Debenture Capital Debt Finance Program (DCDFP) Program

(Summary, Procedural mechanics, Critical path & Costings)

As follows:

The following summary is provided in support of commonly asked questions and in provision of specific information / disclosure regarding the debenture capital debt finance program and its guidelines and applications. This information is intended to educate and focus the reader, assisting with the understanding of the program and all its parameters.

Simply stated the Debenture Capital Debt Finance Program (DCDFP) is a hybrid debt program that utilizes the CLASS "A" preferred shares of a company, capitalized to pre-qualified correspondent portfolio markets that AIG completes the underwriting for and whose subsequent servicing is administered by the subject Portfolio.

The proposed client / company / project is financed utilizing the CLASS A certificates of the company (a "C" Corp. specifically) providing a preferred security position of payment/repayment to the Lender in the event of default or liquidation, and applies particularly to companies that are start up in nature and/or otherwise by their nature simply do not *categorically* qualify for conventional asset or UCC based debt financing. The proposed financing that is being underwritten under this program is not publicly marketed such as with the underwriting of common stock that bares dividends. Again, this is a hybrid debt program. In simple terms this is an interest only loan with a principal balloon payment at the term of the proposed loan whose security (like that of a 1st mortgage on a piece of property) are the CLASS "A" preferred share certificates of the company. A such no registrations are needed and no SEC regulations come into play.

The number of CLASS "a" shares that are issued as security for any proposed project finance are determined pro rata by the dollar amount of the required capital debt finance & the denomination that are determined at the time of PREQUAL for proposed finance.

Interest rates for proposed finance are fixed (Simple interest only) and in range from 8 to 12%; a rate determined and qualified by us at 100x earnings, using the current fixed annuities markets [+/- 5%] as its base benchmark, adjusted in analysis for perceived risk as qualified at PREQUAL) and whose ROR (rate of return) then begins to be repaid at the time the company begins cash flowing (as qualified / interest only annually, with a balloon payment of principal at term). Based on a company's pro forma, business plan, marketing plan, management and use of funds we pre-qualify the term, rate of return and deferment period for commencement of proposed finance interest payments. Finance terms ranges from a 3 to 10-year period. Interest rate of return is determined by the project itself and the current capital market(s) for that particular type of investment finance. As referenced above an initial deferment period is determined at the time of PREQUAL, allowing a proposed project to positive cash flow in order to begin making interest payment on the proposed finance. This deferment period ranges from ONE (1) to THREE (3) years, maximum.

The DCDFP also may carry a convertible feature that allows (by mutual agreement of the Lender and the client) for the parties to convert his/her/their shares to class "C" common stock and forego repayment of principal & ROR in lieu of a longer-term relationship with the client and business/project; thus collecting annual dividends (NOI pre-tax) as the company prospers. Again, this is an OPTION and at the discretion of the Lender.

Underwriting of a Debenture Capital Debt Finance Program takes approximately 60 to 90 business days to pre-release close and then approximately another 5-15 days to complete proposed finance disbursement(s). These time lines are only an estimate and may vary depending on Client readiness and other variables individual to each underwriting as they occur. A one-time underwriting commitment fee cost applies, whose scope of services direct and indirectly include but are not limited to the following:

(i) Underwriting to include review, qualification and approval of all finance documents (as provided by the client and/or their 3rd party representatives) for the proposed debenture capital finance including but not limited to accounting, risk analysis, legal drafting and completion of Finance documents, preparation of class “A” certificates to be issued, related company resolutions, all related legal work, processing for pre-release close. (ii) Independent Marketing and Brokerage of the completed underwriting generated from 3rd party venues by the client as they may OPTION to solicit for additional funding utilizing the same program underwriting as completed by/through AIG, and (iii) AIG closing assistance/oversight, Fiduciary services (optional & as agreed to), document / certificate issuance and management for closing as required of the finance installment disbursement(s) as it/they takes place. (iv) Underwriting/File Submission to Capital Investment Financers(s) on behalf of the client (OPTIONAL) in their own marketing/finance efforts, if any, as AIG may be called upon by the CLIENT and at AIG’s discretion and by mutual consent to act upon same.

Underwriting commitment & Closing Costs:

> Underwriting commitment costs range from +/- .60% or on a flat fee schedule. Final cost is determined and fixed at the time of preliminary review and qualification/ PREQUAL. Speak with your AIG Representative regarding specific project cost-based risk and other qualification assessments made at the time of initial review. THERE ARE NO OTHER costs that apply.

> Legal Fees are included in the underwriting commitment fee cost.

> Standard Commercial 3rd party Brokerage fees of up to 1.0% of the NET proposed finance MAY be added to the NET proposed finance at the client's request and IF qualified at the time of PREQUAL. This amount then paid the qualified party from the GROSS finance proceeds at the time of close.

> Loan points: To 2% maximum or on a flat fee schedule, determined at the time or PREQUAL. This cost MAY be added to the NET proposed finance at the client's request and IF qualified at the time of PREQUAL. This amount then paid to the Lender from the GROSS finance proceeds at the time of close.

> PRE-PAID commitment fee cost: This amount, paid at execution the underwriting commitment for proposed finance MAY be added to the NET proposed finance at the client's request and IF qualified at the time of PREQUAL. This amount then re-paid the borrower as cash out as part of the GROSS finance proceeds at the time of close.

>Bank transfer Fiduciary fees in the amount of 50.00 per transaction US and 60.00 per transaction international apply. These are also deducted from the GROSS finance proceeds as may apply.

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ACTUARY INFORMATION DATA:

SECTION I: (Summary data)

Class "A" Preferred stock certificates

Class "A" Preferred stock certificates (also called **preferred shares**, **preference share certificates** or simply **preferreds**) are a privately issued equity or debt instrument of a company which may have any combination of features not possessed by a company's publicly traded common stock including properties of both equity and/or a debt instrument, and are generally considered a hybrid instrument. Preferreds are senior (i.e. higher ranking) to common stock.

Preferred stock certificates usually carry no voting rights, but may opt to carry a dividend and have priority over common stock in the payment of ROR, dividends and principal capital invested upon sale or liquidation of a company. Terms of the preferred stock certificates are stated in what is sometimes referred to as a "Designation of Certificate" or similar clause included in a capital investors Stock purchase agreement (SPA) when sold to him or her or them or in a capital investment financer's Capital Investment Finance agreement when the class "A" certificates are used as security to finance a company's debt instrument.

Class "A" Preferred stock certificates are a special class of shares which again may have any combination of features not possessed by common stock. The following features are commonly associated with class "A" preferred stock:

- Preference in dividends or interest payments if/when structured as a hybrid debt instrument
- Preference in principal capital investment repayment , in the event of Sale or liquidation when used as a hybrid debt instrument
- Convertibility to common stock as agreed to.
- Callability/early retirement, at the option of the corporation
- No ownership or recourse rights of the investor/financer in the event of non-payment / default by the client of interest and/or principal payment
- Nonvoting
- Non-Management
- Commonly underwritten for start-up business concerns or a company seeking to advance company growth without going to the common public market(s) or encumber itself with additional conventional debt burden(s) that could potentially adversely affect its credit rating or standing.
  Or simply in cases where the company does not *categorically* qualify for conventional asset or UCC based debt financing.

Class "A" Preferred stock certificates can be but are **not** typically traded publicly. When used as security for a hybrid debt instrument they simply securitized the capital finance on a preferred basis. They are underwritten in the same manner as Class "C" publicly traded stocks but require no SEC regulation or Licensed Securities Broker to market them as they are NOT sold when used to securitize the capital investment finance for a proposed project.

Class "A" Preferred stock certificates, under the hybrid debt program, are most commonly marketed to private individuals, groups or organizations of private individuals, business portfolio finance groups small and large, and related business concerns or affiliates; all seeking investment and/or finance in companies or business concerns where an acceptable risk return is balanced by a governing market of expanding opportunity.

Section II: (Offering data & comparative information)

Typical Publicly traded class "C" debentures/certificates can take up to **one year** to underwrite for marketing, an additional minimum of 9 to 12 months to market, **cost up to 5%** of the amount to be raised in underwriting costs plus 5+% in commission costs, come under strict SEC hold backs and reserve regulation for Public offerings, and rely on **random mass marketing** to "ALL" general capital markets in the hopeful expectation of capturing a broad base sales initiative/return; thus raising the capital investment the client is seeking **and only permit the use of funds once 100% of the raise has been completed**. The 'more bang for the (hopeful) buck' methodology being the application focus in reaching the finance goal.

Conversely, a Class "A" preferred debenture certificate underwritten under the hybrid debt programming takes some **45 to 60 days** to underwrite as the capital finance markets are specific (energy, transportation, etc.) and **pre-qualified prior** to underwriting. The hybrid nature of the debenture allows the proposed capital finance to **(i)** function like a debt instrument, being underwritten to pre-qualified portfolios, and **(ii)** does not come under SEC scrutiny as the capital finance is a debt instrument and NO share certificates are sold.
And **(iii)** unlike the capital use restrictions associated with a Public offering, capital financed from this hybrid type program carry with them detailed pre-qualified terms and conditions for proposed finance; thus allowing for the greater success of the project or business and allowing for plan implementation in 'real time.' **(iv)** The pre-qualification/identification aspect of the process also serves to increase the capital finance success ratio by prior identifying the appropriate venues and risk/return(s) that are being sought and desirable by the Lender. **(v)** The completed underwriting is also made available to the client so that they too may use this program/tool in their own efforts to illicit capital finance dollars from sources they may wish to source of their own accord, post close and going forward with other proposed finance needs.

Section III: (Risk Assessment & Reduction)

Risk assessment/reduction for any capital finance, Public, Private or otherwise, is always at the center of any underwriting process. Pre-qualification, thorough underwriting/analysis, prior and specific venue/market/demographic requirements as well as the detailed use of a definitive origination process for all prospective clients all aid to focus success and greatly reduce and mitigate failure and risk.

The above completes the details and summary of the Procedural mechanics and critical path for proposed debenture capital debt finance program and related underwriting as provided by AIG Ltd. Commercial Bancorp, using the Class "A" share certificates of a company to securitize on a preferred basis the proposed capital debt finance of a company / project.

Should you have any additional questions that we can answer for you please feel free to call or email AIG at your convenience. Thank you for your time and opportunity to detail the program to you and we look forward to hearing from you should you wish to have us underwrite your capital finance needs utilizing this program.

Thank you.

Respectfully submitted by,

AIG Ltd. Commercial Bancorp

AIG:cg
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End Summary