

First Analysis invests in optical sensing and laser targeting company



Princeton Lightwave is a leading designer and manufacturer of devices and systems for high-performance optical sensing and laser targeting. It provides solutions to leading players for real-time, in-line sensing applications in the bio-medical, industrial, communication, aerospace, and defense markets.

Princeton Lightwave's growth strategy is being implemented by a strong team of former senior executives from JDS Uniphase (JDSU). Princeton Lightwave has successfully integrated two exciting platform product lines it acquired: one via license (from IBM), the other via acquisition (from Furukawa).

Princeton Lightwave continues to evaluate opportunities to invest in or acquire sensing technologies and applications for the defense, aerospace, medical, security, and industrial markets. The company is particularly focused on component, subsystem, and instrumentation technologies in:

- Near- and Mid-Infrared Imaging.
- Multi-spectral and Hyper-spectral systems and applications.
- Complementary high-performance laser and detector modules and subsystems.
- Single-photon counting.
- Advanced spectroscopy-metrology and photonic illumination.
- Photonic sensors and systems for each of its target markets—these could include physical, process, or chemical-bio sensing.

In evaluating investment and / or acquisition opportunities, Princeton Lightwave is primarily interested in:

- Businesses with a marketable product line and revenue in the range of \$2 million to \$20 million.
- Businesses with unique intellectual property and R&D—previously funded by corporations, SBIRs, or government programs—that would benefit from Princeton Lightwave's commercialization abilities.
- Profitable or break-even businesses with a potential to benefit from Princeton Lightwave's sales or manufacturing infrastructure.
- Businesses that are held by the founder or being considered for divestiture by a larger company.

Princeton Lightwave is the fifteenth investment for First Analysis Private Equity Fund IV. This financing is for both internal expansion and selected acquisitions. Our investment

team was led by John Dexheimer. John has been an active investor in optical and sensing technologies and applications for more than a decade and has been involved in over \$800 million of equity investments in leading optics firms.

Before moving into private equity, John was an investment banker and, in that capacity, was lead adviser to Uniphase, now JDSU, during its early and successful growth period. John advised on or led investments in over 100 completed company financings and mergers in software, communications, electronics, and optics.

First Analysis's investments in optics and sensor technologies are an outgrowth of the firm's domain expertise in chemistry-enabled businesses and software. Our market perspective is described in a white paper co-authored by John that can be found at <http://www.firstanalysis.com>.

First Analysis's sensor investing interests are in several areas:

- **Market applications:** industrial processes, medical, chemical-biological, remote asset management, military, and homeland security.
- **Places in the food chain:** devices and instruments, software applications, outsourcing, and recurring monitoring services.
- **Company stage:** For a new stand-alone investment or acquisition:
 - ◆ Firms with revenue of \$10 million to \$100 million.
 - ◆ Divestitures, recapitalizations, and firms with no prior institutional investors.
 - ◆ Businesses that are profitable or near-profitable, with a financial model to achieve 15% to 20% profit before tax, growing internally at least 15% annually.
 - ◆ Businesses needing capital for liquidity, growth, or acquisitions.
 - ◆ Minority or control investments.

First Analysis is a leading private growth-equity investor. It has one of the longest records (20+ years) in private capital investing. It has invested over \$610 million, has created over \$1.42 billion in fund liquidations, and has over \$200 million in active portfolio investments. First Analysis focuses on its three sectors of expertise: outsourced services, information technology, and chemistry-enabled businesses, investing for expansion and growth in small and mid-size companies with established business models, high internal growth rates, and large-market leadership potential. Its goal is to help these companies establish highly profitable leadership positions in their markets, assisting with strategy, recruitment, sales and marketing, and corporate development. First Analysis applies a research-driven approach to private capital investing, encompassing private and public companies. Relative to traditional approaches, this approach results in superior understanding of our industries, broader and deeper networks of industry contacts, better understanding of the institutional investor community, and a longer-term perspective on company development—well beyond the IPO. First Analysis is typically the lead or sole investor in its portfolio companies, investing up to \$10 million, and it has a number of established co-investor relationships.

For more information, please contact:

John Dexheimer: (203) 226-2581
jdexheimer@firstanalysis.com

Tracy Marshbanks: (312) 258-7111
tmarshbanks@firstanalysis.com