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Folder Title:
Digital Divide - New Markets Equity Fund

Stack:	Row:	Section:	Shelf:	Position:
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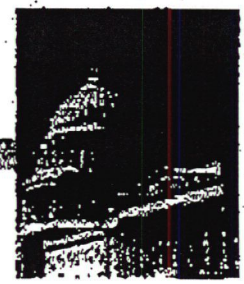
1300 PENNSYLVANIA AVENUE, N.W.
INTERNATIONAL TRADE CTR., SUITE 600
WASHINGTON, DC 20004
TEL: (202) 484-8454 FAX: (202) 484-9122



CAPITOL VENTURES ASSOC., LLC

TO:	Ms. Kendra Golbas NEC c/o Corinthia	**FAX:**	619-8000
FROM:	Millicent Y. Hodge, Esq.	**DATE:**	4/3/00
RE:	New Markets Equity Fund	**PAGES:**	13

Comment:

Kendra,

Please find attached detailed information regarding Arrowhead Space & Telecommunications, Inc. Arrowhead is one of the high-tech firm that we discussed that was recommended by AT&T.

Please do not hesitate to call me at 202-484-8454 if you need additional information. Thanks!

Millicent

Arrowhead Space and Technology
Corporate Capabilities

Arrowhead is a Native American, woman-owned, small disadvantaged business, specializing in professional engineering services for telecommunications and information technology applications. The Company currently has 83 employees and is based in Northern, Virginia and is expanding operations to rural North Carolina. The Company has been in operation for approximately 9 years and is currently listed as part of the governmental 8a program with four years remaining.

The Company is currently pursuing initiatives to form a subsidiary to refurbish, salvage and dispose of computer equipment. The Company plans to locate the newly formed company in Lumberton, North Carolina where the ethnic make-up of the community is 33% Native America (Tuscarora Tribe), 33% African American and approximately 7% Hispanic with the remaining made up of a mix of other ethnic backgrounds. The Company chose Lumberton North Carolina for its new location to help growth the surrounding community that has been plagued with high unemployment, high poverty and poor healthcare. Refurbished computers will be donated to surrounding area schools and organizations to help bridge the digital divide existing in the surrounding community. AST has received significant response from the US Marine Corps as well as major corporations such as Lockheed Martin, IBM and AT&T expressing a desire to dispose of unneeded computers through AST. The Company views this future venture as an opportunity to build the economic viability of a community and engaging in what could be a very profitable venture.

The New Markets Equity Fund ("NMEF") developed this relationship through its strategic relationship with Winston Smith, Director of Supplier Diversity at AT&T. NMEF views this potential investment as an opportunity to partner with a high growth company that continues to positively impact the economic viability of surrounding communities while efficiently managing its operations.

Below is a brief discussion regarding Arrowhead Space and Technology (the "Company" or "AST") capabilities in telecommunications, and information professional services.

Telecommunications

Arrowhead's corporate telecommunications capabilities include extensive experience in the program management, engineering design, integration, installation and testing of commercial satellite Very Small Aperture Terminals (VSAT), in transportable or fixed-site configurations. The Company has installed terminals throughout the world for both the US Government and commercial clients. AST engineers have performed site surveys, installed, tested, operated and maintained the communications network in support of the peacekeepers in Bosnia.

As part of its telecommunications services, the Company produces realistic assessments and recommendations concerning project feasibility to provide its clients with investment confidence. AST's independent verification and validation studies, for example, analyze technical feasibility, cost effectiveness, life cycle maintenance or replenishment costs, market capacity versus expected penetration and potential regulatory impediments.

For example, AST played a major role in the Department of Defense's transition from military satellite systems to commercial satellite communication service providers. As part of its service, the Company provided:

- Life cycle cost analysis on each of the U.S. owned and controlled proposed Mobile Satellite Service (MSS) systems and Inmarsat
- An analytical research report on commercial and military satellite systems for a Department of Defense client
- Quick reaction support for SPAWAR (PMW-176) to analyze the worldwide down-link coverage for Cable News Network (CNN) broadcasts
- Recommended strategies for leveraging commercial SATCOM systems to satisfy Navy requirements;
- An independent verification and validation of a proposed LEO system design for a major international venture capital firm.

Telecommunications Bandwidth Services

Along with the above telecommunications services, AST designs diverse and redundant international wide area networks (WANs) that satisfy demanding technical criteria for the correct blend of equipment, software and transport media to fulfill each client's availability requirements for voice, data, fax and video communications. The Company also procures and installs ground segment equipment to support client requirements. AST is also a licensed reseller of terrestrial and satellite bandwidth services. By leasing bulk transmission capacity, AST is able to provide partial transponders and occasional-use transmission services.

Spectrum Management

"Spectrum" refers to the electromagnetic spectrum in which all radio-based equipment must operate using assigned frequencies. "Spectrum Management" encompasses a wide range of activities associated with the allotment, allocation, and assignment of radio frequencies for various telecommunications services. AST maintains a small, but highly expert core of professional staff and consultants who stand ready to assist clients with advice and assistance to resolve spectrum issues/challenges. The Company offers:

- spectrum planning and research services
- spectrum certification services; spectrum requirements and usage analyses
- operational assessments (cost and mission impacts)
- customized spectrum database development
- mitigation strategies for harmful frequency interference problems, etc.

AST has the capability to provide a wide range of spectrum services and technical solutions to spectrum related issues. The Company's engineers have developed automated tools and software programs such as spectrum utilization databases and satellite bandwidth databases to help carry out its work in this area. AST's engineers have the background, experience and contacts to develop strategies, assessments and analyses in support of high level meetings in which bilateral satellite issues and international frequency sharing issues are negotiated.

The Company's past telecommunications clients include but are not limited:

- the Joint Spectrum Center (JSC)
- the U.S. Army Spectrum Management Office
- the Pentagon.

Most recently, Arrowhead has undertaken a thorough study of broadband satellite communication systems. These systems will use the frequency bands in the gigahertz range, such as Ku-, and the newly available spectrum bands, such as Ka-, Q- and V-bands. By conducting this comprehensive look at planned broadband systems, Arrowhead has developed a an understanding that will allow it to advise of the potential opportunities and challenges which will be presented by operation in these higher bands.

Information Services

Arrowhead employs the latest methods, standards, and tools to assist clients in analyzing their needs and initiating cost-effective strategies. AST life cycle services include systems integration, design, development, testing, operations, and maintenance, business process reengineering, and Internet-based interactive multimedia training. With a broad combination of capabilities, Arrowhead has devised distance learning programs for remote locations available to students, on demand.

Arrowhead is the training systems developer for the Joint Ammunition Management Standard System program. The training system, which is integrated into logistics applications, will provide the user with on-demand training, including introductory (familiarization) training, sustainment training and context sensitive help *via* a variety of multimedia applications. This effort includes the development of the system architecture, integration into a modified Commercial-Off-the-Shelf software package, and wide area network application, combined with the use of web technologies and formal classroom training.

When the Bureau of Indian Affairs (BIA) in Albuquerque NM, had a requirement to modernize their Radio Frequency Management program, they contracted Arrowhead to design and implement an Oracle database custom tailored to meet BIA needs. In the development of the database, Arrowhead created systems diagrams and digital maps of the locality of each BIA radio system. After system installation, Arrowhead provided training and Internet interface to allow BIA personnel to access the database from anywhere in the country. Arrowhead remains under contract to provide maintenance support.

Professional Services

Arrowhead maintains an outstanding capability to provide program support services that include engineering technical studies, corporate strategic planning, administrative staffing, program management, management consulting, program development strategies, and corporate and field support services.

The Company's program support services division currently supports the Federal Highway Administration (FHWA) with Arrowhead employees in three facilities, providing administrative support ranging from receptionists to executive secretarial to database support for various offices. AST provides rapid responses to both long and short term project and program needs. In the Federal Railroad Administration (FRA), AST provided an administrative assistant to the Acting Director of the Office of Minority Rights. This employee coordinated file organization and management support during the of FRA's recent major office renovation.

On the commercial side, Arrowhead has provided AT&T with personnel for short-term needs on a variety of projects since 1994. These projects include:

- managing, writing, and editing proposals
- providing graphics support for technical deliverables
- engineering technical solutions
- and writing and coordinating AT&T issued requests for proposal (RFP) and
- evaluating the subsequent proposals.

Arrowhead's staff has provided a broad spectrum of program office support that includes working with development contractors and the program office to assure organization of program management, logistics management, project monitoring and reporting, data collection, budgeting, accounting, performance auditing, and administrative/technical support for conferences and training programs. AST is provides program planning, budgeting and execution; creation of requirement documentation to include system and operational requirements and budget reviews; establishment of program baseline, and monitoring progress during performance of the work.

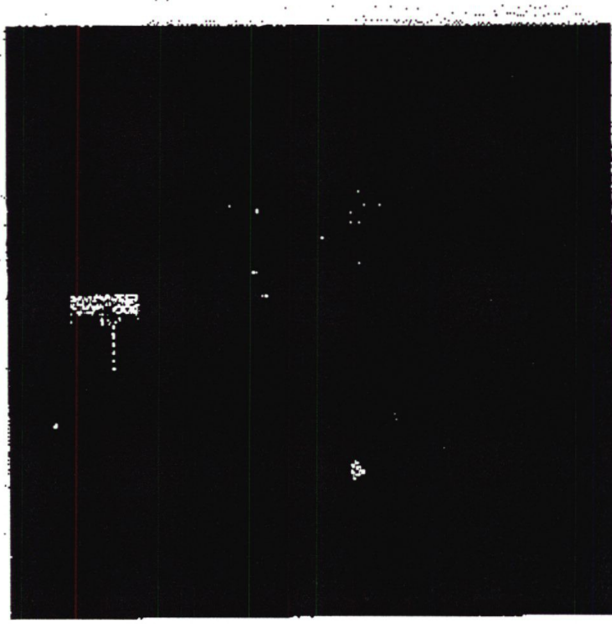
Previous Announcements Involving Arrowhead Space and Technology

Arrowhead is "Top Technology Company" in Virginia & Number Two in Overall Growth!!!
Falls Church, VA, February 11, 1999:

- **FEBRUARY 1999:** Arrowhead Space & Telecommunications, Inc. is pleased to announce their selection among the Top Five of Virginia's Fantastic Fifty small private corporations for the second year in a row. More than 350 nominations were received for the 1999 award, which is granted annually by the Virginia Chamber of Commerce in a ceremony in Richmond, Virginia. The nominated companies are ranked based on growth. To be eligible, a company must have positive revenue growth and positive net income for their most recent year. Arrowhead documented growth of over 1278% for 1998.
- Deloitte and Touche named the corporation in their annual survey of Virginia's Technology Fast 500
- Washington Technology recognized Arrowhead in their annual survey of the 50 fastest growing technology companies in the region for the past three years.
- Inc. Magazine listed Arrowhead among the 500 fastest-growing private companies in America.

- Mary Ann Elliott, Arrowhead's President and CEO, was recently honored by Defense Daily as one of the 40 most influential players in global defense and national security.
- In recognition of her energetic support of the small business community, the Small Business Administration selected Ms. Elliott as the Minority Small Business Advocate of the Year.

Mary Ann Elliott



President & CEO of Arrowhead Space & Telecommunications, Inc.

Mary Ann Elliott, President and Chief Executive Officer of Arrowhead Space and Telecommunications, Inc., Fairfax, Virginia is a recognized expert in wireless, mobile satellite services and international private satellite networks. A frequent lecturer and author on the subject of satellite services, Ms. Elliott founded her own small business in January 1991. Arrowhead, named to reflect her Native American heritage, provides engineering, management, and marketing research for industry, government, and financial institutions.

Ms. Elliott began her career in telecommunications in 1975 following the death of her husband. At the time she had little formal education and few job skills. What she did have was a willingness to study, unbridled enthusiasm, tremendous energy and an aptitude for sales and marketing.

From her entry-level job with Motorola, as their first female in the traditional wireless terrestrial market, she moved into the new technology field of satellite navigation and communication. Prior to starting her own business, she held management positions with COMSAT International, Contel's American Satellite Division, Talon Technology and Navidyne. Her professional background includes the first global mobile satellite network, Inmarsat, and both international and domestic fixed satellite services.

She is active in the Armed Forces Communications and Electronics Associations (AFCEA), a board member of the United States Coast Guard Foundation, serves on the Small Business advisory board's for AT&T and NASA, and is the Past Chairman of the Board of Directors for the Washington Space Business Roundtable, a group devoted to commercial Space development for the benefit of all mankind. She was recently honored by Defense Daily who named her among the "40 most influential players in global defense, aerospace, and national security."

Under her leadership, Arrowhead has grown from first year revenues of $70 thousand and a staff of one to revenues of $6 million and a staff of more than 80, with headquarters in the Northern Virginia area and field offices in three countries.

Mary Ann's heritage includes the Tuscarora and Lumbee Indian tribes of Robeson County, North Carolina. She has three children and four grandchildren and currently resides outside of Washington, DC in the Northern Virginia area.

PERSONAL AWARDS

Forbes Magazine, Top 500 Companies in the nation, 1998 and 1999
Fast 50 Award, Washington Technology, 1996, 1997, 1998 and 1999
Small Business Administration, Minority Advocate of the Year, 1998
National Minority Business Council, Small Business of the Year Finalists, 1999
Top 40 of the worlds most influential players in global defense, aerospace and national security, Defense Daily, 1998
Inc. Magazine, Top 500 Companies in the nation, 1998
Virginia Fast Fifty, Top Technology Company in the State, 1999, Number 3, 1998
Fast 50 Award, Northern Virginia Technology Council October 1997
Lifetime Achievement Award, Women in Aerospace, September 1997
Master Entrepreneur / Small Business of the Year, Staples Office Supply August 1997
Blue Chip Enterprise Award, US Chamber of Commerce, June 1997

BOARD OF DIRECTORS & ADVISORY COUNCILS

United States Coast Guard Foundation - Board of Directors
Mobile Satellite Users Association - Advisory Council
University of North Carolina at Pembroke - Native American Endowment Program
Georgetown University's Communications Culture, and Technology Program, - Advisory Board
Washington Space Business Round Table - Past Chairman of the Board and current board member
AT&T, Supplier Advisory Development Council, Board Member
NASA, Minority Business Advisory Council, Board Member

SAMPLE LISTING OF PUBLICATIONS & SPEECHES

Washington Regional Small Business Council, Keynote Speaker Annual meeting, 11/99
Lockheed Martin, Native American Awareness Month, Keynote Speaker, 11/99
Western DOD Small Business Annual Meeting, *Contributions of the Native American Business Community and Small Business Concerns*, 11/99
Virginia Purchasing Managers Annual Meeting, Keynote Speaker, *Launch into the New Millennium*, 11/99
National Contract Managers Association, World Congress, Native American Issues and Business Startup panels, 1998
Broadband in the 21st Century, by Mary Ann Elliott and Betsy Kulick, August 1999
Via Satellite Magazine, Military Use of Space into the New Millenium, June 1999.
AFCEA West, Small Business Symposium, Chairman of Mentor Protégé, SBIR, and Creative Financing panels, January 1998
Naval and Army Space Commands, *Internet in the Sky / The Future of Broad-Band Satellite Systems*, December 1997 and January 1998
Leaders Magazine, "The Social Implications of the Telecommunication Revolution," July 1997
AFCEA TechNet, *Frequency Reallocation Issues for DoD*, June 1997

Leaders Magazine, "Creative Government / Business Partnerships," July 1996
Joint Chiefs of Staff, *Integration of Commercial Satellite Services and Military Payloads*, June 1995
Inmarsat in the 21st Century, by Mary Ann Elliott and Betsy Kulick, June 1995

AFFILIATIONS

Woman & Minorities in Defense - Task Force member
Women in Aerospace
Women in Technology and Women Business Owners Subcommittee
MD/DC Minority Economic Development Council - Member
AFCEA, Small Business Sub-Committee
Washington Chapter of AFCEA - Corporate Member
Society of Satellite Professionals International - Corporate Member
National Space Society - Member
Navy League - Member
Serves on numerous additional community fund-raising and membership committees for a variety of charitable organizations.

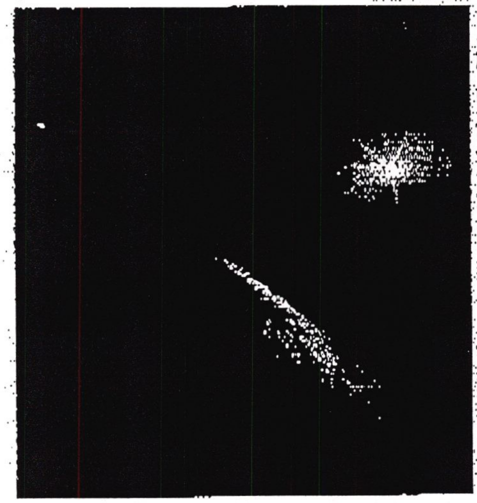
THE CORPORATION IN-DEPTH

Arrowhead provides quality services to government, industry, and research institutions in three distinct areas:

- Telecommunications
- Program Support Services
- Information Technology and Training

These services are provided through a streamlined organization with headquarters located in Northern Virginia. The headquarters facility has a Top Secret facility clearance and many of our personnel have security clearances at the Top Secret level and beyond.

The company's proven management organization emphasizes partnerships with our clients to ensure delivery of quality products and services, on time, and at very competitive costs. Our total commitment to our clients includes not only providing quality resources to support our contractual obligations, but also closely monitoring each contract and making full use of our DELTEK automated financial system. Arrowhead has a solid financial reputation that includes access to a substantial line of credit.



We are widely known for our technical publications, growth record and other honors. In addition to being a protégé of AT&T under the Department of Defense's Mentor - Protégé program, the Company has been included in the *Washington Technology* Fast 50 for the past three years, and in the 1998 *INC* 500, an independent compilation of America's fastest growing private companies. The Virginia Chamber of Commerce recently recognized us as the top technology firm for 1998.

Arrowhead's ability to deliver sound technical solutions and professional services under a wide variety of challenging conditions is one reason Arrowhead enjoys an excellent relationship with its customers.

Arrowhead is approved by the Small Business Administration for work in the following Standard Industrial Classifications (SIC) codes:

4899 Communication Services	**7379 Computer Related Services**
1731 Electrical Work	8299 Schools & Educational Services
4812 Radiotelephone Communications	8741 Management Services
4813 Telephone Communications	8742 Management Consulting
4899 Communication Services	8744 Facilities Support Management
7372 Prepackaged Computer Software	8711 Engineering Services
7373 Computer Integrated Systems	8748 Business Consulting Services

Among our major government customers are the Department of Transportation (DOT), Defense Information Systems Agency (DISA), U. S. Space Command, MPO, and the Bureau of Indian Affairs. Our major commercial customers are AT&T and EDS. We have formed alliances with a number of other firms to complement our capabilities including J. J. Keller & Associates, RSIS, and Unisys.

Arrowhead's Past Experience includes the development of the computer based training component of the DoD Joint Services Ammunition Management Support System (JAMSS), bandwidth sales and services for a government organization, FHWA administrative support, and Y2K testing for DISA Megacenter software. We established the Call Home communications support for U.S. troops on site in Bosnia under subcontract to AT&T.

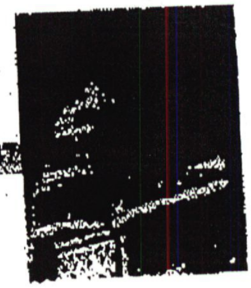
Arrowhead has a variety of contract vehicles available for our clients to use. In addition to our 8 (a) status, we participate on several large IDIQ contracts including ITOP II, GSA Seat Management, DEIS II, ITS (DOC Bureau of Census), Army SATOPs BOA, and a BOA with U.S. Air Force SPACECOM. Our GSA Schedule 70 for Information Technology Services was awarded in May 1998.

We qualify for the Native American Indian Incentive Program under FAR Part 26 (Other Socioeconomic Programs). This program provides a 5% incentive to prime contractors that use Indian organizations and Indian-owned enterprises as subcontractors. Arrowhead's continued success is the result of our:

- Record of *Successful Programs*
- *Innovative* Products and Services
- Consistent *Quality* Performance and
- *Total Commitment* to the Customer

For further information contact Dan Elliott, Program Manager, at (703) 241-2801 or elliottd@arrowheadsat.com.

1300 PENNSYLVANIA AVENUE, N.W.
INTERNATIONAL TRADE CTR., SUITE 600
WASHINGTON, DC 20004
TEL: (202) [illegible] FAX: (202) [illegible]



CAPITOL VENTURES ASSOC., LLC

To:	Ms. Kendra Golbas NEC c/o Corinthia	**FAX:**	619-8000
FROM:	Millicent Y. Hodge, Esq.	**DATE:**	3/29/00
RE:	New Markets Equity Fund	**PAGES:**	2

Comment:

Kendra,

Attached is a one-pager on the fund and the deliverables ready for announcement during the upcoming New Markets Tour. We are meeting with AT&T tomorrow to finalize our concept for a joint announcement. We will provide additional details asap. Please do not hesitate to call me at 202-484-8454 if you need additional information. Thanks!

CONFIDENTIAL

NEW MARKETS EQUITY FUND

PROPOSED POTUS ANNOUNCEMENT DIGITAL DIVIDE TOUR - APRIL 9TH - 11TH

I. Announcement/Deliverables:

A. First APIC Applicant;

B. Private Equity Fund focused on New Markets Investments;

C. One of the Largest Minority-owned and Management Funds in the Country -- $200m in private capital and $500m with APIC leverage with a joint partnership between Native Americans and African-Americans;

D. Investments by Major Banks into Fund Focused on Investments to Correct the "Digital Divide" in urban and rural areas. (The other focus of the Fund is Transportation); and

E. Announcement of Joint New Markets investment with AT&T.

II. Proposed Location of Announcement/Visual:

A. Existing Tour Site or Site of Technology/Telecommunications Firm in urban or rural area targeted for investment by the Fund.

III. Proposed Date

A. New Markets Tour – 4/9-4/11

IV. Proposed Participants:

A. POTUS

B. CEOs of Banks and Corporations – Potential Fund Investors (e.g. Bank of America, Bank One, Citibank, BankBoston, AT&T, etc.) and Fund Team

C. Rev. Jackson, Sr.

D. Secretary Slater (due to Transportation focus)

E. Secretary Cuomo (due to APIC focus)

F. Secretary Daley and/or FCC Chairman Bill Kennard (due to Telecommunications Focus)

G. Advisory Board Members (e.g. Isiah Thomas, Mel Farr, Sr., Alan Wheat, Urban League, Rainbow/Push

Jamie H. Ginott
03/29/2000 12:30:58 PM

Record Type: Record

To: Natasha F. Bilimoria/OPD/EOP@EOP, Thomas A. Kalil/OPD/EOP@EOP, Gigi E. Georges/OPD/EOP@EOP

cc:
Subject: rainbow push and tour

Dalia Hayles called from Rev. Jackson's office to ask if the New Markets Equity Fund was going to be involved in the tour--apparently they have been in touch with one or all of you on their interest. Ive left this message on Genes phone call list, but one of you might want to take it over or give me more info. Let me know if you want her number.

U.S. Department of Housing and Urban Development

From: Office of the
Assistant Secretary for
Policy Development and Research

To: Capital Ventures
→ promoter

AT&T – Meeting with them on Thu.

- Rural Alabama
- Disadvantage Business
  → Native Americans
  → in DC
- Philly

NMEF
AA+NA

Thurs.

202-484-8454
Millicent
Hodges

Capital
Ventures

U.S. Department of Housing and Urban Development

From: Office of the
Assistant Secretary for
Policy Development and Research

To:

→ In process of talking w/ Bank One and Bank of America

- close to announcing several investments
- talking w/ AT+T ~~on~~ about a joint venture

Issah Thomas
Urban League

~~Met~~ Met w/ Maria couple of weeks ago
Alan Wheat ('96 Campaign)

NBDA

Melanie Cook - Hunter Borden

Has any of this be announced yet?

Where are they located?

Would they be ready?

NEW MARKETS INITIATIVE

- The New Markets program is a sweeping new public/private partnership designed to boost business opportunities in underserved rural and inner city communities. The New Markets initiative will prompt approximately $22 billion in new investment in urban and rural areas through tax credits, loan guarantee incentives, a network of private venture capital companies, technical assistance and mentoring programs.

- Announced by the President in 1999 during the State of the Union Address and the Wall Street Project of Rainbow/Push.

- Announcement of agreement to pass New Markets legislation by the President and Speaker Hastert with Rev. Jackson in Chicago and again in the 2000 State of the Union Address.

- New Markets Tour scheduled on the Digital Divide for April 9-11 – Possible announcement of New Markets Equity Fund.

- The New Markets Equity Fund will be a minority-owned and managed for-profit, private equity fund with a national focus that will provide both (a) capital to high growth businesses located primarily in urban and rural areas; and (b) significant returns to its investors. The Fund will also seek to increase the level of minority ownership in the telecommunications industry (all sectors, including media, technology and Internet) and the transportation industry in New Market communities. Opportunistic investments in other industries that have the potential to generate high rates of returns will also be considered.

- The Fund will be structured into an America's Private Investment Company ("APIC"), a key component of the President's New Markets Initiative, which is modeled after the Overseas Private Investment Corporation. Once licensed by HUD, the private capital contributed to the APIC Fund may be supplemented up to $300 million for investments to create or relocate large-scale businesses in low- and moderate-income communities.[1] This will create a total fund of $0.5 billion, making it one of the

---

[1] Federal funds have been appropriated for the APIC Program; however, the program requires additional legislation to be fully enacted. The necessary authorizing legislation has been introduced and is expected to pass this Spring in accordance with an agreement between President William J. Clinton and House Speaker J. Dennis Hastert (R-Ill.). (See State of the Union Address). However, the Fund is not contingent on the passage of the New Markets legislation. The private capital raised may be structured into an SBIC, providing up to $600 million in leverage, resulting in an $800 million fund. The SBIC Program has been in existence for 40 years and has provided over $20 billion in capital to small businesses. This summary is subject to the final terms of the Private Placement Memorandum.

Call Milicent

=> 8:30 am Monday

largest minority-owned and operated funds in the country.

V. Summary of Fund attached

NEW MARKETS EQUITY FUND

The New Markets Equity Fund (the "Fund") will be a minority-owned and managed for-profit, private equity fund with a national focus that will provide both (a) financing to high growth businesses located primarily in urban and rural areas; and (b) significant returns to its investors. The Fund will also seek to increase the level of minority ownership in the telecommunications industry (all sectors, including media, technology and Internet) and the transportation industry in New Market communities. Opportunistic investments in other industries that have the potential to generate high rates of returns will also be considered.

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I. **APIC Fund Size:**

A. Private Capital - $200 million

B. APIC Leverage - $300 million

C. Total Fund - $500 million

II. Targeted Industries and New Markets Benefits

A. Industry-Focus

1. New Markets Telecommunications

2. New Markets Transportation

3. APIC License Requirements

(a) $25 million - required at time of licensing

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[1] Federal funds have been appropriated for the APIC Program; however, the program requires additional legislation to be fully enacted. The necessary authorizing legislation has been introduced and is expected to pass this Spring in accordance with an agreement between President William J. Clinton and House Speaker J. Dennis Hastert (R-Ill.). (See State of the Union Address). However, the Fund is <u>not</u> contingent on the passage of the New Markets legislation. The private capital raised may be structured into an SBIC, providing up to $600 million in leverage, resulting in an $800 million fund. The SBIC Program has been in existence for 40 years and has provided over $20 billion in capital to small businesses. This summary is subject to the final terms of the Private Placement Memorandum.

(b) Balance may be binding commitments from qualified investors

B. Additional New Markets Initiative Benefits[2]

1. New Markets Tax Credit - Investor may claim 6% per year for 5 years.
2. APIC Debenture - A 5-year deferment of interest may be available.
3. CRA Credit – APIC investments will be qualified investments for banks, etc.

III. **Public Purpose:**	New Markets Investments & CRA Credit for Banks
IV. **Geographical Focus:**	National - Inner Cities and Rural Areas
V. **Investment Type Preference:**	Later and expansion stages, with opportunistic investments in companies at other stages
VI. **Industry Preference:**	Telecommunications (all sectors, including media, technology, Internet, Environment and e-commerce); Transportation (primarily automotive e-commerce and vendor/suppliers), with opportunistic investments in other industries
VII. **Average Investment Size:**	Later Stage Companies: $3 million - $10 million Expansion Companies: $10 million - $50 million
VIII. **Investment Policy:**	Equity and Subordinated Debt with Warrants
IX. **Target Annualized IRR:**	30% (± 5%)
X. **Target Fund Announcement:**	U.S. Presidential Announcement; April 9-11; New Markets Tour
XI. **Fund Manager:**	Achieved 50%+ rate of return on equity (risk adjusted) at prior fund

[2] Passage of legislation required.

York, Georgia[3] and Washington, D.C.

[3]Inactive status.

NEW MARKETS EQUITY FUND, L.P.

MANAGEMENT AND FUND TEAM

A. General Partners - New Market Capital Group, Inc.

1. Alan D. Wheat, Chairman, NMEF Advisory Board
   Former Congressman

2. Millicent Y. Hodge, CEO, NMEF
   Former Director, New Markets Initiative

3. Grady B. Hedgespeth, President, NMEF
   In charge of day-to-day operations
   Former President, BankBoston Development Company

B. Limited Partners / Investors

1. Banks

2. Corporations

3. High Net Worth Individuals

C. Management Operating Company – Full-time Professional Management Team

1. President, Investment Manager – Grady Hedgespeth

2. Senior Vice President and Chief Financial Officer - Identified

3. Vice President, Business Development - Identified

4. Secretary / Bookkeeper

The following additional professional staff may be retained after a sufficient amount of capital has been raised and/or after the APIC license is obtained:

5. Portfolio Managers and Consultants with industry expertise (2-3 persons) – to manage portfolio investments on an on-going basis and consult on new industry technologies

6. Associates (1-2 persons) – with private equity and industry expertise

D. Legal Advisor and Financial Auditors

1. **Legal Advisor:** William Kirk, Partner, Thelen, Reid & Priest, LLP; and President, National Association of Investment Companies

2. **Financial Auditors**: Macon Ware, Partner, Deloitte & Touche, LLP

E. Professional Fundraiser:

1. TBD Independent Consultant (Commission Only)

F. Fund Promoter:

1. Promoter: Capitol Ventures Associates, LLC

2. Role of Promoter

    a. Raise Capital

    b. Structure Fund

    c. Retain Management Team

    d. Recruit Advisory Board

    e. Organize Fund Announcement

    f. Retain Legal Counsel

    g. Retain Independent Accounting Firm

    h. Invest 1% of Fund Capital

    i. Incur reimbursable expenses (Retainers, travel, legal, etc.)

G. Location of Fund:

1300 Pennsylvania Avenue, Suite 600
The International Trade Center
Washington, District of Columbia 20004
(202) 484-8454
(202) 484-9127 (fax)

Management of the Partnership

Principals and professional Management Team

The Principals of the New Markets Equity Fund combine a unique expertise in identifying and structuring deals; investment and portfolio management; mergers and acquisitions, and government relations in the New Markets arena. The Principals will work closely together to identify, analyze, structure, negotiate, monitor and exit investments. All significant decisions concerning investments will be made collectively by the Principals and a full-time, professional management team.

Grady B. Hedgespeth (44), General Partner and President

Mr. Hedgespeth will lead a full-time, professional management team that will be responsible for the day-to-day management and operations of the Partnership. The management team will be responsible for identifying, reviewing, analyzing, structuring, and overseeing portfolio investments. Additional members of the team with solid credentials and years of experience in private equity earned at leading financial institutions have been identified.

Mr. Hedgespeth has extensive experience in portfolio management, equity investments and providing technical assistance to New Market businesses. As President of the BankBoston Development Company ("BBDC") from 1996 to 2000, he directed the investment of $178 million in equity and mezzanine commitments in urban, minority and women-owned businesses that benefit low- and moderate-income communities, leveraging more than $1 billion in total enterprise financing. Mr. Hedgespeth led the BBDC through design, regulatory approval, start-up, rapid growth, CRA compliance, and national recognition to become one of the premiere bank-owned, private equity funds. Under his leadership, the BBDC became the first urban investment bank in America to be chartered by a commercial bank.

Investment Highlights: Under Mr. Hedgespeth's management, the fund has exceeded all original projections for dollars committed, profitability and return-on-equity while promoting wealth creation, business ownership, and community stabilization. He achieved a three-year cumulative profitability of $9.1 million (4/97-12/99), 360% above the bank's goal. He exceeded profitability targets each year, and maintained a risk adjusted rate of return in excess of 50% across the total portfolio. He also obtained approval for BBDC's charter from the U.S. Office of the Comptroller of the Currency in record time, receiving the charter in just twelve days.

Prior to joining the BBDC, Mr. Hedgespeth was the Regional President from 1993-1996 of BayBank Boston, N.A.. Prior to his stint with BayBank, he served as Secretary of the Massachusetts Executive Office of Economic Affairs, the Commonwealth's principal economic policy-making department, where he administered a $200 million budget and 2,000 employees. He achieved a 40% budget reduction by streamlining operations and by doubling the State's exports over a five-year period. Mr. Hedgespeth holds a Masters with a concentration in business and government from Harvard University Kennedy School and a Bachelor of Arts in economics with honors from the University of Virginia.

Millicent Y. Hodge (37), General Partner and Chief Executive Officer

Ms. Hodge will serve as the principal executive of the Partnership and will be responsible for corporate strategy. She will also serve as a deal source.

Prior to organizing the New Markets Equity Fund, Ms. Hodge served as the Director of President Clinton's New Markets Initiative. The New Markets program is a sweeping new public/private partnership designed to boost business opportunities in underserved rural and inner city communities. The New Markets initiative will prompt approximately $15 billion in new investment in urban and rural areas through tax credits, loan guarantee incentives, a network of private venture capital companies, technical assistance and mentoring programs. During her government tenure, Ms. Hodge served on various White House task forces and working groups, including the White House Office for One America Task Force, the White House Working Group on the Mississippi Delta and the White House New Markets Working Group. She has lectured on venture capital matters at the Federal Reserve Bank of New York, the U.S. Security Exchange Commission, the White House and other such venues.

Prior to her Presidential Appointment as Director of New Markets, Ms. Hodge served as a senior advisor to the Associate Deputy Administrator of the Office of Government Contracting and Minority Enterprise Development. In that capacity, she assisted with the management of a 400-member staff. In 1996, Ms. Hodge was the Deputy Director of the Office of Public Liaison of the Clinton/Gore Presidential Campaign. From 1992-1996, she worked as the Assistant Associate General Counsel for the 1996 U.S. Olympic Games. From 1987-1992, she worked in New York City as the Associate Commissioner for Governmental Affairs for one of the city's largest departments and as a law associate for the law firm of Paul, Weiss, Rifkind, Wharton & Garrison.

A native of Pine Bluff, Arkansas, Ms. Hodge holds a juris doctorate from Harvard Law School and a Bachelor of Arts in economics from Howard University. She is admitted to practice law in New York, Georgia[4] and Washington, D.C.

Alan D. Wheat (47), General Partner and the Chairman of the Advisory Board

Mr. Wheat is responsible for managing the governmental relations of the Partnership, including the public/private partnerships with the APIC and SBIC Programs. He will also serve as a deal source. For twelve years, Congressman Alan Wheat served in the U.S. House of Representatives. He was a member of the prestigious House Rules Committee and a Chief Deputy Whip. In 1994, he was elected as the Democratic Party Nominee for the United States Senate for the State of Missouri. In 1996, at the request of the U.S. President, Mr. Wheat became the Deputy Campaign Manager for the re-election campaign of President Clinton and Vice President Gore.

[4]Inactive status.