

## Financials

In 2000 InfoHandler had Total Revenues of \$921,000. In 2001 Total Revenues were \$482,000 and in 2001 they were \$857,000. Expected Total Revenues for 2003 are estimated to be in excess of \$1,400,000.

Our Breakeven is projected for December of this year. Our burn rate is roughly \$115,000 per month with the bulk of this, as you would expect, in salaries (\$85,000). The company currently has three loans outstanding. One is with a bank in Louisville (\$450,000), another is with a relative (\$150,000) and the third is with an employee (\$60,000).

To date we've raised \$3,285,000. Of this amount, \$3,175,000 is in the form of notes (8%) convertible to stock at the rate of \$0.616 per share. This block of stock is owned by three gentlemen, all in their eighties, from Louisville, KY. It is interesting to note that I had over \$1,000,000 invested and in the bank on a hand shake. Of the three gentlemen, one has invested \$2,175,000 and effectively controls the Louisville stock. The \$110,000 remainder of the total investment is also at the \$0.616 per share rate.

## Exit Strategy

### K-12 Companies Expand Offerings Through Acquisition to Meet Demands of the Market

"... although partnerships will remain critical, the market will see an escalation of acquisitions as companies seek to expand their offerings and adapt to the multifaceted needs of the K-12 market.

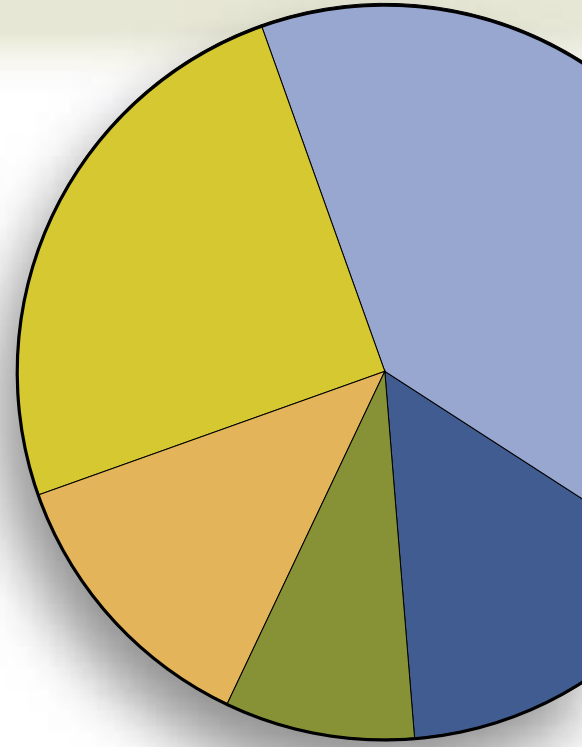
"For large players, acquiring smaller, specialized providers not only fortifies their overall capacity to respond to complex RFPs, but also creates new means for driving their own top-line revenue growth.

### Selected Market Segments Worthy of a Closer Look

"*Special Needs Management:* Close to \$9 billion has been allocated to special needs via the ESEA and the Individuals with Disabilities in Education Act. Yet, despite ample funding, the complex nature of serving special-needs students and stringent requirements for tracking instructional plans leave many companies wary of entering the market.

"Providers will ultimately be compelled to partner with, and/or acquire, new entities to increase their addressable audiences within the K-12 market, strengthen their ability to meet the demands of more complex RFPs, and ultimately provide more comprehensive solutions to their customers."

— Eduventures, Issue 144, May 21, 2003



*"... it's apparent that the Infohandler/PA software provides the 'complete solution' for our constituent districts, delivered cost-effectively via state-of-the-art Web-based technology."*

— Dr. Larry O'Shea, Executive Director of Intermediate Unit One



## Our Business

InfoHandler has existing and proven Web-based technology and supporting services that enable school systems to manage data and create mandatory federal and state reports for students in both the Special Education and At-Risk ("No Child Left Behind") student populations. Further, InfoHandler's technology can facilitate a school system's acquisition of state government Medicaid money designated for local education agencies providing certain special education services to Medicaid-eligible students.

## Our Value Proposition

The customer benefit of SpecEd is multi-faceted. The number of disabled students served by public education has grown by 30% over the past decade, and school districts now serve disabled students as 13.2% of their enrollment. This means that more total teaching time is diverted from students to creating IEPs and completing other administrative tasks. With overworked special education instructors comes the increased risk of students falling between the cracks and lawsuits being filed against school districts on their behalf. In addition, the creation of IEP paperwork brings Medicaid revenue to the school district. Making this process easier for administrators has bottom-line impact and frees more resources for educating students.

*"Special education in this country has very high accountability standards, but this means teachers are spending increasing amounts of time with paperwork and less quality time with children ..."*

— Dr. Tom Crumbaugh  
President/CEO InfoHandler



## infoHandler<sup>®</sup> SpecEd™

SpecEd™ for Special Education students is the flagship product from InfoHandler. It is an integrated database management tool that streamlines the process of developing IEPs and documenting the progress of special education students.

*“I was excited and pleased to see the ease of use and sophistication of the InfoHandler program. It is certainly an effective way for districts to avoid compliance issues during monitoring visits.”*

— Bob Rungle  
Montana State Director  
of Special Education

With numerous unique, powerful, and user-friendly features, it is the best choice for school districts striving to answer the increased administrative and accountability demands placed on our nation’s educators.



## infoHandler<sup>®</sup> Benchmarks™

*“Currently, information in the typical K-12 environment is not integrated, accessible or timely. Satisfying government reporting requirements takes a lot of time and is very resource intensive. [Our education clients] are desperately looking for ways to meet their key business challenges.”*

— IBM. Insight at School. *“Meeting the K12 Education Achievement and Accountability Challenge”*

Benchmarks™ from InfoHandler provides tools and features to facilitate the tasks of entering, organizing, and monitoring data associated with improving performance of at-risk students. Benchmarks™ is fast and intuitive to use, and it addresses the needs of teachers, staff members, administrators, and superintendents alike.

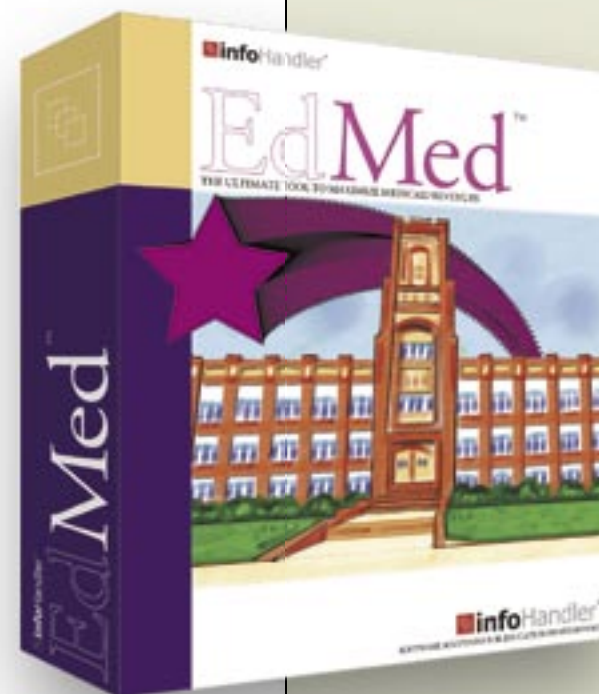
Teachers and administrators can now have the data essential for informed decisions about effectiveness of strategies to enhance performance and about school performance and accountability.

## infoHandler<sup>®</sup> EdMed™

EdMed™ is an integrated software tool that enables school districts to manage the process of collecting Medicaid revenue. At its heart, EdMed is a sophisticated billing module that works seamlessly with InfoHandler’s SpecEd™. In the continual search for additional money to fund or augment the delivery of mandated special education services, InfoHandler’s seamless system to capture treatment information, electronically submit claims, and deliver funds to the district becomes ever more important. These important reimbursement funds can support additional staff positions or supplement existing budget items.

*“... if the nation’s schools collected all the money they were entitled to, it would mean another \$1.5 billion to \$2.4 billion a year in funding.”*

— Education Week  
May 8, 2002



## thetechnicalside

InfoHandler’s web applications are 100% Java™-based. The primary benefit of Java is the ability to deploy on any one or combination of servers that have modern Java Virtual machines. For example, Microsoft® Windows NT®, Linux™ or Unix™ (HP®, Mac® OS X, Sun®) will

work flawlessly with our software. To address database compatibility issues, we have designed the entire suite of InfoHandler products to work with many databases including any existing JDBC-compliant database such as: ORACLE®, Microsoft® SQL Server, and MySQL®.

*“Infohandler’s cutting-edge Java-based technology has allowed us to tap previously unavailable Medicaid funds with ease.”*

— Sandy Lyall  
Medicaid Coordinator

