

NORTH
ATLANTIC
CAPITAL

2012

CELEBRATING 25 YEARS

helping innovative companies navigate growth



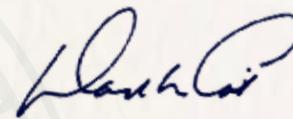
Welcome!

This brochure celebrates the 25-year voyage of North Atlantic Capital since its founding in 1986.

The brochure is intended to summarize the evolution of North Atlantic's investment strategy and shine light on some of our more successful portfolio companies. We are most grateful to the management teams of these and the many other portfolio companies in which North Atlantic has invested.

Interspersed among the pages are pictures of North Atlantic's collection of ship models from the golden age of American sailing. Each model represents a vessel that enjoyed notable success due to its innovative design and the dedication and hard work of its skipper and crew, characteristics shared by most successful ventures.

We hope this brochure kindles your interest in North Atlantic. Please feel free to get in touch with us if you have questions or would like to discuss opportunities to work together.



David M. Coit
Co-Founder & Managing Director



Mark J. Morrisette
Managing Director



Voyage

The venture capital business has changed dramatically over the past 25 years as the world has grown flatter. Access to knowledge, resources and markets has been enhanced by the evolution of the Internet, the cloud and mobile communications. At the same time, capital under management in the venture industry has grown significantly. These contextual changes have made the venture capital market more efficient and led successful funds to become more specialized over time.

When North Atlantic Capital was founded in 1986, funds were considerably smaller and investment activity was largely regional. Consistent with industry norms, North Atlantic's initial investment strategy was decidedly regional and eclectic in terms of industry focus and stage of investment. Solid investment results in North Atlantic's first fund were possible thanks in part to a less efficient marketplace.

Since those early years, North Atlantic and the industry have ridden the waves of several economic cycles. Overall investment returns during the most recent decade weakened, as the industry became over-funded, forcing many venture funds to back less competitive business strategies in order to deploy capital in a timely manner.

North Atlantic Capital was not immune to these difficult market conditions. Seeing these changes, North Atlantic made a conscious decision to alter its course with the launching of its most recent fund in 2006. That strategic change led to a highly successful fourth fund, despite investing during one of the deepest recessionary periods in the country's history.





Young America was built by William H. Webb of New York, and was launched in 1853, at the height of the clipper construction boom. She sailed in the California trade, on transatlantic routes, and made voyages to Australia and the Far East. Young America set a record of 99 days for the passage from Liverpool to San Francisco in 1872.

First Passage

North Atlantic's first fund was a successor to Maine Capital Corporation, a successful experiment by the State of Maine to establish institutional risk capital in a market where it had not previously been present. The fund was backed in part by American Research & Development Corporation, the nation's oldest venture capital firm.

North Atlantic Venture Fund I pursued a decidedly regional investment strategy, investing in companies at all stages of development and in a wide variety of industries, including both the technology and non-technology sectors. Representative investments included:



Brunswick Technologies, Inc. – IPO in 1997 (NASDAQ: BTIC)
Early-stage manufacturer of high-tech composite fabrics

casella

Casella Waste Systems, Inc. – IPO in 1997 (NASDAQ: CWST)
Roll-up of local and regional waste management companies and landfills



IDEXX Laboratories, Inc. – IPO in 1991 (NASDAQ: IDXX)
Start-up of bio-technology business serving farm animal and pet markets



WEX, Inc. – IPO in 2005 (NYSE: WXS)
Start-up of fuel-card business for commercial fleets

The strategy and execution of North Atlantic Venture Fund I proved successful, leading to strong investment returns and the establishment of many important regional businesses, including those listed above.



Passage *The act or instance of passing from one place or condition to another*



Flying Cloud, launched in East Boston in 1851, became the most famous of the clipper ships designed and built by Donald McKay. In 1853, Flying Cloud set the world's sailing record of 89 days for the fastest passage between New York and San Francisco, a record she held for over 100 years. She was uniquely known for having a woman navigator, Eleanor Creesy.

Waypoint

North Atlantic's second fund was organized in 1994 to continue the same successful strategy that had supported strong investment returns in its first fund. Despite the dramatic swings in capital markets, punctuated by the market crash of 2000–2002, North Atlantic Venture Fund II produced positive portfolio returns, pursuing a largely regional focus that continued to be opportunistic and eclectic in its industry selection.

While none of the second fund's portfolio companies went public, many of the investments enjoyed successful exits via trade sales or recapitalization events.



The Hinckley Company – *Recapitalized by Monitor Clipper Fund in 2001*
High-end manufacturer and service operations of motor and sailing yachts

MVT

Merrimack Valley Tel. Co., LLC – *Sold to Choice One (NASDAQ: CWON) in 1999*
Regional CLEC in the northern New England market



MicroE Systems Corp. – *Sold to GSI Lumonics, Inc. (NASDAQ: GSIG) in 2004*
Supplier of ultra-precise calibration tools for technology products

MICRO **LINE**

MicroLine, Inc. – *Sold to Pentax Corporation in 2004*
Supplier of reusable and disposable surgical tools

North Atlantic Venture Fund II's ability to generate positive portfolio returns, despite turbulent markets, seemed to further validate the regional model of venture investing, but the winds of change were soon to be felt in the venture world.



Waypoint *A location defined by navigational coordinates, as part of a planned route*



America was a 19th century racing yacht that was the first to win the eponymous international sailing trophy now known as the America's Cup. The schooner was an innovative design created by George Steers for a syndicate of New York Yacht Club members headed by Commodore John Cox Stevens. During the American Civil War, the ship was renamed Memphis and employed by the Confederate States of America as a blockade-runner. In 1862, she was scuttled at Jacksonville when Union troops took the city. She was raised, repaired and renamed America by the Union, and served on the Union side of the blockade for the remainder of the war.

Headwinds

North Atlantic's third fund was organized in 2001 and invested in what was arguably the most difficult period for venture capital returns. Excess capital flooded into the market following the industry's outsized returns in the late 1990s. The imbalance of capital to viable investment opportunities had a dual influence on market conditions: it drove up valuations for new investments; while also funding more competitors than otherwise attractive markets could support.

Despite these difficult market conditions, the third fund is expected to complete its investment cycle with positive portfolio returns as a result of several successful portfolio companies, including:



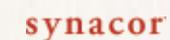
American Fiber Systems, Inc. – *Sold to Zayo Group, LLC in 2010*
Provider of metropolitan area fiber for the telecommunications industry



Elmet Technologies, Inc. – *Bought out in a recapitalization in 2005*
Buy-out of filament lighting business from Philips Lighting



Servigistics, Inc. – *Bought out in a recapitalization in 2009*
Service supply chain software



Synacor, Inc. – *IPO in February 2012 (NASDAQ: SYNC)*
Software platform enabling delivery of online content

It was precisely this change in market conditions that influenced North Atlantic's change in strategy toward the end of the North Atlantic Venture Fund III investment cycle.



Headwinds *Wind direction opposed to the direction of a moving object—generally the most difficult and slowest conditions for a sailing vessel*



Atlantic was a three-masted schooner designed by William Gardner and built by Townsend and Downey shipyard for Wilson Marshall in 1903. Skipped by Charlie Barr, she set the record—unbroken for nearly 100 years—for the fastest transatlantic passage by a monohull in the 1905 Kaiser's Cup race.

Broad Reach

North Atlantic made a significant change to its investment strategy with the launch of its fourth fund in 2006. The new paradigm called for an industry- focused strategy targeting investments in later-stage technology service companies. To establish quality deal flow, North Atlantic launched a research-based direct calling program to identify and build relationships with companies meeting its investment criteria covering a broad geographic market, principally in the eastern United States.

Representative investments that met or exceeded our investment objectives included:



iContact Corporation – Sold to Vocus, Inc. (NASDAQ: VOCS) in 2012
Email and social media marketing services for small and medium sized companies



IPWireless, Inc. – Sold to General Dynamics Corp. (NYSE: GD) in 2012
3G and 4G wireless technology and equipment provider



Tangoe, Inc. – IPO in 2011 (NASDAQ: TNGO)
Telecommunications lifecycle management services



Vivisimo, Inc. – Sold to IBM Corp. (NYSE: IBM) in 2012
Big data and enterprise search platform

The results of the new investment strategy exceeded expectations in terms of the number and quality of investment opportunities that North Atlantic Capital's fourth fund has made.



Broad reach *Sailing with the wind abaft of the beam—generally considered the fastest point of sail*

Investment Strategy

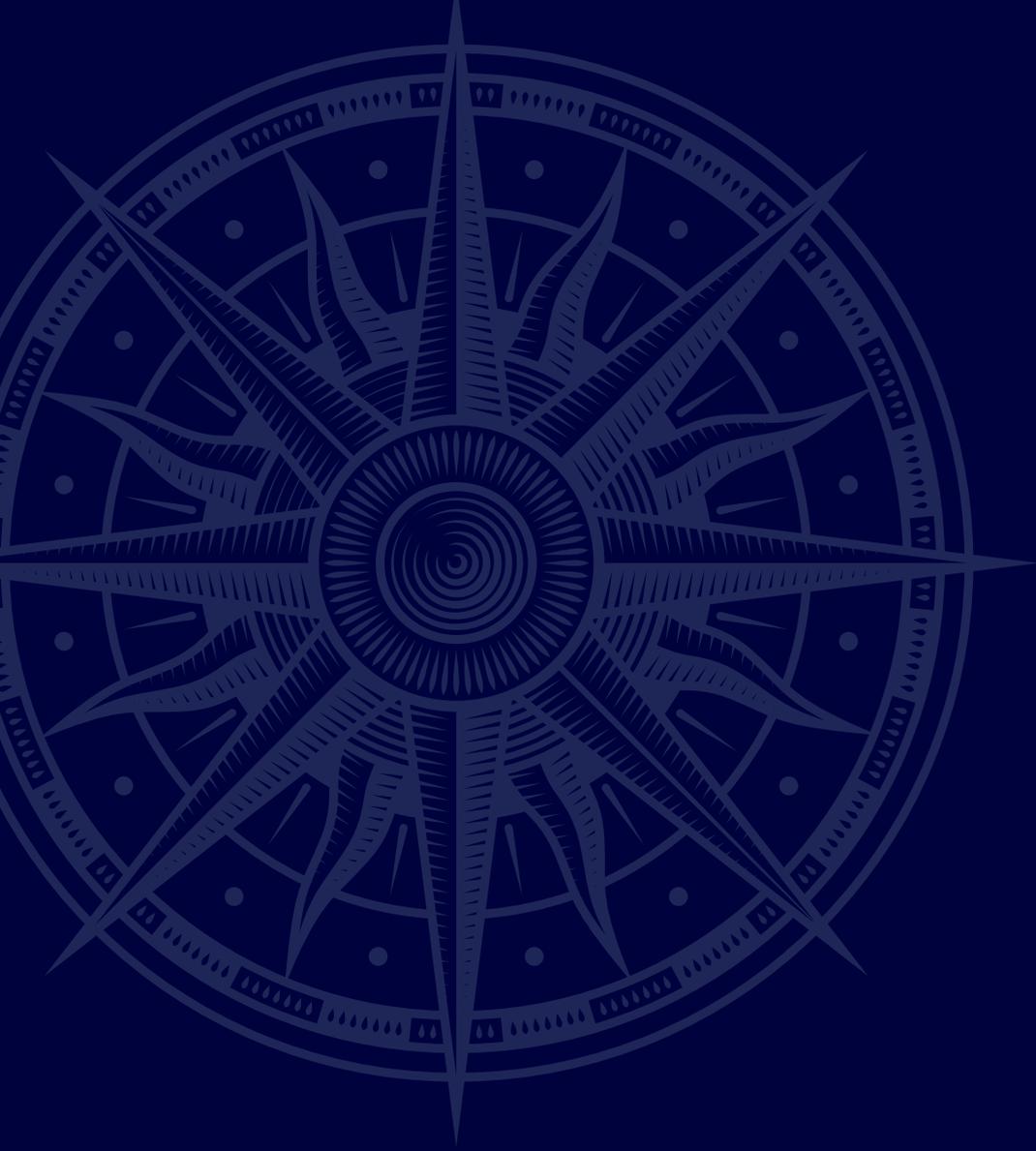
North Atlantic Capital intends to continue to pursue the same investment approach while remaining vigilant to shifts in the markets that would justify course changes during the continuation of our voyage. North Atlantic is committed to pursuing targeted investments that are identified as a result of considerable research on market sectors and on competitors within the broad category of technology-enabled business services. In addition to exceptional and complete management teams, the attributes that North Atlantic seeks in its new portfolio company investments are the following:

- Revenue between \$10 and \$50 million
- Revenue growth of 20% or more
- Gross margins above 50%
- Recurring revenue exceeding 70% of total revenue
- Business-to-business markets
- Profitability within 12 to 18 months

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