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**FUNDING AWARDED THROUGH MICHIGAN PRE-SEED CAPITAL FUND  
PASSES \$2 MILLION****DRAFT FOR REVIEW – ANN ARBOR, MICH. – AUGUST 16, 2007 –**

Ann Arbor SPARK recently announced it has awarded funding to three more companies in Michigan, pushing the total investments made through the Michigan Pre-Seed Capital Fund past \$2 million. To date, 10 Michigan companies have received critical seed funding through the Michigan Pre-Seed Capital Fund, a collaborative effort of Michigan's 12 SmartZones.

“The Michigan Pre-Seed Capital Fund is providing a catalyst for new economy growth in Michigan,” explained Michael A. Finney, Ann Arbor SPARK CEO. “Michigan's SmartZones are supporting entrepreneurship throughout the state with resources that can propel a developing company to its next stage of development. The availability of funding, mentoring and support services is critical to emerging businesses throughout Michigan.”

Recent funding recipients are:

- XG Sciences, Inc., sponsored by the Lansing Regional SmartZone, for development of a new type of nano-particle that enhances the performance of composite materials.
- Phrixus Pharmaceuticals, sponsored by the Ann Arbor-Ypsilanti SmartZone, for the development of a therapeutic drug for heart failure.
- Hybra-Drive Systems, LLC, sponsored by Automation Alley, for its hydraulic hybrid truck system.

In addition to XG Sciences, Phrixus Pharmaceuticals, and Hybra-Drive Systems, seven seed-stage companies have received funding through the Michigan Pre-Seed Capital Fund. Additional fund recipients, and their SmartZone sponsors, are:

- ParkingCarma, Ann Arbor-Ypsilanti and Automation Alley
- OTO Medicine, Ann Arbor-Ypsilanti
- Pixel Velocity, Inc., Ann Arbor-Ypsilanti
- SensiGen LLC, Ann Arbor-Ypsilanti
- EADevices, Inc., Kalamazoo
- MedElute, Inc., Kalamazoo
- Danotek Motion Technologies, LLC, Detroit/Woodward Technology Corridor

The Michigan Pre-Seed Capital Fund, a collaborative effort of Michigan's 12 SmartZones, is an equity fund that invests in technology-based companies to support business formation and acceleration. Each SmartZone is responsible for recommending

an investor to the Michigan Pre-Seed Capital Fund review board. Ann Arbor SPARK serves as the Fund's administrator.

To qualify for the Michigan Pre-Seed Capital Fund, start-up companies must be representative of one of state's identified competitive technologies and have the sponsorship of its local SmartZones. In addition to SmartZone sponsorship, companies must have received grant, angel or venture capital funding greater or equal to funding requested of the Michigan Pre-Seed Capital Fund.

The Michigan Pre-Seed Capital Fund is an equity investment fund and, as such, will receive the same returns as the third party investor. The returns that the Michigan Pre-Seed Capital Fund receives from its investments will serve as seed money for the Fund's continuation.

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