests in growth and expansion stage businesses in Upstate New York. It has a particular interest in distribution, service, retail and manufacturing companies where the principals have strong expertise. The CRF committed \$25 million to the fund.

TLP utilizes structured transactions, and generally is the first round of institutional investment in the portfolio companies, most of which are well-established businesses which will likely have been self-funded or have received funding previously from start-up angel sources. TLP tends to be conservative with the use of leverage, and is quite comfortable taking a minority position in companies where the entrepreneur has a significant personal stake in the business.

Contact: Kevin J. Phelps, (585) 383-5680

Website: www.trillium-group.com



Credit Suisse's Customized Funds Investment Group (CFIG) is one of the world's leading managers of private equity fund-of-fund and co-investment programs, with nearly \$23 billion of commitments to more than 750 private equity funds and portfolio companies.

The CRF created an In-State private equity program with CFGI to invest in companies in New York State that require capital for growth. The program totals \$225 million in aggregate capital commitments and has a diversified mandate with an emphasis on clean technology and renewable energy companies in Upstate New York. The program invests across all company stages, including early stage, growth equity and buyout transactions, with target investment sizes of \$5 million to \$25 million of equity per transaction, including reserves for follow-on rounds of financing. The program is aimed to generate strong returns for the fund, while being economically stimulating to the Upstate New York region.

Contact: Nadim Barakat, (212) 538-3423

Website: www.csfb.com



Softbank Capital Technology New York Fund, LP (SoftBank Capital NY) is an independent venture capital firm based in New York City that is focused on early-stage, high-growth technology-

based businesses benefiting from the rapid deployment and adoption of broadband and mobile technologies. The team consists of experienced entrepreneurs and investors who take a hands-on approach to investing in order to help each portfolio company achieve its potential.

SoftBank Capital NY targets the following three investment sectors, which it believes offer significant investment opportunities that are emerging as a result of the mass penetration and adoption of broadband and wireless networks: (i) content; (ii) applications; and (iii) technology-based services.

SoftBank Capital NY seeks to invest between \$2 million and \$5 million in each portfolio company, with initial investments of between \$1 million and \$3 million. Most of the investments are made in companies at or near revenue with commercially available technologies and a clear path to profitability and market leadership. SoftBank Capital NY is a lead investor and anticipates that it will be the first or second source of institutional capital in its portfolio companies, generally investing after technology risks have been reduced. The CRF committed \$30 million to the fund in 2005 and \$20 million to the fund in 2009.

Contact: Jordan Levy, (716) 845-7522

Website: www.softbank.com



Ascent Biomedical Ventures (ABV) is a New York-based venture capital firm investing in seed- and early-stage biomedical technology companies developing therapeutic medical devices, pharmaceuticals,

biotechnology, and diagnostics. In particular, ABV looks for opportunities that leverage translational research: both the transformation of laboratory findings into novel biomedical technologies, and the improvement of existing technologies through clinical observation and practice.

ABV's broad strategic advisory network encompasses thought leaders in business, intellectual property, medicine, and basic research, including leading clinicians and scientists from institutions such as Rockefeller University, Mount Sinai School of Medicine, Columbia University, New York University, Cornell University, SUNY Upstate, Harvard University, MIT, and others. The CRF committed \$15 million to ABV I and committed \$25 million to ABV II.

Contact: Geoff Smith, (212) 688-8810

Website: www.abvlp.com



Greenhill SAVP is a New York City-based early-stage venture capital firm focused on investing in business information and technology-enabled services companies located in New York State. The fund specializes in businesses that build on existing

technology rather than creating new core technologies. Technology-enabled services businesses improve the efficiency of business processes by using technology to increase the speed of communication, shorten product and sales cycles, and provide demonstrable benefits to customers.

Greenhill SAVP is a fund centered on entrepreneurs, believing that great entrepreneurs and talented managers make for extraordinary success. Greenhill has a strong track record in identifying, recruiting, assessing and coaching talented entrepreneurs and managers, particularly in the technology-enabled services sector. The CRF has committed \$25 million for In-State investments. The fund's managers will be seeking investments throughout New York State.

Contact: Brian Hirsch, (212) 967-6545

Website: www.gsavp.com



Milestone Venture Partners is an early-stage venture capital fund with \$70 million under management. The principals will focus on technology-enhanced service businesses in the New York City metropolitan area. Companies that are attractive to the fund possess the nucleus of an exceptional management team, an attractive business model, and a compelling market opportunity. The CRF committed \$15 million to the fund.

The principals work hard to enhance the outcomes of their investments by assisting their portfolio companies with:

- Strategic and financial planning
- Building the board and executive management team
- Introducing sales, marketing and business development ideas and opportunities
- Raising follow-on equity rounds and bank financing
- Exit strategy and execution.

Contact: Edwin Goodman, (212) 223-7400

Website: www.milestonevp.com



Ascend Venture Group is a private investment management firm headquartered in New York City. Ascend combines highly sophisticated financial expertise with unique access to investment opportunities to create attractive risk/reward portfolios and partnerships for its investors. Ascend targets investment opportunities in the applied technology and for-profit education industries. Ascend currently manages approximately \$150 million.

Ascend actively works with minority- and women-based networks to identify attractive investment opportunities.

The CRF's commitment includes \$25 million for Ascend Ventures NY II, L.P., \$5 million for Ascend Ventures NY, L.P. and \$10 million for Ascend Ventures, L.P.

Contact: Felicia Allen, (212) 324-2222

Website: www.ascendventures.com



Paladin Capital Group is a Washington, DC-based private equity fund that agreed to open a New York office to pursue New York-based investment opportunities. The firm is a leading multi-stage private equity firm providing capital for growing companies whose principal business centers on products and services that address homeland security issues and needs.

Paladin has over \$980 million under management across multiple funds and 35 portfolio companies. The fund's leadership comprises individuals with a proven track record of financial expertise, national security experience and specialized technical competence. The CRF committed \$20 million to Paladin's Homeland Security NY fund and \$25 million to the firm's second fund, Paladin III (NY).

Contact: Mark Maloney, (202) 293-5590

Website: www.paladincapgroup.com



FA Technology Ventures is an Albany-based venture capital fund. CRF's commitment includes \$25 million dedicated to New York investments. The fund seeks to capitalize on large trends that create attractive investment opportunities in two areas:

- The continuing IT (Information Technology) revolution, including software-based services, networked communications, Internet-enabled business models, and innovative technologies.
- The emerging ET (Energy Technology) developments in the production of new-age power generation, storage, conditioning, and delivery systems.

FA Technology Ventures makes new investments of \$3 to \$15 million in early and expansion stage IT and ET companies. The fund's total available capital is approximately \$100 million.

Contact: John Cococcia, (518) 447-8200

Website: www.fatechventures.com

NEW YORK BUSINESS DEVELOPMENT CORPORATION (NYBDC)

In addition to its In-State Program, the CRF has an existing lending partnership with the New York Business Development Corporation (NYBDC). The CRF provides NYBDC with funds to make loans to small businesses for working capital, equipment or real property. With its focus on small-business lending, NYBDC can frequently offer more favorable terms than other lenders. The program has a goal of making at least 25 percent of its loans to women- or minority-owned businesses.

Since the program began in 1987, NYBDC has made 834 loans totaling \$243 million to New York small businesses. During the 2007-08 fiscal year, 63 loans totaling \$16.9 million were completed. From the beginning of the 2008-09 fiscal year to March 1, 2009, NYBDC has deployed \$20.7 million through 64 loans.