University of Michigan’s Frankel Fund Leads Portfolio Company to Acquisition

MBA Students Received Unparalleled, First-Hand Investment Experience, Guiding Arbor Photonics from Seed Financing through Acquisition

Ann Arbor, Mich. – January 14, 2013 – The Frankel Commercialization Fund, in collaboration with The Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies at the University of Michigan Ross School of Business, today announced that Arbor Photonics, a portfolio company of the fund, has been acquired by nLIGHT Corp., an industry leader in solid-state high performance lasers. Ann Arbor-based Arbor Photonics offers a scalable, optical fiber technology that provides high power laser solutions that increase productivity and enable new capabilities for advanced laser materials processing and defense applications. The company is a University of Michigan spinoff whose technology originated within the Department of Electrical Engineering and Computer Science (EECS) and was led by Phillip Amaya, a 20-year veteran of the laser industry. The Frankel Fund first invested in the company in 2007 and as a result of this acquisition the fund will now own stock in nLIGHT.

The investment in Arbor Photonics was the first ever made by the Frankel Commercialization Fund, a pre-seed fund established to identify and accelerate the commercialization of ideas generated within and around the university community. The fund contributed $85,000 to the initial round of financing, which was led by Ann Arbor-based RPM Ventures. The company also secured $2 million from the state of Michigan through economic development programs sponsored by the Michigan Economic Development Corporation. This money was leveraged for critical initiatives to take the company to the next level, including customer identification, prototype development, and the development of engineering and manufacturing plans for the company. The Wolverine Venture Fund, the university’s venture stage investment fund, has also invested in the company, participating in the company’s Series A round of financing in 2009.

“Our students have been exposed to tremendous experiences through the course of our relationship with Arbor Photonics,” said Thomas Porter, managing director of the Frankel Commercialization Fund and executive in residence at the Institute. “From learning about technology commercialization during their evaluation of the initial investment to their continued involvement in the company as board observers through this acquisition process, students simply cannot get this type of real-world experience elsewhere. We’re pleased to see our very first portfolio company make this next move.”

Commenting on the role of the Frankel Fund in the company’s development, Amaya said, “The Frankel Fund played a critical role in Arbor Photonics’ growth. They have been with us almost every step of the way, from first commercializing the technology with their first investment, through building the team and further developing the product. We are fortunate to have had the financial support of the fund as well as the guidance and insight from the talented student team during this time and look forward to their continued involvement as we continue to evolve under the direction of nLIGHT.”

The Zell Lurie Institute pioneered the concept of student-led venture funds, and for more than a decade has provided MBA students with real-world investing experience. The Frankel Fund, established by University of Michigan alumni Stanley Frankel, together with the Wolverine and Social Venture funds, make up a trifecta of funds that now have more than $6.5 million under management and deliver returns comparable to top professionally managed funds. The funds, along with rigorous coursework, internships,
Dare to Dream grants, and Michigan Business Challenge business plan competition, comprise the Institute’s robust program portfolio. This action-based approach to entrepreneurial education results in regular inclusion at the top of graduate entrepreneurship program rankings.

Companies and individuals interested in obtaining funding from the Frankel Fund must apply by January 18, 2013 and can obtain additional details about the application process on the Institute’s website.

**About The Frankel Fund at the Ross School of Business at the University of Michigan**

The Frankel Commercialization Fund is a pre-seed/seed student-managed investment fund established to identify and accelerate the commercialization of ideas and technology generated within the University of Michigan community and the surrounding area as well as to provide the best possible learning opportunity for Ross students. Student investment teams adopt a hands-on approach to investing that leverages the talents and resources available at the Stephen M. Ross School of Business at the University of Michigan and its Zell Lurie Institute for Entrepreneurial Studies to help company founders create value for their companies and for the University Community. For more information, visit [http://www.zli.bus.umich.edu/wvf/frankel_fund.asp](http://www.zli.bus.umich.edu/wvf/frankel_fund.asp).

**About the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies**

The Institute and its Center for Venture Capital and Private Equity Finance bring together a potent mix of knowledge, experience and opportunities from the front lines of entrepreneurship and alternative investments. The student learning experience is further enhanced through internships, entrepreneurial clubs and events that serve to provide viable networks and engage the business community. The School’s three student-led investment funds, with over $6.5M under management, immerse students in the business assessment and investment process. Founding Board Members include Samuel Zell, Chairman of Equity Group Investments, and Eugene Applebaum, Founder of Arbor Drugs, Inc. For more information, visit the Institute at [www.zli.bus.umich.edu](http://www.zli.bus.umich.edu).

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