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Autumn 2008 Newsletter

September 2008

Inside this issue:	
Advisory Business	2
Principal Investing	3
Business Initiatives	4
Philanthropic & Social Activities	5

Where We Are

The repeal of the Glass-Steagall Act marked a significant transition from banking's intended Battle of the Brains to unintended Battle of the Balance Sheets. Previously, commercial banks lent money and were compensated in the form of interest, and to a lesser extent in loan origination and other fees. Investment banks, on the other hand, didn't have the balance sheet bulk and generally provided advisory and knowledge-based services with most of these highly lucrative services being compensated contingent upon results.

When commercial banks were allowed into the investment banking business, they quickly realized that they lacked the investment banking skill-sets and that their competitive advantage became their balance sheets. Thus, despite their "promise" not to do so, they tied access to their balance sheets to their advisory, underwriting and investment banking businesses. It was only natural then that the investment banks began searching for ways to remain competitive by bulking-up their own balance sheets, and finding

ways to create unique leveraged financial structures off balance sheet. The commercial banks responded in kind. The bloated result of this financial arms race, with the benefit of hindsight, was inevitable. We're now living through the fallout and will continue living through it despite all the pundits' head shaking and teeth grinding.

The net result is that financial markets have once again frozen-up as they did in 2000, 1990, the early 1980s, 1974 etc. In each instance due to the lack of capital access, it has been small and medium-sized businesses that have suffered the most. They are the parties most hurt as the large firms abandon markets, hemorrhage their staffs and fail to serve small and medium-sized clients—which is precisely the reason G.C. Andersen Partners is here. We bring our clients the sophisticated advice, capital and opportunity they need through the

good times and bad, which is why our friends guide their friends and clients to us.

We're in a period of growth, having added staff and clients in the first two quarters of the year, and continue to seek new business and opportunities. We also continue speaking to potential new partners tired of the big shops and interested in the more collegial atmosphere of our firm. Of course you don't have to be a Drexel Burnham Lambert alumnus at Andersen Partners, though common business cultural heritage does count for something. Our focus remains on assisting clients with mergers and acquisitions, roll-ups and capital raises—and harvesting opportunities in the ever-developing alternative energy and clean technology sectors.

We owe our achievements, optimism and growth to you, our clients and friends. We look forward to a successful second half of 2008 and continuing our work with you. Enjoy your summer season,

From all of us at,

G.C. Andersen Partners, LLC



GCAP acted as exclusive financial advisor and placement agent to **raise \$37M of Senior and Second Lien Term Debt** for **Vantacore Partners, LP**, a private limited partnership focused on acquiring competitive U.S. aggregates producers for its refinancing and the acquisition of a sand and gravel operator located near Baton Rouge, Louisiana.



GCAP acted as exclusive financial advisor and placement agent for **Iron City Brewing Company** and **raised a \$7M** senior secured credit facility to support the growth of this iconic regional brewing company.



GCAP served as financial advisor to **BrightHeart Veterinary Centers**, a rapidly growing provider of specialty veterinary services. GCAP **raised \$28.5M** in Series A Preferred to fund the acquisition of four specialty veterinarian hospitals.



GCAP acted as exclusive financial advisor to **Baran Institute of Technology**, raising **\$5M** of senior subordinated notes and **\$1M** of convertible preferred stock to further the company's growth as a leading privately-owned technical education organization.



GCAP **raised \$17M** in Series B financing for **SkyFuel**, a leading solar technology company for utility-scale solar thermal power plants using concentrating solar power.



GCAP is acting as the exclusive financial advisor to **iPro One**, for the **acquisition** of the Registered Investment Advisers (RIAs) affiliates of the top tier, independent U.S. CPA firms. iPro One is a financial solutions company dedicated to enhancing the services and revenue opportunities for the CPA and RIA industries. GCAP advised iPro One on its first acquisition this quarter.



GCAP is acting as exclusive financial advisor to **Raptor Detection Inc.**, a nanotech, structured polymer-based explosives and chemical detection company focused on exposing improvised explosive devices and other threats to infrastructure and transit systems.



GCAP is acting as exclusive financial advisor to **Worldlynx Inc.**, the leading Canadian wireless retail company, to raise funding for the **acquisition** of approximately 90 wireless retail stores nationwide.



SkyFuel is a leading solar technology company for utility-scale solar thermal power plants using concentrating solar power. SkyFuel has developed designs for the parabolic trough arrays and its proprietary Linear Power Tower™ systems to produce steam for electricity generation and other applications such as desalination and waste water treatment. In addition to being original investors, GCAP incubated the company in our offices during its first year. GCAP funded the Series A preferred round and subsequently raised a \$17M Series B round.



Helios Coatings, Inc. is the only producer of a patented, environmentally-safe, nanotech coating process that replaces the toxic and carcinogenic metallic and chrome coating for the automotive industry and other commercial applications. The process is lower cost than chrome plating in Asia and provides long-life resistance against corrosion without affecting the structural integrity of the underlying wheel and other parts. GCAP funded the series A preferred round and assisted to raise an additional \$3M in growth capital. GCAP is actively involved in helping the company to execute its growth strategy.



Agricultural Waste Solutions, Inc. manufactures proprietary waste-to-energy systems solving the historic waste problem of the animal-producing industry. The system creates high volumes of pipeline quality gas for onsite use or sale while removing 98% of the solids from animal manure while generating the lowest NOX and SOX measurements in the industry. GCAP is actively engaged in helping the company to execute its growth strategy. GCAP funded the preliminary round of financing and is currently raising additional capital.



GCAP continues its close strategic alliance with **The Milken Institute**, including reviewing business projects referred to the Institute and furthering the work of the SAVE climate change initiative. Chris Andersen co-Chairs the SAVE board with Dr. Richard Sandor, founder of the **Chicago Climate Exchange**. Chris led the panel at the **Milken Global Conference** on aligning business interests with preventing climate change.



GCAP has formed a strategic partnership with iPro One, a financial solutions company dedicated to enhancing the services and revenue opportunities for the CPA and RIA industries. Among other products and services, iPro One offers a suite of proprietary software to CPA and RIA firms to help them better monetize their relationships. GCAP has been engaged as financial advisor to raise \$15M for iPro One's acquisition of the RIA's of the nation's top one hundred CPA firms and is incubating the company at GCAP's offices.

GCAP Green Team



As energy demand increases along with global environmental awareness, our **Green, Renewable Energy and Cleantech Team** continues GCAP's commitment to developing and advising on vanguard business opportunities. We are very active in advising and investing in the area and welcome business proposals and inquiries.



We will again be supporting the **Leeds School of Business at the University of Colorado** by funding the **G. Chris Andersen Award** for the top 4 teams submitting winning business plans as part of the **CleanTech Venture Challenge 2008** at the **University of Colorado**.



The firm supports **Junior Achievement** of New York, a leading philanthropy which has educated over 7.5 million youths about free-enterprise, business and economics, where Chris Andersen sits on the Board. G.C. Andersen Partners sponsored the first annual **Business Plan Competition** and funded a scholarship award to each winning team member.



Chris Andersen was appointed an Honorary Professor at Yanbian **University of Science & Technology** in **Yanji, China** and **Pyongyang, North Korea**. The firm also sponsored 10 students with scholarships to encourage multicultural education in northeast China and the Korean peninsula.



GCAP continues its support of the **New York Philharmonic** where Chris and Sung Andersen sit on the board. The Andersens visited **Pyongyang** in February, 2008 to attend the first U.S. cultural exchange with **North Korea** as patrons of the performance by the Philharmonic.