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ADVANTAGE  
CAPITAL  
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#### Welcome

Welcome to Advantage Capital Partners' electronic newsletter for February. We think you and other decision-makers in business, finance, government, economic development and higher education will find these topics informative.

#### Economic Development News

##### Small business ends 2004 on a positive note

A key component of small business growth -- credit availability -- was strong in 2004. While small business demand for commercial and industrial loans remained solid, one-quarter of lenders surveyed by the [U.S. Small Business Administration](#) continued to ease lending standards during the fourth quarter. Venture capital investment in the quarter reached \$5.3 billion, boosting total 2004 venture capital investments \$2 billion from the prior year, according to the National Venture Capital Association.

In other good news for small business, consumer confidence improved in the fourth quarter as the U.S. economy added jobs and real Gross Domestic Product (GDP) rose for the quarter and year. For more quarterly economic indicators from the SBA, go [here](#).

##### Venture investment in life sciences improves Americans' lives

A recent report by the [National Venture Capital Association](#) demonstrates that venture capital investment in the life sciences directly contributes to improving Americans' lives.

More than one in three Americans have been positively affected by venture-backed medical innovations during the past 20 years, as their lives were extended or their quality of life improved. VC-backed medical innovations are developed and made available to patients up to three times faster than those following a traditional "bootstrapped" development path.

In 2003, the most recent year for which figures are available, venture capital firms invested \$5 billion, or 28 percent of their total investment, in the life sciences. To learn more, go [here](#).

## **New leadership for Missouri, Wisconsin economic development**

State economic development departments in Missouri and Wisconsin are under new leadership in 2005. In both states, look for a strong push this year in biotech development.

In Missouri, there's also a new emphasis on fostering economic growth through a "community-building" model. Department of Economic Development Director Greg Steinhoff expects his department to partner with communities rather than act as a bureaucracy. "I see our role as simple: Work with and empower communities," he says. For more from Director Steinhoff, go [here](#).

In Wisconsin, new Secretary of Commerce Mary Burke emphasizes programs to help business remain competitive by anticipating and addressing ever-changing market forces. She points to the Wisconsin Entrepreneurs Network initiative and the Wisconsin Manufacturing Extension Partnership. Over the next year, Secretary Burke will focus on additional programs "encouraging job growth and helping businesses." For more information, go [here](#).

## **Portfolio Company News**

### **T3 expands relationship with Wallace Theater Group**

Transaction Transport Technologies (T3), a leading outsourced provider of Internet-based payment transport services, will grow its relationship with Portland, Ore.-based Wallace Theaters. One of the nation's largest theater chains, Wallace Theaters will add the T3 technology at 16 theaters and eventually will extend the service to all locations. It currently operates 53 theaters in 12 states. Read more [here](#).

The Wallace relationship was the second win for St. Louis-based T3 in February: Earlier this month, the company announced it would be the outsourced provider of IP payment transaction transport services to Alliance Merchant Services Inc., a Florida payment processing company. Read more [here](#).

### **Hoku Scientific founder recognized by Honolulu newspaper**

Hoku Scientific, a Honolulu fuel-cell company launched just five years ago by Dustin Shindo, is considered one of Hawaii's most-promising technology start-ups in recent years. The buzz about Hoku has reached a feverish peak as it begins making and shipping its products -- membranes at the core of environmentally friendly hydrogen cells -- to partners in Japan. All this makes Shindo one of the Honolulu-area's "10 to Watch in 2005," according to the Honolulu Star-Bulletin. Read more [here](#).

### **Ischemia Technologies to be acquired by Inverness for \$22.4M**

Ischemia Technologies Inc. has announced an agreement to be acquired by diagnostic technology company Inverness Medical Innovations Inc. (AMEX: IMA) for \$22.4 million in common stock. The transaction is expected to close by the end of the first quarter. Denver-based Ischemia develops, manufactures and markets diagnostic tests for cardiovascular and acute care medicine, including the only FDA-approved in vitro diagnostic test specifically for cardiac ischemia. To read more about the transaction, go [here](#).

### **AIR2LAN to sell assets to U.S. Wireless Online**

AIR2LAN Inc., a provider of wireless broadband Internet access in the Southeast, agreed to sell substantially all its assets and customer base to publicly traded U.S. Wireless Online (OTC BB: UWRL) for restricted shares of company stock. Both AIR2LAN and US Wireless Online provide broadband Internet access, voice over IP, WiFi and other systems for a variety of applications. The deal, set to close in late February, will create a combined company with expected annual

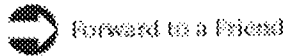
revenue of about \$5 million. The company will operate under the U.S. Wireless Online brand. Read more [here](#).

**CommSoft acquires Connexn Technologies**

Connexn Technologies, based in Westminster, Colo., has been acquired by CommSoft, a provider of activation, billing and OSS software for communications companies. Connexn provides revenue recovery/assurance, data and switch migration, and provisioning process automation solutions to telecom companies. The acquisition is part of CommSoft's strategy to increase market share; better serve cable, mobile and wireline providers; and further extend its positioning as a single-source solution, the company said in a statement. For more information, go [here](#).

**About Us**

Advantage Capital Partners is a venture capital and private equity firm focused on promising companies and other investments supporting state and local economic development. With offices in New Orleans, St. Louis, New York, Tampa, Madison, Denver and Huntsville, Advantage has raised \$650 million in institutional private equity since 1992 and has invested in companies and projects located in states and communities underserved by venture capital investment.



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