

McGOVERN NEWSLETTER

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Intellectual Property – Venture Capital -- Law – Business Advisory Services

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“CATCH THE CURRENT”

We want to take this opportunity to share with you some recent developments -- since January 2003 -- of **McGovern Capital LLC**, a cutting-edge venture capital firm and intellectual property strategist focused on helping talented entrepreneurs build winning companies by leveraging, protecting, enforcing and maximizing the value of their intellectual property portfolios, and **McGovern & Associates**, a boutique corporate law firm representing high potential companies from before their creation through their acquisition or public offering and beyond.

We listed below just some of our latest successes, each of which underscores our innovative legal practice, our niche venture capital investment categories and, most importantly, our long-standing tradition of providing our clients with first-rate legal and business advisory services...thereby enabling them to *“Catch the Current.”*

Building Value Through IP Rights - “Turning Predators Into Partners”

McGovern & Associates, a longtime legal counsel to **TriStrata Technology, Inc.**, a wholly owned subsidiary of **NeoStrata Company, Inc.**, which holds the worldwide patents for **Alpha Hydroxyacids** for use in skin care, successfully negotiated a licensing agreement with **Johnson & Johnson** regarding certain patents owned by TriStrata relating to the use of alpha hydroxyacids. McGovern Capital is a rights-holder in the company and McGovern & Associates devised, implemented and currently coordinates the worldwide licensing program for TriStrata.

The IP enforcement program established and executed by McGovern & Associates has been very successful for **TriStrata** since the program’s launch. In addition to Johnson & Johnson, current licensees and/or strategic alliance partners include, among others, **L’Oreal, Estee Lauder, Chanel, Avon, Pond’s, Beiersdorf and Neoteric**. AHA’s are incorporated in approximately 40% of all skin care products worldwide. It is estimated that 200 companies in the U.S. are infringing TriStrata’s patents and we look forward to continuing to vigorously enforce TriStrata’s intellectual property rights.

Athletes, Entertainers, Celebrities - Protecting, Leveraging and Enforcing Proprietary Rights

In February 2003, McGovern Capital spearheaded the development, structure and formation of **Roy Jones, Jr. Enterprises** (RJJ Enterprises), in which McGovern Capital is a principal partner. RJJ Enterprises was created to strategize, negotiate and execute all out-of-the-ring commercial activities relating to **Roy Jones, Jr.**, the **world-renown boxer who captured the World Boxing Association heavyweight title on March 1, 2003** in a resounding victory over John Ruiz. McGovern Capital is the principal advisor to Roy Jones, Jr. with respect to the protection and maximization of his brand and other proprietary interests relating to his products, endorsements, personal appearances and the utilization of related intellectual property.

Mergers & Acquisitions

McGovern & Associates, longtime legal counsel to **Commonwealth Sprague Capacitor, Inc.**, represented the leading manufacturer of motor run capacitors, power factor correction assemblies and harmonic filters in the sale of its power systems business to diversified industrial manufacturer **Eaton Corporation**. The power systems business includes power factor correction systems and harmonic filters, which are products used for **power quality and energy management applications**. These products enable customers to **upgrade their power reliability and reduce their facility energy costs**.

Launch of Redington Apparel LLC – Closed on Successful Financing

Among the **global industry leaders** in McGovern Capital's investment portfolio is **Redington LLC**, the innovative leader in fly fishing rods, reels and accessories. Redington's **NanoTitanium™** and **NanoQuartz™** lines of rods use nano-particles of titanium or quartz combined with carbon fiber for increased performance.

McGovern Capital **led the initial round** of financing for **Redington Apparel LLC**, a spin-off of Redington's apparel business that is poised for steady growth in the months and years ahead. A seasoned and expert management team was recruited, including **David Ferrie** and **Bart Bonime**, whose demonstrated success in the outdoor apparel and sportswear space helped propel **Columbia Sportswear** to over **\$800 million in sales**. Redington Apparel already is off to an impressive start. The company's entire line of clothing was awarded "**Best of Show**" at the **Fly Tackle Retailers Show** in September 2002. Major retailers continue to demonstrate a strong interest in Redington Apparel's **innovative, fishing-inspired, value-driven, technical outerwear and sportswear**.

Investments in Asia

McGovern Capital just completed an investment as a founding member of **China Financial Brokers**, which was formed to become an **inter-dealer broker to service the Chinese government bond market** through the development and execution of a proprietary live screen electronic trading network. McGovern & Associates serves as the company's legal advisors on corporate, strategic alliance, tax, employee and other critical matters.

McGovern Capital has negotiated to become a strategic partner with **China Sports Industries (CSI)**. CSI is one of the leaders of China's emerging sports industry and **the only government-owned (China Olympic Committee) public company that is involved in all areas of China's sports-related businesses**, including television, communication, advertising, events and real estate, and the **largest listed company within the Chinese sports industry** (Shanghai stock exchange).

Clean Technology

McGovern Capital's leadership in **Clean Technology, the new and promising area of venture capital investing**, was the basis for Mr. McGovern's recent speech at **Cleantech Venture Network's Inaugural Venture Capital Forum**, which we believe was the **first ever venture capital forum on clean technologies**.

And McGovern Capital can speak from experience in the **clean technology space**...in addition to advising clean technology clients on important legal and business issues relating to this burgeoning field, the firm also allocates a portion of its investment portfolio to high potential clean technology companies. For example, the firm is one of three owners of **KX Industries**, the **largest manufacturer and worldwide seller of carbon filters for air and water purification**. KX Industries has developed a **nano-fiber water filter** that is **biocidal**, which is revolutionary in that it incorporates anti-bacterial and anti-viral agents into its structure. McGovern Capital has been engaged to assist KX Industries in its negotiations with two **Fortune 50 companies** that have expressed interest in investing in this technology.

Our **burgeoning clean technology practice** is further exemplified by our recent retention by a leading **Italian industrial concern** in connection with protecting and maximizing its intellectual property rights through licenses and strategic alliances in the United States in the **aeroponics industry** field. **Aeroponics is the science of growing agricultural products in a soil-less environment** and is **cutting edge technology** that has been the subject of numerous experiments by NASA during space shuttle missions among others.

Notable Legal Representations

McGovern & Associates continues to be **at the forefront of precedent-setting cases** and our firm's attorneys continue to achieve great success across the broad spectrum of litigation matters that we handle on a global basis. In this regard, we recently launched a lawsuit against **Hewlett-Packard** and **STMicroelectronics** on behalf of **VLIW Technologies LLC** to enforce VLIW Technologies' proprietary rights relating to copyrighted compiler technology that is critical to the use of the VLIW paradigm. McGovern Capital is part owner of, and McGovern & Associates coordinates the worldwide patent enforcement program for, VLIW Technologies, which owns the **exclusive worldwide rights to license a suite of very long instruction word (VLIW) patents** for use in microprocessors and software compilers. The intellectual property subject to the lawsuit includes trade secrets related to a compiler for use in computers that utilize VLIW technology.

Leading Advisor to Universities on Technology Licensing and Transfer Programs

McGovern Capital and McGovern & Associates are trailblazing at the forefront of the field of **university licensing, technology transfer programs and strategic alliances**. The firm's university relationships run deep, as exemplified by Mr. McGovern's substantial involvement with **Cornell University**, where he serves as a member of the Board of Trustees. We have been very active as an advisor to colleges and universities in the area of intellectual property licensing and technology transfer programs, while simultaneously advising and investing in well-positioned, early stage companies that are licensees of patented and patent-pending technologies developed by universities. Among the educational institutions with which McGovern Capital has worked are **Yale University, the State University of New York at Albany, Case Western Reserve University's School of Medicine, and the University of Virginia School of Medicine**. The success of Kevin McGovern's recent address to the **Board of Trustees of Rensselaer Polytechnic Institute (RPI)** regarding university technology transfer programs further underscores our firm's leadership in this area. RPI's administration has requested that McGovern Capital help them assess the commercial feasibility of various of the University's projects.

Speaking Engagements

The reputation of McGovern Capital and McGovern & Associates as innovative and successful business advisors and legal experts is exemplified by the number and quality of events at which our principals are asked to serve as speakers, panel moderators and featured experts. Among Mr. McGovern's other speaking engagements this spring, he will be a **keynote speaker** at **InterGrowth 2003** in San Diego, the annual conference of the **Association for Corporate Growth**, where he will speak on the topic of **building companies through intellectual property and maximizing intangible assets**. For a detailed listing of events at which we were - and will be - the primary speakers, please visit our website at: www.mcgoverncapital.com/se.

Please contact us if we can be of any assistance to you or your business...we'll help you CATCH THE CURRENT!