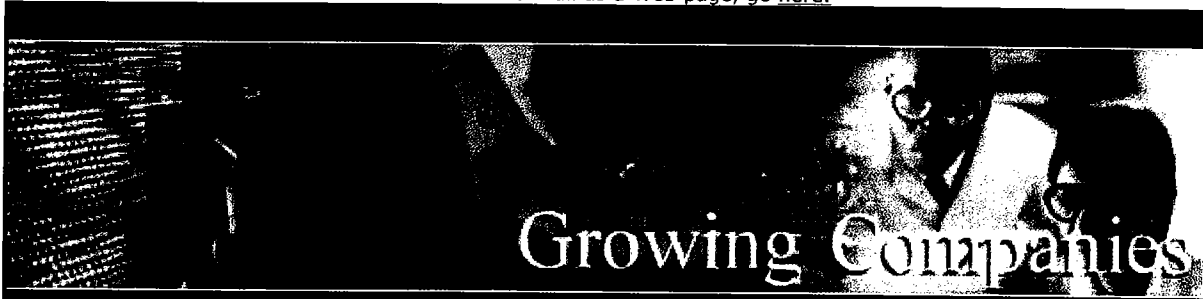


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ADVANTAGE

CAPITAL

PARTNERS

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Welcome

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

Hurricane Katrina

Advantage resuming operations in downtown New Orleans

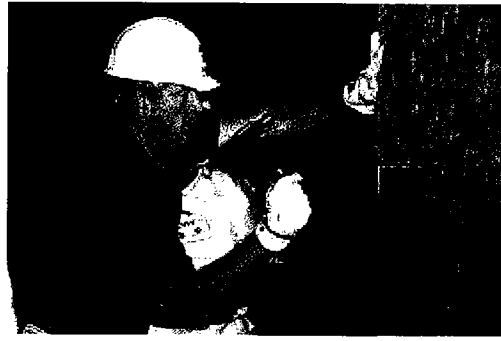
Advantage Capital Partners is reopening its downtown New Orleans office on Tuesday, November 1. Since evacuating for Hurricane Katrina nearly two months ago, most of the private equity firm's 13 downtown employees have been working from Advantage's St. Louis office, where they were able to maintain communications with Louisiana portfolio companies and provide counsel and other assistance as needed. Advantage's small business lending unit, BizCapital, was able to return to its office in Metairie to resume serving small business customers after only a short hiatus. Four employees work in that office.

"All of us at Advantage Capital are excited to return to New Orleans, our homes and our office in the Central Business District," said Steven T. Stull, Advantage's president. "It was important for us to minimize the amount of downtime from the evacuation and resume operations as quickly as we could while allowing employees to take care of their families and homes. We already had an office infrastructure in place in St. Louis and colleagues who could arrange housing and schools there, so it was a good solution for us." For more information, go [here](#).

President Bush visits Advantage advisory board member's Habitat chapter

President George W. Bush spent nearly two hours at a busy Habitat for Humanity construction site in Covington, La., on October 11 during one of his visits to the Gulf States in the wake of Hurricane

Katrina. Donning work clothes in the pre-dawn hours, the president worked alongside three families left homeless by the hurricane, several volunteers and Ann P. Borne, executive director of the St. Tammany West Habitat chapter and a member of the Advantage Capital Community Development Fund advisory board.



The president visited briefly with NBC's "Today" show regarding Operation Home Delivery, a partnership involving Habitat for Humanity, NBC and Warner Music Group. This Habitat initiative that is building more than 100 homes for families displaced by Hurricane Katrina. Begun in late September, the initiative involves volunteers in New York City, Jackson, Miss., and Los Angeles building the frames of homes, then disassembling panelized walls and placing all in containers to be shipped to the Gulf Coast. Covington was among the first cities to receive one of these homes.

For more information on the Habitat efforts in Covington and elsewhere in the Gulf States, go [here](#). Advantage has donated funds to the organization and encourages others to do so at www.habitat.org.

Louisiana Black Caucus Fund is aiding relief efforts

The Louisiana Legislative Black Caucus established the Louisiana Legislative Black Caucus Foundation Disaster Relief Fund at Chase Bank to facilitate donations from around the nation to help hurricane victims rebuild their lives. The caucus is led by Rep. Cedric Richmond, who also serves on the Advantage Capital Community Development Fund advisory board. Advantage is among a number of companies, organizations and individuals who have contributed to date. If you are interested in donating, please make checks payable to Louisiana Legislative Black Caucus Foundation Disaster Relief Fund and mail it to LLBC Foundation Disaster Relief Fund, P.O. Box 44003, Baton Rouge, La. 70804. For more information, call 225-342-7342 or go [here](#).

Economic Development News

SBA Office of Advocacy reports small business leads the economy

Small businesses continue to drive the U.S. economy, according to the most recent 2005 Small Business FAQ produced by the U.S. Small Business Administration's office of Advocacy.

- Among the report's highlights, small businesses:
Represent 99.7 percent of all employer firms and employ half of all private-sector employees.
- Include 4.1 million minority-owned firms that generate \$694.1 billion in revenue and employ 4.8 million workers.
- Include 6.5 million women-owned businesses that generate 950.6 billion in revenue and employ 7.2 million workers.

"The 2005 Small Business FAQ statistics paint a compelling picture of just how important small business is to America," said Dr. Chad Moutray, chief economist for the SBA's Office of Advocacy. "They show that small businesses are America's job creators, innovators and the path to mainstream economic activity for all segments of society."

For more information, go [here](#).

Small businesses drive inner-city growth and jobs, SBA reports

Another report by the SBA Office of Advocacy, documenting the dynamics of America's inner-city economies, reports that small business is the greatest source of net new employment in the inner cities. As a longtime participant in public-private partnerships to support small businesses located in distressed communities, Advantage shares the view that these companies create the most opportunities for economic growth.

Small businesses comprise more than 99 percent of total inner-city business establishments and generate 80 percent of the total employment in those areas, SBA reported. About nine million (8 percent) of the U.S. private workforce is employed by inner-city small businesses. The report notes that the inner-city businesses are similar to companies in the rest of their Metropolitan Statistical Areas, exhibiting similar start up and bankruptcy rates. It also found that inner-city job growth was concentrated in service industries, reflecting the trend in other areas. For more information, go [here](#).

News About Advantage Investments

Hawaii's Hoku Scientific opens trading day at NASDAQ

Hoku Scientific Inc. of Honolulu has enjoyed a busy October, building on the achievement of its Initial Public Offering in August. On October 24, Hoku's management team presided over the opening of the NASDAQ stock market. Advantage's Scott Murphy and Doug Beekman were on hand as CEO Dustin Shindo rang the opening bell.



A few days earlier, Hoku reported second quarter performance. "We achieved our third consecutive profitable quarter," Shindo said in the company's report. "We continue to have a positive outlook on our business and the fuel cell industry as a whole." For more on the quarter, go [here](#).

Hoku, which produces membrane electrode assemblies and non-fluorinated membranes for proton exchange membrane fuel cells, also officially opened its new 14,000-square-foot office and production facility in Kapolei. Advantage first invested in Hoku in 2003, using funds raised in connection with the Treasury Department's New Markets program.

Hoku Scientific and Hawaii Biotech recognized by Pacific Technology Foundation

Hoku Scientific was named Hawaii's 2005 Tech Company of the Year at the recent Flavors of Technology Awards fundraiser for the Pacific Technology Foundation. The company was selected "because they went from a small, three-person garage in 2000 into creating over 20-plus jobs within a few years and is still growing tremendously in size," said Lincoln Jacobe, event chairman and founder of the foundation.

At the same event, David Watumull, president and chief executive of another Advantage Capital portfolio company, Hawaii Biotech Inc., was inducted into the Pacific Technology Foundation Tech Hall of Fame. Advantage first invested in Hawaii Biotech, a biopharmaceutical company engaged in the research and development of human pharmaceuticals, in 2003.

\$20 million round of financing allows Kereos to pursue clinical developments

Advantage Capital Partners has invested \$500,000 in the Series B round of St. Louis based-biotech company Kereos, Inc. This round, which raised more than \$20 million, will be used to further Kereos' preclinical and clinical development.

Kereos develops targeted therapeutics and molecular imaging agents that detect and treat cancer and cardiovascular disease earlier and more specifically than previously possible. Their targeted imaging agents seek out precise disease biomarkers while their targeted therapeutics carry powerful payloads of proven drugs to the same biomarker. The specificity and potency of the therapeutics makes them, potentially, more effective and less toxic in treating disease than earlier therapies.

"Kereos' products have the potential to take treatment of cancer and cardiovascular disease a giant step forward," said Scott Zajac, senior managing director of Advantage Capital Partners. "This investment was made using private capital raised in connection with the federal New Markets program." Learn more about the investment [here](#).

Wall Street Journal recognizes Stereotaxis for Technology Innovation

The Wall Street Journal recognized a variety of companies across 12 categories with its 2005 Technology Innovation Awards. [Stereotaxis Inc.](#) of St. Louis was named a runner-up in the medical devices category for its cardiology instrument control system. The newspaper reviewed 750 applications and narrowed those down to 104 semifinalists. A distinguished panel of judges from industry, research organizations and academia made the final selections, which were reported in the newspaper's October 24 edition.

Advantage first invested in Stereotaxis in 1998, when its product was in the early stages of development. Stereotaxis was the first company to have received capital raised in connection with the federal New Markets program to subsequently trade publicly, thus raising \$45 million in additional capital in August 2004. Read more about Stereotaxis and its advanced cardiology instrument control system by going [here](#).

About Us

[Advantage Capital Partners](#) is a private equity firm focused on investing in promising companies in connection with federal, state, and local economic development efforts. With offices in New Orleans, St. Louis, New York, Austin, Washington, D.C., Tampa, Madison, Denver and Huntsville, Advantage has raised almost \$700 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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