



G.C. Andersen Partners Newsletter

December 2007

Where We Are

Inside this issue:

Advisory Business	2
Principal Investing	3
Business Initiatives	4
Philanthropic & Social Activities	5

Dear Clients and Friends,

There's one thing we can be assured of about the present credit market and that is that those who don't understand economics or keep a balanced, historical perspective on the advances that we've made, will be clamoring for more regulation and crying for the heads of the greed-driven financiers. Many will forget that it's the creativity of financiers that have brought us to the present and will be required to bring the future. Therefore, it's incumbent upon us, our colleagues, clients and friends to keep a level head. Remember Joseph Shumpeter and **look for the creative part that needs to come out of the "creative destruction" we call capitalism.**

Those of us who have been at this for most of the last 4 to 5 decades know wherever the investment bank makes money today will not be where it make their major profits in 2 to 5 years. No surprise. **Change is the only constant.**

From our vantage point, we've been spending the majority of our time focusing on new concepts and services to the M&A and roll-up areas where the forces of globalization and consolidation are driving change. Since Chris is Co-Chair of the **Milken Institute's Alternative Energy and energy independence initiative**, we're learning about and funding activities as diverse as coal-to-liquids, advanced solar concentrators—and believe it or not, Paul Higbee thinks he's the Street's greatest expert on the elegant and environmentally friendly methods for disposing of cow manure!

In our spare moments, we're trying to spend time focusing on the most dynamic marketplace of this globalized economy—China. We see a strong interest in understanding the benefits that a high yield market could bring to that economy. To that end, Chris has been ap-

pointed to the Dean's **Advisory Council of the Guanghua School of Management at Peking University**, the number-one business school in China (they call it China's Harvard). Also on the board is the head of the China Securities Regulatory Commission, CEO of Bank of China, CEO of China Airways, Minister of Commerce, CEO of CINOC, among many others along with many leaders in the US business community. We're doing plenty of proselytizing and educating, so please stay tuned for news of investment ideas in **China's emerging high yield market, yet to be created.**

It has been a busy and interesting time for us and we owe that primarily to you, our clients and friends. Thank you. Wishing you and yours a happy, healthy, fun and prosperous holiday season.

From all of us at,

G.C. Andersen Partners, LLC



GCAP acted as **exclusive financial advisor** to **Olympia Capital Management**, one of the largest remaining, independent hedge fund administrators with over \$69 billion under administration, in its recent **sale** to **CACEIS**, the administration business owned by **Credit Agricole** and **Natixis**.



GCAP continues to provide **strategic** and **acquisition advice** to **United Agri Products (Nasdaq:UAPH)**, a \$3 billion public agricultural supply company, and recently advised UAP on the acquisition of **Boettcher** and **Agasco**, two prominent regional distribution companies.



GCAP continues to advise **BrightHeart**, a rapidly growing provider of and specialty veterinary services. GCAP raised \$18M in **mezzanine** and **senior debt** in July to partially fund its acquisition of several additional centers.



GCAP acted as sole **advisor** to **DKRW Advanced Fuels** for the **private placement** of \$50 million in the pre-construction development of the nation's first coal-to-liquids facility, located in Medicine Bow, Wyoming.



Preserving Our Environment One Home At A Time™

GCAP advised **Recyclebank**, an innovative community recycling incentive company, on their **Series A financing** enabling their strategic growth plan.



In August, GCAP acted as **financial advisor** to **Empire Scaffolding**, one of the Gulf Coast's leading industrial scaffolding providers, and raised \$13M in senior and subordinated debt as part of a **recapitalization** of the company.



GCAP has raised the **Series A financing** for **SkyFuel**, an emerging leader in solar thermal energy and is actively engaged in raising Series B.



GCAP rendered a **fairness opinion** to the Board of Directors of **Lumenis**, the leading aesthetic and surgical laser manufacturer based in Israel, relating to the **recapitalization** of the company's debt obligation.



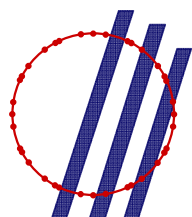
SkyFuel designs, develops, owns and operates utility scale solar thermal power plants using concentrating solar power (CSP). SkyFuel uses both the market standard parabolic trough arrays and its proprietary Linear Power Tower™ systems to produce steam for electricity generation and other applications such as desalination and waste water treatment. GCAP is actively engaged in helping the Company to execute its growth strategy. GCAP funded the Series A Preferred round and is currently raising additional capital.



Helios Coatings, Inc. is the only producer of a proprietary, environmentally-safe, coating process for use as an alternative to the toxic and carcinogenic metallic and chrome coating in the automotive industry and other commercial applications. The patented process is low-cost and provides long-life resistance against corrosion without affecting the structural integrity of the underlying wheel and other parts. GCAP is actively engaged in helping the company to execute its growth strategy. GCAP funded the Series A preferred round and is currently raising additional capital.



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 and combusts it with 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 currently raising additional capital.



Elemetric LLC

Elemetric LLC is developing the commercial applications of the clinical-reaction control and manipulation methods proposed in the Quantum Physics Model and as expanded in a recent patent. GCAP funded the company's late-stage R&D and is actively assisting the company to commercialize its proprietary technologies.



GCAP continues its close strategic alliance with **The Milken Institute**, including reviewing select business projects referred to the Institute and furthering the work of the SAVE climate change initiative. Chris Andersen sits on the SAVE board with Dr. Richard Sandor, founder of the **Chicago Climate Exchange**. GCAP co-hosted the third Financial Innovations Lab for Achieving Energy Independence with **Sandia National Laboratories** in October.

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.



GCAP's partners continue their support for the **Kellogg School of Business** at **Northwestern University** and **The Leeds School of Business** at the **University of Colorado**.



We will again be supporting the Leeds School of Business 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.

The **Annual Gala** was held on November 29, 2007, Chris is this year's Business Leader Honoree.



GCAP continues its support of the **New York Philharmonic** by hosting a table at the **Opening Night Gala** event where Chris Andersen was a Senior Vice Chairman.

Further to GCAP's Asia initiative, the first U.S. cultural exchange with **North Korea** will be a performance by the Philharmonic in February, 2008 which will certainly be both a memorable event and other opportunity to expand the profile of GCAP in Asia.