Los Alamos National Security, LLC

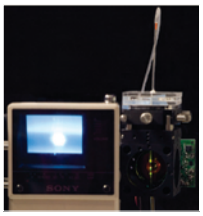
Venture Acceleration Fund

Getting innovation to market faster

The Los Alamos National Security, LLC, Venture Acceleration Fund provides investments of up to $100,000 in northern New Mexico startups. The funding promotes technology commercialization, new company formation, and business growth. Launched in the fall of 2006, the fund invests $350,000 per calendar year to support regional businesses. To date, we have made awards totaling some $600,000 to six regional startups—all of which have licensed technology from Los Alamos National Laboratory.

The fund is already having a positive economic impact in the northern New Mexico business community, attracting additional investment, creating jobs, and enabling startups to reach larger markets faster.

Acoustic Cytometry Systems Inc.



Los Alamos-based Acoustic Cytometry Systems is a biotech startup that is commercializing a portable acoustic flow cytometer developed at LANL. A cytometer is an apparatus for counting and measuring cells. The Acoustic Cytometry Systems' approach relies on acoustic waves instead of a complex fluid-handling system to focus cells into a tight, concentrated stream for analysis by a laser beam.

The company's patented approach yields flow cytometers that are more sensitive, compact, and rugged—yet less expensive compared with conventional instruments. For example, such an inexpensive, hand-held cytometer would be suited for AIDS diagnostics fieldwork in Africa while conventional cytometers are not.

The LANS investment supported development of the company's first integrated working prototype. Founder, president, and CEO of Acoustic Cytometry Systems, John Elling, says, "The technical success of the project has enabled ACS to grow to eight employees in less than a year and to secure critical seed funding from private seed investors."

Company for Information Visualization and Analysis

The Company for Information Visualization and Analysis (CIVA) was created in 2006 to commercialize LANL's epidemiological modeling and simulation system, EpiCast.

EpiCast helps epidemiologists understand the spread and impact of an avian influenza (H5N1) pandemic by modeling the thread of an epidemic at the individual human level using the most current data on the natural and deliberate spread of pathogens in human populations.

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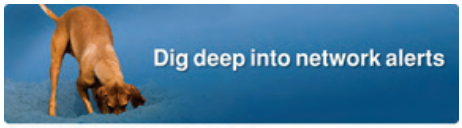
Based in Santa Fe, CIVA used its LANS award to support commercial testing of EpiCast in a real environment. CIVA worked with the State of Iowa to run the Epicast model using real demographic data. "The LANS grant provided CIVA the funds necessary to validate the technology we licensed from LANL and to capture the all-important first customer," says Jamey Shelton, director of development for CIVA. "The grant gave us the opportunity to create a great company in Santa Fe, and allowed us to become a global leader in epidemiological modeling."



Packet Analytics Corporation

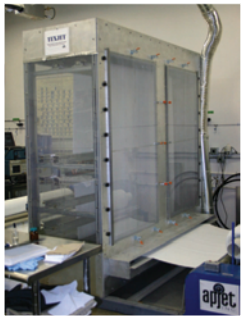
Packet Analytics Corporation, a Santa Fe-based startup, provides a new security software system that can collect in one place the entirety of an enterprise's network security information and efficiently analyze millions of "network events" every day—terabytes worth of data. The system, called the Network Forensic Search Engine, is based on technologies developed at LANL and allows security analysts to investigate and analyze suspicious incidents in a matter of minutes.

Packet Analytics is using its LANS award to make its software commercial-ready, develop business, and engage in all activities necessary to accomplish additional customer acquisition. "In the short time since our award, we have far exceeded all of the milestones we had originally set out to achieve," says Andy Alsop, PAC's CEO.

Packet Analytics has received a combination of funding from a New Mexico venture capital firm and a professional technology investor from Silicon Valley. One of the company's first customers is Los Alamos National Bank.

APJeT Inc.

Santa Fe's APJeT Inc. is a small startup that uses atmospheric-pressure plasma technology licensed by LANL for advanced textile finishing applications.



APJeT's process—known as Atmospheric Pressure Plasma Jet technology—allows fabric manufacturers to use a blast of ionized gas to make textiles resistant to water, stains, and other substances in an environmentally friendly manner. APJeT is using its award to accelerate the development of a large-scale commercial machine—expected this spring.

With the attraction of significant new private equity financing aided by the LANS investment, the company has formed two critical partnerships: one with a production and equipment services company and the other with a university that provides APJeT a showcase and a limited production facility. APJet currently employs a dozen people.

Knowledge Reef Systems, Inc.

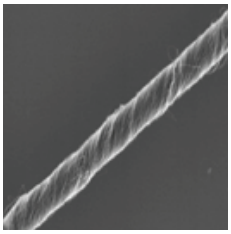
Knowledge Reef Systems Inc., a recent LANL spin-off based in Santa Fe, is developing a new social networking platform that will enable a new generation of online communities that share a common value—a desire for sharing knowledge.

In contrast to existing networks, such as myspace.com and Facebook, which are mostly entertainment-based venues for young people, Knowledge Reef will allow thousands of knowledge workers to find each other for online collaboration and information sharing.

"The selection of Knowledge Reef as a funding recipient was the compelling event that drove formation of the company. Not only was the award instrumental in securing additional funding from Flywheel Ventures Gap Fund, but it also permitted us to accelerate building our engineering team and meeting our goal of delivering an early prototype in January. This enabled us to close our first customer last month," said Gary Ebersole, Knowledge Reef's president and CEO.

CNT Technologies, Inc.

CNT Technologies, Inc., using technology exclusively licensed from LANL, produces yarns (twisted fibers) from carbon nanotubes that are the strongest materials ever produced on a strength-to-weight basis.



With a research arm in the Los Alamos Research Park, the company has the ability to produce arrays of carbon nanotubes that are more suitable for producing yarn and to spin them into yarn at speeds hundreds of times faster than any existing approach.

CNT's Venture Acceleration Fund project is aimed at completing the technical milestones and installing the capital equipment required to achieve sufficient capacity to produce kilograms of CNT fiber in kilometer lengths. The pilot plant will enable prospective customers to test and validate the materials for myriad applications. "The availability of these quantities will allow customers to validate our product in their applications. This step is absolutely necessary for commercial success of the company," said former LANL employee and current president of CNT, Randy Tremper.

In just a few years, planes, satellites, automobile parts, and sporting goods could be made the world over with materials developed by CNT.