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LRG Capital Group Celebrates Inaugural Year Highlighted by Successful and Diverse Transactions, and Growing Team

*A Wave of Successful Investment and Advisory Deals Deliver Strong Returns
for the Emerging Global Merchant Bank*

LARKSPUR, Calif., Dec. 21, 2007 — LRG Capital Group LLC, a global merchant bank specializing in private equity, real estate and secured debt financing, as well as financial-advisory services, reported today it enjoyed a strong inaugural year, with activities ranging from successful investments in the life sciences and technology sectors to advising on both the successful merger of semi-conductor companies and the placement of upscale American retail brands in the Gulf Cooperation Council (GCC). Citing its geographic and industry breadth, and emerging economic conditions that favor its investment model, the company said it expects more opportunities and strong growth in 2008.

“During 2007, we leveraged our strong cash position to opportunistically capitalize on macroeconomic uncertainty,” said Lawrence (“Larry”) Goldfarb, founder and CEO of LRG Capital Group. “Our contrarian investment theses, combined with rapid due diligence and decisive investment activity, enabled us to foresee the tightening credit market and take advantage of more realistic valuations for quality investment opportunities across a number of sectors. We have a substantial pipeline of investment deals and advisory projects, and we believe our track record of providing relationship-focused guidance and financing is resonating in the marketplace.”

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LRG Capital Group manages the BayStar Capital III Investment Fund, through which it began making investments in July 2007. The fund is managed by Goldfarb, whose previous funds — BayStar Capital I and BayStar Capital II — have collectively invested more than \$1.5 billion of equity in more than 250 companies.

“Our success lies in keeping it simple,” said Goldfarb. “We make direct investments in companies in the life sciences, technology, media and communications sectors that we clearly understand; and we have the discipline to consistently walk away from the deals that won’t provide downside protection and the potential for a significant equity upside.

“Diversification is a critical component of our absolute-return investment strategy for the fund. We place a premium on exploiting market inefficiencies with the belief that each public or private company we invest in is ripe for a significant value-creating event that we will capitalize upon. Regardless of what the market is doing, we believe that certain companies will perform in an unaffected manner. Our strength lies in identifying those companies and aggressively structuring deal terms for a ‘win-win’ for all parties, especially our investors.”

2007 Highlights

LRG Capital Group has had the following successes across its four business units:

Corporate Advisory Services

- Advised Exar Corporation on its \$242-million successful merger with semiconductor maker Sipex Corporation.
- Retained to advise a major Gulf Cooperation Council (GCC) company on the continued negotiation and placement of upscale American retail brands in GCC countries.

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BayStar Capital Funds

- BayStar Capital III provided subordinated, convertible debt financing to GlassHouse Technologies Inc., a Massachusetts-based IT infrastructure consulting company, and convertible preferred financing in VirtualScopics (Nasdaq: VSCP), a premier provider of quantitative image-based solutions for clinical trials in the biotech sector.
- BayStar Capital II sold its stake in Reliant Pharmaceuticals Inc. in an all-cash acquisition by GlaxoSmithKline, resulting in a significant return for BayStar Capital II.

Real Estate Ventures

- Became one of the first and largest investors in Island Global Yachting (www.igymarinas) and Yacht Haven Grande, IGY's centerpiece marina in St. Thomas, USVI. IGY is one of the world's premier owners, developers and managers of luxury marinas and yachting lifestyle destinations, with the latest marina being built on the Palm Jumeirah, Dubai.
- Provided debt financing to SD Mega Block LLC to support the construction of a mixed-use commercial-residential development project in San Diego.

Commercial Ventures

- Invested in and formed a strategic alliance with broker-dealer firm Arque Orion Group, which operates Avalon Shonan Securities Co. Ltd. in Tokyo. The union allows LRG Capital Group and Arque Orion to take advantage of respective strengths, relationships and distribution channels.
- Invested in Om Records, a music lifestyle company with a diverse catalog of thousands of music copyrights. Om's core business activities include music marketing, publishing, merchandising and licensing.

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LRG Capital Expands Leadership Team

Growing its management team (<http://www.lrgcapital.com/public/team.php>) in 2007, the global merchant bank features a strong team of investment professionals with significant experience in their respective disciplines.

- Lawrence (“Larry”) Goldfarb, founder and CEO of LRG Capital Group and portfolio manager of the BayStar Capital Funds. With more than 20 years of investment banking, trading and legal experience, Goldfarb is recognized as a leading expert on making direct investments in private and public companies. He specializes in bridging the financial needs of growth companies by making direct investments and structuring transactions that enable them to grow and provide competitive returns for investors. Goldfarb began his career as a tax attorney with the law firms of Milbank Tweed Hadley & McCloy and thereafter with Skadden Arps Meagher & Flom, where he provided tax analysis in connection with a wide variety of complex transactions, including financings, mergers and recapitalizations. Subsequently, he joined Credit Suisse First Boston Corporation as a Partner and Director of Mergers and Acquisitions. In 1998, Goldfarb formed BayStar Capital Management LLC, with which he funded growth-oriented, small capitalization and publicly traded companies. He received his J.D. cum laude from Georgetown Law School, where he was on the Law Journal and published numerous articles. Goldfarb earned a Bachelor of Arts degree in international economics from George Washington University.

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His investment team includes:

- Evan A. Kraus, J.D., partner, executive vice president, legal affairs. Kraus brings extensive legal, investment and banking experience to LRG Capital Group. Previously, he was an officer of Tamalpais Bank, a subsidiary of the publicly traded Epic Bancorp. As well, he has advised and served as legal counsel to other corporations including American Century Services Corp., Charles Schwab & Co., NetSource Communications and IASCO. Kraus received his J.D. law from Emory University School of Law and a Bachelor of Arts degree from Brandeis University.
- Eric J. Bentley, M.B.A. & C.P.A., principal, technology investments. Previously, Bentley was a director in the Technology, Media and Telecom group for Cowen and Company LLC, where he led a mergers and acquisitions advisory effort for growth-oriented, small capitalization and publicly traded technology companies. During the past decade, Bentley has provided financial advisory services for various technology companies in transactions that aggregate to more than \$60 billion in value. He received an M.B.A. with distinction from the Wharton School of the University of Pennsylvania and a B.A. cum laude from Harvard University.
- Paul D. Enderle, M.B.A., managing director, life sciences investments. Before joining LRG Capital, Enderle worked for GE Capital, where he originated more \$300 million of investments and financings, and served in many other finance-related functions for the General Electric Company for more than a decade. He received an M.B.A. from Babson College, Summa Cum Laude, and a B.S. degree in engineering from the University of Massachusetts.

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- Nathan W. Randel, CFA, principal, trading and portfolio management. Randel brings 11 years of investment and banking experience to LRG Capital Group. Prior to joining LRG Capital, he was assistant portfolio manager for GM Capital Group, and an investment manager for the Pure Alpha Relative Value Fund, where he researched and modeled arbitrage trading strategies, and managed the fund's risk, capital allocations and operational infrastructure. Randel is a CFA Charter holder and is an active member of The CFA Institute and The CFA Society of San Francisco. He received his Bachelor of Arts in business management from Lynchburg College.
- Rekha Angepat, M.F.E & Ph.D., principal, risk management and securities valuation. Prior to joining LRG Capital, Angepat worked on treasury function projects in the Capital Markets Group at Microsoft Corporation. A graduate of the Master of Financial Engineering program at Haas School of Business, U.C. Berkeley, Angepat has been recognized for her work through a number of research grants and awards. She earned her undergraduate degree with honors in mathematics from University of Calicut, India, earned a Master of Science and Ph.D. in mathematics from India's Cochin University of Science and Technology.

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A Focus on Philanthropy

Goldfarb is also an active philanthropist. He serves on the boards of several charitable and non-profit foundations including Ambassadors of Hope and Opportunity and the Blue Bear School of American Music. Through LRG Capital Group, he is a major contributor and sponsor to the Scleroderma Research Foundation, The Mill Valley Film Festival and the Drug Policy Alliance. Stemming from his passion for aiding underprivileged youth, the arts and technology, Goldfarb continues to be a major contributor to Room to Read, The Lower Eastside Girls Club, and world-renowned FIRST (For Inspiration & Recognition of Science & Technology), for which he recently funded three school teams in Marin County, Calif.

http://www.lrgcapital.com/public/pressreleases/pr_20071203_first_marin.php

Goldfarb also owns and sponsors the LRG Racing team, which competes in events sanctioned by the American Federation of Motorcyclists and other racing organizations.

About LRG Capital Group LLC

LRG Capital Group LLC (www.lrgcapital.com) is a global merchant bank specializing in private equity, real estate and secured debt financing, as well as financial-advisory services, to a diverse range of publicly traded and private companies. With offices in San Francisco, New York and Miami, the firm represents companies on equity and debt placements, restructurings, recapitalizations, management buyouts and other strategic alternatives. LRG Capital is the investment manager for the BayStar Capital family of investment funds. Additionally, the firm invests in and owns various entertainment interests, as well as U.S. and foreign real estate assets including derivative interests in real estate securities and real estate development projects and properties.

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