PARTNERS for GROWTH

CELEBRATING OVER 30 YEARS of FINANCE and INNOVATION

PFG

Celebrating 30 Years of Financing Growth Companies

In April 2004, two experienced financiers formed Partners for Growth (PFG), a San Francisco specialty-lending firm serving emerging growth technology and life sciences companies. Don Campbell and Andrew Kahn, along with their forner CFO, already had two decades of experience funding technology companies as owners and managers of Hambrecht & Quist Guaranty Finance, the lending group of the technology investment bank Hambrecht & Quist. Throughout the 1980s and 1990s, through disciplined and innovative custom financing, they helped entrepreneurs who might not otherwise have been able to obtain funding to bring the power of computer technology and biotechnology to the world. To this day, with five other partners, a cadre of dedicated individual and institutional investors, and an unprecedented relationship that began more than 25 years earlier with Silicon Valley Bank—the country's largest lender to emerging growth companies—PFG continues to help many of the world's most innovative companies achieve success.

For 30 years, the PFG principals have provided debt and equipment lease financing to companies, sectors, and assets that are underserved and underfinanced by traditional financing sources. Recipients of their creative funding include legendary companies Sybase, Xilinx, and Quantum Computer Services, which later became America Online. PFG today continues to provide innovative debt financing to emerging growth technology and life sciences companies.

As technologies have evolved, and markets have waxed and waned in multiple business cycles over three decades, PFG principals have never wavered from a set of guiding principles that have enabled it to prosper.

This story celebrates 30 years of custom lending and leasing solutions in underserved areas bolstered by strategic partnerships—first with San Francisco based investment bank Hambrecht & Quist, and today with Silicon Valley Bank (SVB)—that continue to enable success for PFG client companies and investors.

Strategies for 30 years of success

- Identify and lend to underserved areas where there is less competition and thus more opportunity to generate premium returns
- Secure loans to companies with equity upside, negotiate meaningful stock warrant positions with opportunity to generate capital gains
- Customize loans to provide what the client needs
- Long-term relationship with Silicon Valley Bank
    - *PFG lends incremental capital to what SVB provides.*

"We're helping entrepreneurs create new things. Our mission is working with companies that have underserved needs, and we look primarily to equity gains through our stock warrants so that we can share directly in the success of our clients." —DON CAMPBELL, *Founder and Partner*

"PFG is unique in many ways. We work only in underserved areas and we do not waver from our guiding principles, whatever the market conditions. My partners, trained in many financial disciplines, have been providing custom financing together for a very long time; and we've mentored one another along the way. When you've been doing this as long as we have, you make a lot of mistakes over the years, but these mistakes have given us valuable learning experiences which we bring to bear going into our fourth decade! Because we're small, we can be responsive, creative in offering custom finance structures, and nimble. Many of our investors have known us for most of the 30 years, and we've had two great partners throughout our history: for 20 years, Hambrecht & Quist—one of the top technology and life sciences investment banks in the world. And for the past 10 years, as a strategic partner and an investor, Silicon Valley Bank, the largest technology lender in the world."

—ANDREW KAHN, *Founder and Managing Partner*

Early 1980s: Venture Leasing

"I created a model that posed a question—what would it look like if, for each venture capital investment made by Hambrecht & Quist (H&Q) over 12 years, we had leased equipment for the same companies.

"So leasing was the genesis of our business, and after a few early deals starting in 1983, we formally created Hambrecht & Quist Guaranty Finance (H&QGF) in 1985 to help H&Q serve its clients in a new way." —DON CAMPBELL, *Founder & Partner*

Early 1980s: Venture Leasing

The roots of the PFG enterprise began when I was working as a consultant to Hambrecht & Quist (H&Q)—a San Francisco investment bank founded in 1968 by William Hambrecht and George Quist focused on emerging growth technology companies. In 1983, the most respected companies were blue chip firms like IBM, Eastman Kodak, and Honeywell. Young, innovative technology companies needing capital to grow had relatively few choices for finding financing. They might turn to venture capital or Silicon Valley Bank, which was just beginning then, or they might consider leasing equipment. At that time there were only a small number of leasing companies. Bill Hambrecht asked me to look into whether providing equipment leasing to H&Q's venture-backed companies might be a good business.

I created a model that posed a question—what would it look like if, for each venture capital investment made by H&Q over 12 years, we had leased equipment for the same companies? We found, amazingly, that the rate of return on capital employed in the leasing business would be higher than the rate of return on venture capital investments. That was because if we only owned shares in very young companies and many of them failed at the time, we would incur large losses, but if we leased equipment to these companies, we would have the benefit of monthly payments with interest, and, if they failed, we could take back the equipment and sell it. With leasing, our overall earnings couldn't be as high as with equity investments in an up market, but we could realize a higher return overall by avoiding large losses, and with profits from our stock options.

Equipment leasing was an excellent business opportunity, and in it we saw an underserved need: a venture-backed startup company, needing to grow but having no credit history and no access to bank loans, had little recourse but to sell more of the company to the venture capitalists, and then use a part of the proceeds to buy furniture, computers, and other equipment. We could help extend the use of their venture capital money by providing an equipment lease.

Early 1980s: Venture Leasing

America Online (AOL)

America Online (AOL), established in 1985 as Quantum Computer Services and named America Online in 1991, developed a system capability to provide low cost information access and data communications to the home personal computer market. H&Q invested $200,000 in the company in 1985 at a pre-financing valuation of $1.9 million when the company was pursuing a joint venture marketing program with the Commodore computer company. Its revenues at that time were approximately $700,000 (with losses of $2.4mm) and a forecast that 25,000 to 50,000 subscribers would be needed in order to reach the breakeven point.

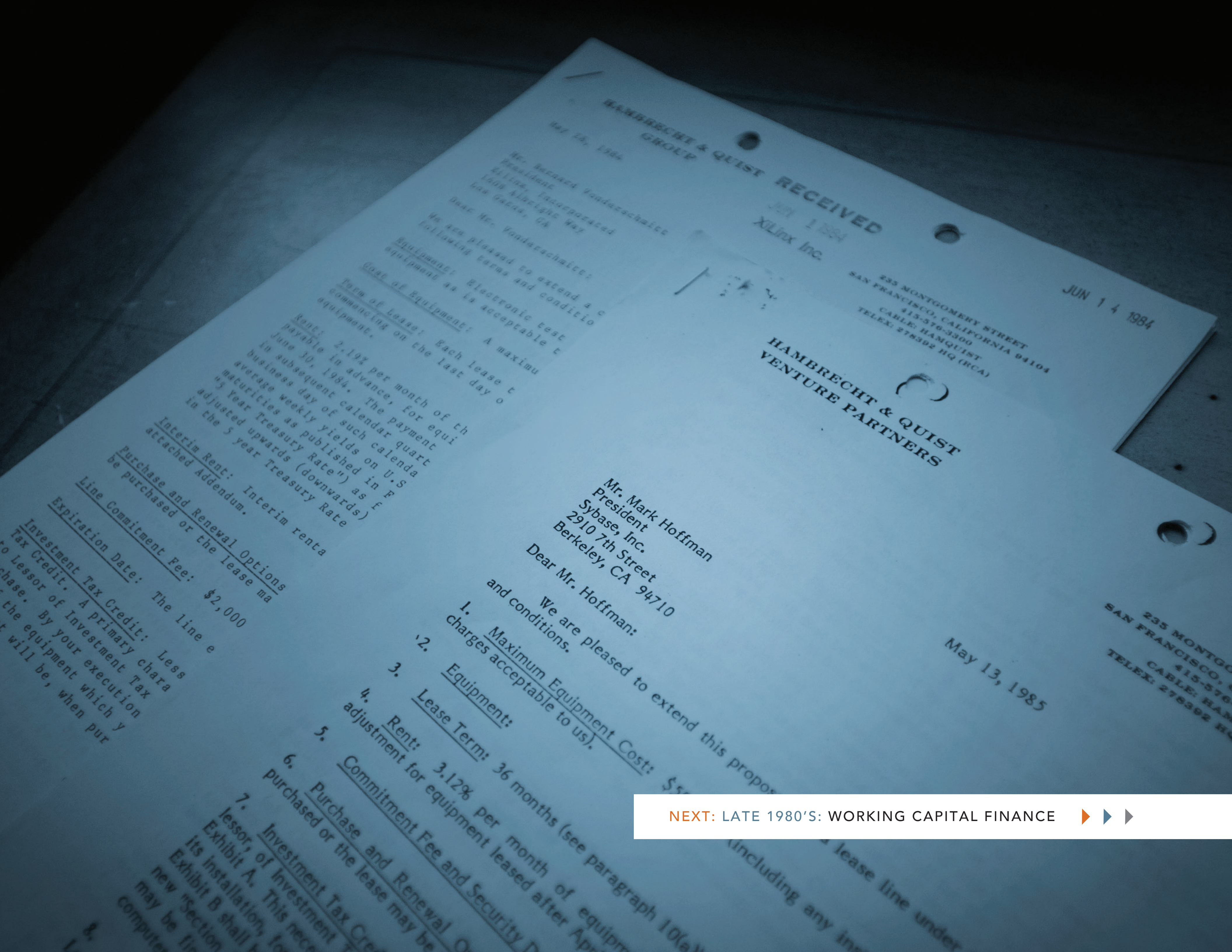
H&QGF provided a $750,000 equipment lease to the company to purchase 2 Stratus P604 computer systems in March 1986. A $550,000 lease for an additional Stratus computer followed in 1987. The company purchased the computers over a 27-month installment purchase agreement. H&QGF generated capital gains on its warrants when they were sold in the Company's IPO in 1992.

Xilinx

Xilinx today is considered the world's leading provider of programmable technologies and devices, H&QGF provided a $1 million equipment lease to Xilinx shortly after the company was founded in 1984, and well before the company began selling its first product in 1985. The company went public in 1990. Today, Xilinx has a market cap of $11.0 billion and generates revenues in excess of $2.0 billion. The shares from the warrants acquired at the time of the equipment lease were sold in, and subsequent to, the Initial Public Offering (IPO).

Sybase

Sybase today is an enterprise software and services company, and a subsidiary of SAP. It was the first to market with a client/server relational database, providing the Human Genome Project with licenses for the first generation of client/server relational databases. The company was founded in 1984 in the Berkeley, California home of one of the founders, but did not have access to any financing other than selling equity, a part of their company, to a venture capitalist. In 1985 H&QGF began providing a series of four equipment leases to purchase the company's computers and office furniture. In 1987, the H&QGF partners introduced Sybase to Silicon Valley Bank and guaranteed a $1 million Accounts Receivable line of credit provided by the bank. Having established a successful relationship with Sybase, Silicon Valley Bank continued to provide follow-on credit lines without H&QGF's guaranty. Stock warrants acquired with each Sybase financing were sold in the IPO in August 1991, and subsequently in 1992.



NEXT: LATE 1980'S: WORKING CAPITAL FINANCE

Late 1980s: Working Capital Finance

"Traditional banks still wouldn't lend to emerging growth companies, but a relatively new bank—Silicon Valley Bank—was interested in new customers."

—ANDREW KAHN, *Founder and Managing Partner*

Late 1980s: Working Capital Finance

Two phenomena occurred in the late 1980s that led PFG's partners to shift our focus from equipment leasing. Because equipment leasing in the early part of the 1980s was so successful, more lenders entered the field with lower pricing and higher risk structures. This led to lower returns. At the same time, the companies we'd been dealing with in the early days were growing. They now had a need for working capital lines of credit to finance Accounts Receivable and Inventory. This area was underserved because traditional commercial banks were uncomfortable with the risk profile of young technology companies. It was a perfect opportunity for H&QGF to step in.

Sybase is a great example. We had four rounds of equipment leasing and equity investments with Sybase, and by 1987 the company had grown significantly. It didn't need more equipment leasing; it was shipping its product, and now needed a line of credit for working capital to cover the time it took to collect its Accounts Receivable. Traditional banks still wouldn't lend without a credit history, but a relatively new bank—Silicon Valley Bank—was interested in new customers. We were interested in a relationship with the bank, so we took the risk by guaranteeing the bank's loan to Sybase. Silicon Valley Bank became a new lending partner, very well positioned to help monitor and manage loans to our client companies. Over time, by building up our own capital base, we made working capital loans directly in addition to guaranteeing bank lines of credit.

—ANDREW KAHN, *Founder and Managing Partner*

NEXT: MID-1990'S: BIOTECHNOLOGY FINANCING

1990s: Biotechnology Financing

"By the early 1990s, new phenomena converged to cause H&QGF to shift its focus again to another underserved area."

—ANDREW KAHN, *Founder and Managing Partner*

1990s: Biotechnology Financing

More banks were willing to finance working capital, having seen Silicon Valley Bank's success in this area. However, a recession had caused real estate values to collapse, making real estate loans harder to obtain; and new biotechnology industry clusters were flourishing in South San Francisco, Colorado, and Cambridge, Massachusetts. These companies were pushing the frontiers of medical discovery, creating exciting new medicines and technologies.

Over a period of three years H&QGF financed six biotechnology companies.

But, young biotechnology companies faced a dilemma: they needed to spend significant sums to build elaborate specialized equipment such as HVAC (heating, ventilation and air conditioning) units and lab hoods to support its clinical development. They were raising a lot of equity, but they did not want to dilute their ownership by using their equity to buy the equipment they needed. Landlords, on the other hand, were reluctant to finance the laboratory improvements that became part of the real estate, fearing that if a company failed, the high cost of removing the systems and returning the building to its original state would fall to them. Seeing an underserved area, we began lending money to these biotech companies to purchase the equipment they needed.

It was risky business because these companies were losing a lot of money, but we used our structure to manage that risk by taking a non-recourse lease interest in each property and subleasing it to the biotech company, or acquiring the right to take over the lease if the biotech company were to fail. Our idea was that if the company failed, rather than having to remove the equipment improvements, we would find another tenant to take on the lease. We sublet properties very successfully for several companies. CV Therapeutics and GelTex were good examples of this type of financing.

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1990s: Biotechnology Financing

H&QGF-financed Biotechnology Companies in the 1990s:

Axys Pharmaceuticals
CV Therapeutics
Geltex
Procept
PerSeptive Biosystems
Ribozyme Pharmaceuticals

CV Therapeutics

CV Therapeutics today is a leader in cardiovascular medicine, focused on the development of small molecule drugs for treating cardiovascular disease, including atrial fibrillation, pulmonary disease, and diabetes.

In 1996, H&QGF provided CV Therapeutics with $7 million of financing in the form of loans and an Equipment and Tenant Improvement Lease to enable the company to finance equipment and some tenant improvements, and extend its cash reserves for 15 months. H&QGF acquired stock warrants that generated capital gains when the Company went public in 1998 and Gilead Sciences ultimately acquired CV Therapeutics in 2009 for $1.4 billion.

GelTex Pharmaceuticals

Geltex Pharmaceuticals is a biopharmaceutical company engaged in developing small-molecule pharmaceuticals consisting of novel polyamine analogues and metal chelators. Its therapeutic areas of interest include hyperphosphatemia, hypercholesterolemia, cancer, iron overload, and infectious diseases.

H&QGF funded $500,000 on a $900,000 Tenant Improvement Lease in 1994 to pay for lab improvements, and acquired stock warrants to buy Geltex stock. GelTex completed an IPO in 1995, and became a wholly owned subsidiary of Genzyme Corporation (NASDAQ: GENZ) in 2000.

"Our idea was that if the company failed, rather than having to remove the equipment improvements, we would find another tenant to take on the lease. We sublet properties very successfully for several companies."

—DON CAMPBELL, *Founder and Partner*

NEXT: MID-1990'S: SUBORDINATED DEBT FINANCING

Mid-Nineties: Subordinated Debt Financing

"By the mid-1990s, the recession had ended, the real estate market had rebounded and biotech companies had more financing options. H&QGF moved on to the next underserved area, subordinated loans to later stage companies." —ANDREW KAHN, *Founder and Managing Partner*

Subordinated Debt to Later Stage Companies

Seeing the growth of biotechnology and evidence of a real estate recovery that freed up financing, landlords were more willing to finance biotech tenant improvements and could do it more efficiently than H&QGF by just increasing the rent. Staying true to our mission, we sought another underserved area, and found it in making loans that are subordinate to a bank facility's loans to companies that already generated revenue.

There can be more risk in the subordinated loan strategy because we're the junior lender providing debt behind a bank line from Silicon Valley Bank or other lenders; we're not covered by a particular asset, and we're second-in-line to be paid if a company falters. So we mitigate the risk by focusing on companies that already have products, a stable management team, and revenues of $10 million or more. We make sure it's a type of business that we know has the potential to be successful; we create financial covenants, and watch our deals very carefully to make sure we're managing risk. This strategy has served us, our clients, and our investors well, and we've been providing sub-debt from the mid 1990s to today.

Power Integrations

Power Integrations, Inc. is a supplier of high-voltage analog integrated circuits used in AC to DC power conversion. In 1996, H&QGF provided Power Integrations a $3 million subordinated loan to finance working capital. In addition H&QGF agreed to acquire and exercise existing stock options that were expected to expire unexercised in order to help the company bring in needed additional equity. The Company went public in 1997 and currently continues to trade on NASDAQ under the symbol POWI.

NEXT: 1995: HAMBRECHT & QUIST GOES PUBLIC

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Hambrecht & Quist Goes Public

H&Q, our parent company, was an investment bank based in San Francisco, California, and noted for its focus on the technology and life science sectors.

H&Q was founded by Bill Hambrecht and George Quist in 1968.

H&Q was an early player in the technology sector, underwriting IPOs for Apple Computer, Genentech, and Adobe Systems in the 1980s. In the 1990s, H&Q also backed the IPOs of Netscape, MP3.com, Amazon.com and Pixar.

In 1996, H&Q went public on the New York Stock Exchange. Andrew Kahn had the honor of working on the H&Q IPO effort and represented the firm along with senior executives in "ringing the bell" at the New York Stock Exchange!

PROSPECTUS

4,600,000 Shares

Apple Computer, Inc.

COMMON STOCK

Of the 4,600,000 shares of Common Stock offered hereby, 4,000,000 shares are being sold by the Company and 600,000 outstanding shares are being sold by the Selling Shareholders as set forth under "Selling Shareholders". The Company will not receive any part of the proceeds from the sale of shares by the Selling Shareholders. Prior to this offering there has been no public market for the Common Stock. See "Underwriters" for a discussion of the factors to be considered in determining the public offering price.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE $22 A SHARE

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to Company(2)	Proceeds to Selling Shareholders
Per Share	$22.00	$1.30	$20.70	$20.70
Total(3)	$101,200,000	$5,980,000	$82,800,000	$12,420,000

(1) See "Underwriters" herein for information on indemnification provided by the Company and the Selling Shareholders.
(2) Before deduction of expenses payable by the Company estimated at $661,600.
(3) The Company has granted to the Underwriters an option, exercisable within 30 days of the date hereof, to purchase up to 400,000 additional shares at the price to public less underwriting discounts and commissions, for the purpose of covering over-allotments, if any. If the Underwriters exercise such option in full, the total price to public, underwriting discounts and commissions, and proceeds to Company will be $110,000,000, $6,500,000 and $91,080,000, respectively. See "Underwriters".

The shares are offered, subject to prior sale, when, as and if accepted by the Underwriters named herein and subject to approval of certain legal matters by Davis Polk & Wardwell, counsel for the Underwriters. It is expected that delivery of the certificates for the shares will be made on or about December 22, 1980 at the office of Morgan Stanley & Co. Incorporated, 55 Water Street, New York, N.Y., against payment therefor in New York funds.

MORGAN STANLEY & CO.
Incorporated

HAMBRECHT & QUIST

December 12, 1980

Hambrecht & Quist celebrated their public offering by ringing the bell August 9, 1996 at the New York Stock Exchange.

Partners for Growth founding partner Andrew Kahn is pictured third from right.

NEXT: 2000: NAVIGATING THE INTERNET BUBBLE

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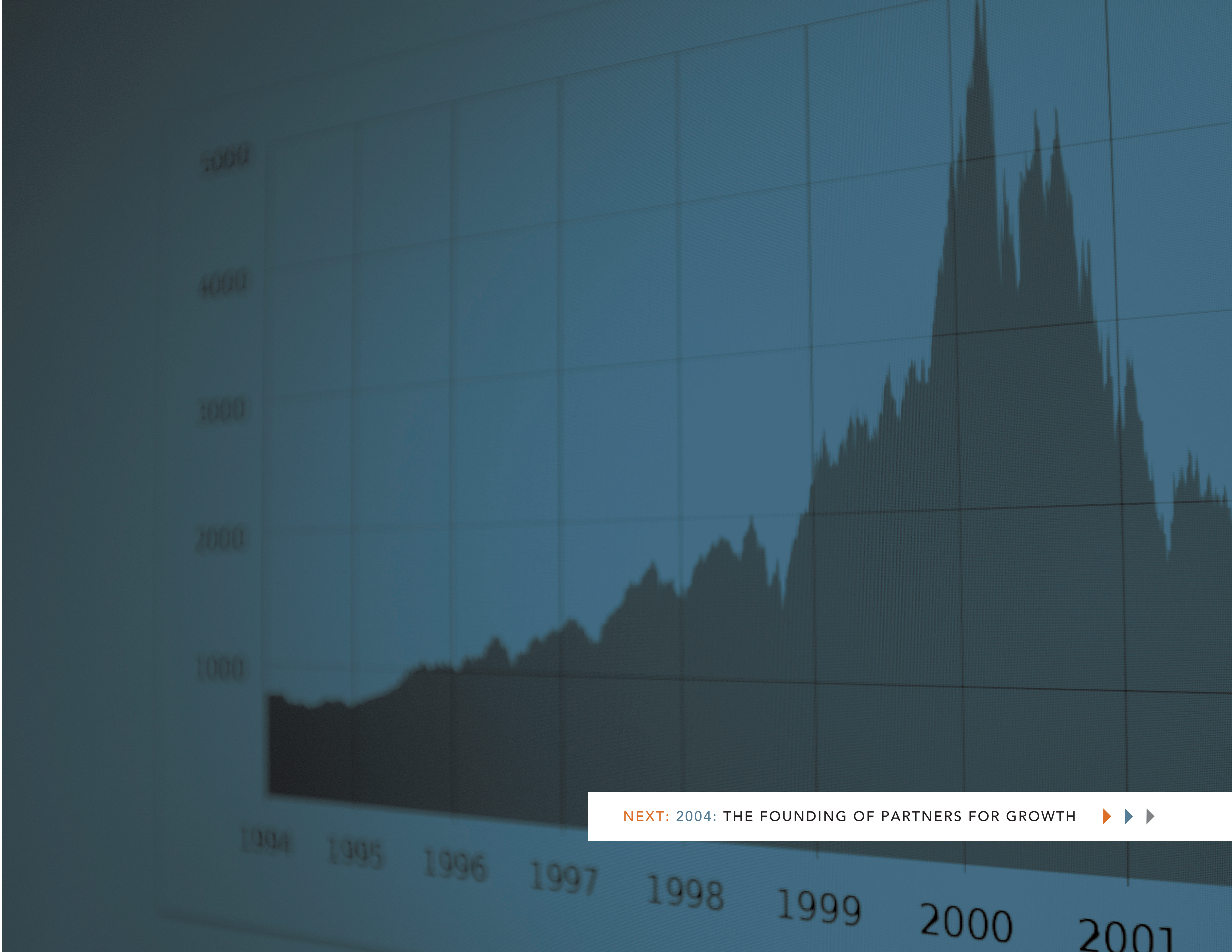
2000: Navigating the Internet Bubble

"We did not win many deals—only three deals in two years!—but our discipline stood us in very good stead, and our portfolio continued to perform very well."

—DON CAMPBELL, *Founder and Partner*

During the 1999/2000 Internet bubble, equity was abundant and valuations were high. To win business, we felt pressure to lower prices and increase risk. However, we resisted the temptation and kept to our discipline. The result was that we accepted a much lower win rate on our loans. In fact, during this two year period, we kept our pricing and structure and only won 3 deals!

In 2000 Chase Manhattan Bank acquired H&Q and then merged with JP Morgan. Don Campbell, in an agreement with JP Morgan, formed a company to manage the H&QGF portfolio and Andrew went to work as a Partner in JP Morgan's private equity/buyout group, JP Morgan Partners. Four years later, we were able to restart the business and form Partners for Growth.



NEXT: 2004: THE FOUNDING OF PARTNERS FOR GROWTH

2004: Founding Partners for Growth

"In 2004, when the markets had recovered, Andrew and I saw an opportunity to carry on what had been the H&QGF business on our own."

—DON CAMPBELL, *Founder and Partner*

2004: Founding Partners for Growth

In 2004, when the markets had recovered, Andrew and Don saw an opportunity to carry on what had been the H&QGF business on their own. They approached Silicon Valley Bank (SVB), with whom they had done business for many years. SVB liked the way they approached financing technology and life science companies and they agreed to help get them started. Shortly after they formed Partners for Growth, they added a key associate, Jason Georgatos, who is now a partner. Jason was ideally positioned to jump on board with PFG because he was a lender at Silicon Valley Bank.

At PFG Andrew and Don were doing the same kind of business they had been doing, but with a new associate, fresh capital, and a new key investor in SVB. SVB is also a strategic partner in that they introduce their clients to PFG when those clients need more funding than SVB is comfortable providing, and PFG helps their clients grow. It's a beneficial relationship for all parties. The keys to PFG's business remain targeting underserved areas, structuring all of their lending with equity kickers, and staying true to their guiding principles.

2004: Founding Partners for Growth

"Our clients are trying to change the world through their innovations. PFG is ideally suited to work with growth companies because of our innovative approach to lending, which starts with the question, 'what does the client want.' Then we try to price it for the risk. Learning from one another is a part of PFG's character—we bring diverse skills to the business, and we learn by doing, all the time expanding our experience and expertise. All of this was applied in a transaction for Cardiovascular Systems."

—DON CAMPBELL, *Founder and Partner*

Cardiovascular Systems

Cardiovascular Systems today is a publically traded company developing medical devices to treat peripheral and coronary vascular disease. To help the company continue its growth and avoid raising equity, which, in 2010, the company believed undervalued its business, PFG provided a subordinated Convertible Term Loan for $4 million. Once the note was converted into stock and sold, the company could borrow back the dollar amount that had been converted. PFG continued to make new loans, with total financing of $15 million, but controlled its exposure with profitable sales of shares it had acquired from the conversions of loans into shares.

NEXT: 2006: UNDERSERVED INTERNATIONAL MARKETS

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Underserved International Markets

"We began lending in Australia in 2006. We saw Australia as an underserved area because the country has a small technology industry with very little venture capital activity."

—JASON GEORGATOS, *Partner*

Underserved International Markets

The technology companies for the most part can't readily get debt financing because Australian banking is dominated by larger banks with little incentive to evaluate the credit of emerging technology companies.

Our first deal in Australia was with eKit, out of Melbourne, a company selling travel communications solutions. We made many contacts in Australia through that first exposure, and have since worked with 16 companies there. We're doing a lot more business around the world now, including more work in Australia, and in the United Kingdom.

"We made many contacts in Australia through that first exposure, and have since worked with 17 companies there. We're doing a lot more business around the world now, including more work in Australia, and in the United Kingdom." —JASON GEORGATOS, *Partner*

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Underserved International Markets

Partners for Growth financed 16 Australian companies from 2006 to 2016

- National Financial Solutions (aka Lifebroker)
- Park Assist
- Parnell
- Windlab Systems
- Ingenero
- Viocorp
- Employment Innovations
- Object Consulting
- eKit
- Healthe
- Benthic
- BT Imaging
- CBD Energy
- Clarity OSS
- Hyro/Invigor
- Nimble

eKit

EKit.com, Inc. is a provider of travel communications solutions including international mobile roaming products and services and phone cards. The company's technology enables a Global System for Mobile Communications (GSM) user to roam on any GSM network in the world for significantly less cost than mobile operators charge for international roaming.

PFG provided eKit a revolving line of credit up to $1.5 million to help finance an acquisition. PFG increased the line of credit to $1.85 million and subsequently provided an additional $500,000 term loan. Jersey Telecom acquired eKit in 2011. PFG's loan was repaid in full and the stock warrants sold as part of the acquisition.

Healthe

In 2009, to complement equity financing raised by Healthe, a network of privately owned hospitals, PFG provided a $7.0 million (Australian) Senior Secured Convertible Note to support the company's technology subsidiary, which was building electronic medical record systems. The technology business ultimately faltered, but the network of hospitals performed very well, and Healthe was acquired by Archer—a private equity group in Australia.

NEXT: 2008: CUSTOMIZATION

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Customization is Critical to Our Business

"One of the things that differentiates PFG is our appetite for complex transactions—deals requiring structure and customization. There's a relatively inefficient market for these deals. Often there is the perception of additional risk, but there is also the opportunity for premium risk-adjusted returns." —PHIL LAWSON, *Partner*

Customization is Critical to Our Business

"Many players in the venture debt space are highly sensitive to the VC's in the deal and the company's ability to access additional equity capital. We, on the other hand, are happy to look at bootstrapped companies, or companies with limited institutional support on the cap table. We're focused on the business and the assumptions underlying the projection."

—PHIL LAWSON, *Partner*

Working Through Challenges

However successful they set out to be, PFG's clients occasionally falter and fail—the sometimes unfortunate byproduct of operating in volatile emerging growth industries.

But through its long-time and well-honed experience structuring creative lending solutions, and its commitment to working closely with clients, PFG has helped clients in difficult situations, while protecting our loans. CTC and LDSI are two good examples:

CTC

CTC makes high technology carbon transmission lines to connect utilities. PFG made a $10 million loan as senior creditor to CTC in April 2010. The company filed bankrupty when it ran out of capital, but PFG negotiated a deal with a investor group that bought CTC out of bankruptcy, and PFG was able to recover all of the money loaned. This was a very difficult situation that saw all CTC's equity evaporate. PFG's position as a secured lender enabled it to be first in line and recover all its capital, with new owners, through the sale of the business out of Chapter 11 bankruptcy.

LDSI

LDSI was a provider of outsourced legal document services for law firms including secure data collection and restoration, binding and copying, electronic discovery, and litigation database hosting. PFG financed LDSI's Accounts Receivable and provided expansion capital to allow the company to continue to grow its business, which included opening new offices in the major legal markets of Washington D.C., Sydney, and Brussels. LDSI expanded rapidly but failed to replicate the success it had achieved at its London and New York offices. The company was forced into receivership/bankruptcy, and PFG was able to recover a large part of its loan from Accounts Receivable collections, and the sale of the Sydney and Los Angeles' business units. PFG sold the balance of the assets to a private company in England for stock in the company, gaining the prospect of further recovery from an increase in the company's stock value in the future, thereby minimizing or offsetting the initial loss on the transaction.

Through its long-time and well-honed experience structuring creative lending solutions, and its commitment to working closely with clients, PFG has helped clients successfully remedy difficult situations.

NEXT: GUIDING PRINCIPLES

PFG's Guiding Principles, developed and followed over 30 years and through multiple business and economic cycles, define the company's strategy, discipline, and ultimately, its success.

Our Guiding Principles

1 **Provide debt financing to companies, sectors, and assets that are underserved and underfinanced** by traditional funding sources, where there is less competition, and for which PFG's custom debt products allow for premium returns to be achieved.

PFG provided asset-based lines of credit to technology companies in the late 1980s, before traditional commercial banks were comfortable with the risk profile of young technology companies. In the 1990s, we financed semiconductor equipment companies when the industry was at the bottom of a cycle, and laboratory facilities for biotechnology companies when banks and landlords were unwilling to do so. Today, we are providing incremental capital beyond what commercial banks are comfortable offering, and also focusing on underserved international markets, such as Australia and the United Kingdom.

2 **Identify companies that have potential to generate significant gains from equity participation rights**—warrants, convertible debt, and stock.

3 **Structure transactions** so that the principal amount outstanding under any loan is protected by a combination of the borrower's cash flow and the residual value of the borrower's assets.

4 **Diligently manage the investments** so that surprises are minimized and problems are addressed early and vigorously.

5 **Do not scale the business at the expense of profitability or the other Guiding Principles,** and show the discipline to remain poised on the sidelines if market conditions dictate prudence.

PFG's metric of success is solely to generate high returns for its investors, rather than be a market share leader, volume originator of loans, or asset accumulator for purposes of generating management fee income. Therefore, adhering to this guideline sometimes dictates turning down business pursued by others.

6 **Carefully assess all the "financing partners" in a borrower.** This includes an assessment and understanding of the borrower's managers, investors, board members, and other lending or financing partners.

The PFG Team

"We work closely with the CFOs and the CEOs of emerging-growth companies to help finance their growth. And we provide financing that they can't get very easily elsewhere, so we can make a difference in their ability to grow and achieve success."

—ANDREW KAHN, *Founder and Managing Partner*

Don Campbell and Andrew Kahn formed PFG in 2004 after working together for nearly two decades financing technology companies. Jason Georgatos joined PFG from Silicon Valley bank in 2004. Jason is now a partner and structures and negotiates PFG's transactions. Natalie Ho had worked with Don at HQGF and also joined PFG in 2004. Natalie manages PFG's accounting, billing and bookkeeping. Kathy Adams joined in 2006 and serves as executive assistant and Chief Compliance Officer.

Phil Lawson, who worked with Don and Andrew at H&Q in the 1990s, joined PFG in 2010 and also sources, structures, and monitors transactions. Geoff Allan joined PFG in 2012, and works on new opportunities as well as managing our existing portfolio. The partners bring to PFG diverse finance backgrounds, including experience in investment banking, private equity investing (venture capital, growth capital and leveraged buyouts), lease financing, commercial lending, public equity and securities trading.

The PFG Team

DON CAMPBELL
Founding Partner

ANDREW KAHN
Founder and Managing Partner

PHIL LAWSON
Partner

JASON GEORGATOS
Partner

GEOFF ALLAN
Partner and Portfolio Manager

NATALIE HO
Finance Manager

KATHY ADAMS
Chief Compliance Officer

BEN GREENSPAN
General Counsel

Our Valued Partners

Our Lending Partners

"We cherish our mutually beneficial relationship with PFG. Silicon Valley Bank goes back nearly 30 years with the partners of PFG, and we now participate as co-lenders, in up to 40 percent of loans PFG makes.

PFG is excellent at structuring deals; especially the equity component for a good return to investors. They bring a how-to knowledge to our lending-focused sales force and that gives SVB three outstanding benefits: we can do much smarter business across our broad loan portfolio, retain clients we might otherwise lose to competition, and, as a co-lender, we realize excellent financial returns.

PFG leverages our financial resources for their clients and our large, geographically dispersed sales force as a virtual business development team. Jason Georgatos, who worked for us, has helped to bridge our two organizations and cement our relationship."

—Marc Cadieux, *Chief Credit Officer, Silicon Valley Bank*

Our Investors

We take great pride in our investor base, some of whom we have known for our entire 30-year history, dating back to the early days of Hambrecht & Quist Guaranty Finance. Not only have many been with us all these years, but we include among our investors experts in financing emerging technology companies, and individuals and investment management professionals with demonstrable skill and success.

In addition, we have an Advisory Board that acts as a sounding board on issues and challenges, as well as providing specific functions outlined in the partnership agreements.

Our Attorney

Ben Greenspan has been general counsel to PFG since its formation. Ben was originally introduced to Andrew by Dan Case (then CEO of Hambrecht and Quist) in the mid-1990s and they worked on a number of deals together. Ben and Andrew were reunited when PFG was started in 2004 and Ben has worked on all aspects of the business including documenting loans to setting up entities around the globe so PFG can pursue its strategy. Ben brings to PFG his expertise from decades of law practice and unique practical business experience.

Tribute to Don Campbell

"Don has been a mentor to all of us at PFG, and the most principled person I've known. The PFG strategy originated with him, and we've been as successful as we are for over 30 years because we have not once strayed from the guiding principles Don created from our beginnings at H&QGF. His sensibility, financial acumen, discipline, conservative upbringing in Lincoln, Nebraska—all have made an imprint on us, and it's a major reason we all work so well together."

—ANDREW KAHN, *Founder and Managing Partner*

“We know there will always be underserved areas, but we can’t predict where and when they will happen. When they do happen, we will be there. You can’t win by playing defense; it doesn’t work in areas that change so rapidly. So we go into new areas because we’re flexible, we can move in quickly, and we do what we do so well.”

—DON CAMPBELL, *Founder and Partner*

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