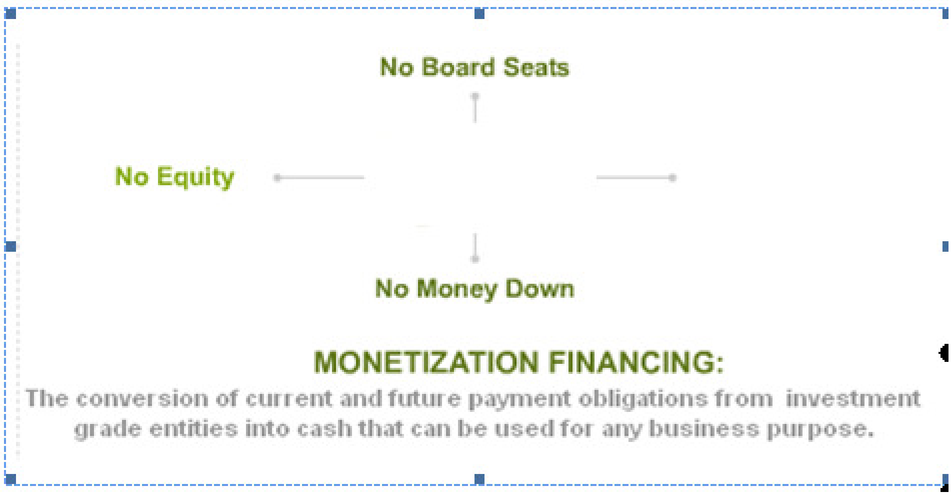
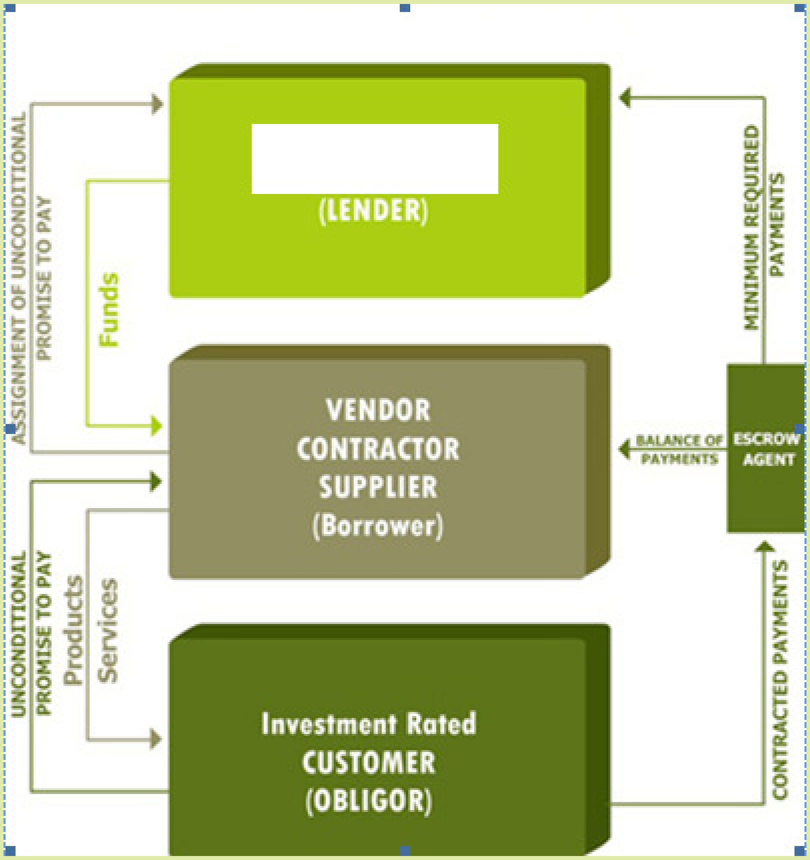
Contract Financing White Paper

JTB Associates, LLC



Completed through an efficient private placement, contract monetization financing offers a cost effective way for companies of all types to fund ventures, projects, business growth, acquisitions, etc. The benefit of contract monetizing is that it is more cost effective and flexible than any other traditional or non-traditional lending source. The simplest way to view this program is to know that the financing structure is completely flexible in the areas of structure, term, scheduled repayment amounts and deferred repayment periods. This is on top of the fact that we are easy to work with and provide unparalleled service.

Obligations are secured by the absolute and unconditional obligations of an investment –grade rated entity and we file UCC's against the repayment obligations. Transactions are non-recourse to our clients. 100% of the recourse is to the Obligator making payments. Board resolutions and corporate certificates are required of the Obligor to settle these transactions.



The finance sources are a number of institutional investors (major insurance companies and pensions) acting as our finance sources. We have been able to develop excellent relationships over the past 15 years which allows this excellent program to be offered. Depending on who the rated entity is, industry type and other deal variables will determine which finance source is used for a particular transaction. All parties involved will know who the source is prior to settlement at the time we have a loan commitment and non-circumventing agreement in place.

Types of Monetized Transactions

Deferred Compensation

The deferred compensation proceeds from a sports contract or executive employment agreement can become an immediate source of cash for an athlete or executive today rather than in the future, through use of Monetization Financing. JTB works with professional sports agents and advisors representing professional basketball players, baseball players, football players and athletes in many other sports helping put them in control of their own earning power sooner rather than later.

The benefit of these financing transactions is significant; a professional athlete or executive gets direct access to and control over significant portions of future cash flows due to be received over multiple years. These earnings can be used to satisfy immediate obligations, or can be used for investment purposes, potentially generating additional future income.

JTB can structure benefit payments on a non-recourse basis, so that the professional athlete or executive receives and keeps the full benefit regardless of what happens to their team, company or sponsor. Athletes and executives can choose to monetize all or only a portion of their deferred compensation.

Deferred Compensation Transaction Example: A professional athlete negotiated a large contract that included 10 million in deferred compensation to be payable over the next 15 years. The player's agent negotiated that the deferred compensation be structured in the form of an annuity to guarantee the future payments. JTB can utilize Monetization Financing to provide the player with cash today – the present value of all or part of the future payment stream. This is done at very competitive rates without any fees.

Service & Supply Agreements:

JTB provides companies that are seeking capital the ability to monetize future revenue streams from service, supply, maintenance and other similar agreements that they have with investment –grade rated entities. This is accomplished with an amendment to an existing agreement or a new agreement that provides for a total dollar amount, at a specific date, and guarantees to make minimum required payments. Businesses can often use JTB's funding to grow. In other words, with contract monetization in place, companies have the ability to offer competitive pricing to their customers by way of extending payment streams over a longer time period. (Similar to offering 0% financing) With lower cost obligations, business owners can offer lower priced deals out pricing their competition

Service &Supply Sample Transaction: A contract manufacturer of pharmaceuticals has a multimillion dollar, five year contract with an investment-grade rated big pharma company. The contract manufacturer is seeking capital for operations and would prefer not to go to the equity markets or pay high fees for debt financing. The contract manufacturer was able to get the big pharma company to agree absolutely and unconditionally to make certain required minimum payments on a quarterly basis in years four and five of the contract. JTB provided Monetization Financing and provided the contract manufacturer with the present value of the future minimum payments at investment rates, on a non-recourse basis, without any fees, points, or equity

License Agreements:

There are significant opportunities for monetization of future revenue streams from licensing of intellectual property (IP). IP funding opportunities are prevalent, for example, in patent licenses, pharma/biotech licenses and royalties, as well as technology licensing. These license agreements are typically long term and have annual license fees and minimum annual royalty fees. As a result, they meet the sum-certain and date-certain payment requirements and if from an investment grade entity, can benefit from Monetization Financing. When the royalty or license fee stream fluctuates due to its linkage to sales revenue, often a minimum fee can be agreed on to satisfy the minimum payments for Monetization Financing.

License Agreements Sample Transaction: A private equity firm with various IP holdings, including rights to the name and likeness of a rising star in the golf world, has been approached by many companies looking to license the brand. An investment-grade rated sporting goods company is one of these companies. Rather than just negotiating a deal which pays the license fees and royalty payments over ten years the private equity firm negotiates the inclusion of language that provides for an unconditional promise to pay minimum license and royalty fees on an annual basis. JTB can provide Monetization Financing such that the private equity firm receives the present value of the future minimum license and royalty fees at investment rates, on a non-recourse basis, without any fees, points, or equity, and without having to wait ten years.

As this business model suggests, there is no single funding type that fits all, just the flexibility and cost effective nature of the funding itself makes contract monetization an integral part of the finance function.

Acquisitions:

There are several creative approaches to utilizing Monetization Financing t provide the funds necessary for a company to acquire a business. One approach is to monetize future revenue streams from service, supply, maintenance or other agreements that the company has with investment – grade rated entities. This can be accomplished with an amendment to an existing agreement, or a new agreement that provides for sum-certain and date certain unconditional promises to pay. JTB can provide Monetization Financing of the future minimum requires payments and perhaps provide enough cash up front to pay for the acquisition.

Another approach we see often is where an investment-grade rated entity wants to divest itself of an operating unit or division but still reap the benefits of their products or services. This company can cooperate with a management lead buyout or the sale to another company that they have confidence in taking over the business and running it successfully. As part of the sale transaction, the seller can enter into an agreement to purchase products/services from the entity they are divesting over a period of time. If the Agreement provides for sum-certain and date-certain unconditional promises to pay then JTB can provide Monetization Financing of the future minimum required payments and perhaps provide enough cash up front to pay for the acquisition.

Another approach would be if an investment-grade rated entity acquired a smaller company by utilizing our funds enabling them to structure the transaction such that they would not need to enter into a note with the seller (non-debt) and could pay for the acquisition solely through the forecasted benefits over a number of years while never paying a greater amount on a periodic basis than the forecasted cash benefits derived from the acquisition. All that is needed is an Agreement that's provides for sum-certain and date certain unconditional promises to pay in amounts, the present value of which, is equal to the purchase price. JTB can then provide Monetization Financing of these future required payments and provide the funding at closing for the acquisition.

Acquisition Transaction Example: Investment-grade rated entities are seeking to divest themselves of the physical plant and equipment related to performing assets, moving them off their balance sheets, while at the same time still seeking continued benefits from these assets. One industry section that JTB is participating in is big oil. Several of the big oil companies are looking to divest themselves of the underlying real estate and operations of large lots of gas stations while still having these stations sell their gas. They often turn to companies that have experience independently owning and operating gas stations. JTB can provide these operators with the funding to acquire the stations provided that the operators enter into an agreement with the Seller of the stations whereby the Seller agrees to make up any short falls in repayments. One way to get the Seller comfortable doing this is by the Seller and Operator entering into an agreement, with a term that matches the repayment term, whereby all credit card receipts go into an escrow account. On a monthly basis the trustee will make the required payments (sum-certain/date-certain) to JTB and the balance will be distributed to the Operator. Based on historical results and forecasts both the Seller and the Operator can come to agreement on repayment amounts and dates that give them both the comfort that sufficient funds will always be available to repay JTB. The agreement can also provide the Seller with additional security such as long term exclusive fuel purchase agreements, 1st mortgage on the real estate of some or all of the properties, etc. Both companies are happy. The seller has divested itself of certain assets, received all their cash at closing, and continue to have a revenue stream from the distribution of fuel. The acquirer is happy because they were able to fund the entire acquisition at competitive fixed rates, without any fees or diluting any equity.

Energy Savings Contracts

JTB is an active participant in the Energy Savings installation business. We work closely with energy savings companies to structure unique proposals for corporate or government entities that will be the end user and beneficiary of an energy savings installation.

Our funding strategies ensure that payments made by the investment-grade rated beneficiary of the energy savings are realized. Our flexible repayment terms provide energy savings installation.

Energy Savings Sample Transaction: Energy savings – whereby $X million of equipment installed will save Plant a minimum in excess of $Y million on their utility cost per year over a useful equipment life of 10 years. JTB will fund Energy Installation Company an amount equal to $X million plus profit from us at closing while we take assignment of a 10 year annual payment in arrears of less than $Y million, an amount which was negotiated between Energy Installation Company and Plant in an operating and maintenance agreement. This allows the Plant (investment-grade rated Obligor) to upgrade their facilities today and begin realizing the savings with no out of pocket nor any diversion of allocated capital budget dollars and receive an “infinite rate of return” on their investment as the energy savings will always be greater than the annual.

Renewable Energy and other “Green Initiatives”

Many new and innovative technologies are coming into the marketplace that helps alleviate both the growing “garbage” and energy problems facing us today. JTB can fund the large initial infrastructure costs typically associated with these types of projects and in so doing, can defer early repayment requirements until the facility is up and running and producing energy from waste. Corporations and municipalities that take the initiative to support these efforts and help in the creation of these facilities earn accolades from shareholders and constituents alike and in many cases are able to benefit from tax credits and other special treatment offered by the Government. In addition, participating in these projects is a big “win” for the corporate or government entity because there are large amounts of waste that need to be disposed of and they can now work with a waste to energy developer without laying out capital dollars by simply entering into a long-term waste disposal agreement that contains absolute and unconditional minimum waste disposal fees allowing the developer to use JTBs Monetization Financing to fund the building of the facility.

These plants cut down the transportation time and cost of moving waste, and; take away the need to purchase additional landfill sites and/or expand existing sites in the future, and; allow the investment-grade entity to enter into a long-term agreement with the developer that contains a better than market rate for waste disposal, and; allow the investment-grade entity to purchase energy produced from the facility at better than market rates and/or participate in the revenues of energy sold to outside entities, and; all earn all the benefits from a public relations standpoint of going “Green”.

Renewable Energy Sample Transaction: : Municipality is in need of an alternative way to dispose of 200 tons of waste per day. After reviewing various technologies and developer proposals the Municipality decides to work with a local developer that has a steam reforming process which will produce a high quality syn-gas product that can be used for energy production or as a building block for transportation fuels. The facility has the ability to accommodate a wide variety of wastes such as municipal solid waste, municipal sewage sludge, animal manures, wood waste, agricultural waste, C&D waste as well as others.

The facility will be constructed on municipal property located adjacent to the existing transfer station and landfill. The developer is able to fund the construction of the facility by entering into a 20 year waste disposal agreement with the Municipality that contains minimum required payments that are significantly less than the current waste disposal fees being paid by the Municipality. JTB provides an amount of funding equal to the present value of the future minimum required payments under the waste disposal

Equipment:

An structure and requirements for collateral and repayment relating to purchases of equipment differs from equipment leasing and other traditional equipment finance channels. Monetization Financing provides powerful access to funds, and can be used advantageously by either sellers or buyers of equipment. A major differentiator of JTB’s Monetization Financing over traditional equipment financing is that repayment of funds from JTB is not limited to the useful life or nature of the equipment. To the Seller, availability of Monetization Financing basically makes the equipment purchase by an investment-grade rated Buyer easier from several perspectives. More equipment may be able to be purchased, and certain purchases may be undertaken that may not have occurred through more restrictive traditional equipment finance channels. For the Buyer wanting to purchase big-ticket equipment, this funding model provides certain attendant advantages. These advantages include deferred and /or extended repayment terms and the ability to acquire more equipment now than current budgets allow.

Equipment Sample Transaction: An investment-grade rated University is looking to fund the build out of a new biotech lab on their campus. They have identified one of the leading companies providing turnkey lab development solutions. The total cost significantly exceeds the University's current budget but they recognize the value the lab will bring to the University and would prefer to develop it now rather than waiting several years for the full budget to be approved. JTB can fund the upfront costs and defer the commencement of repayment until such time that the facility is up and running allowing for a larger student population use of the new facilities and a larger amount of budgetary funds to be directed towards that department. This is a big "win" for both parties. The lab developer gets paid in full on an upfront basis and obtains business that it might not have been able to get without this funding product and the University gets their new biotech lab without having wait several more years or requiring the University to divert funds from other departments and/or other projects.

The two critical requirements that are needed for a client to utilize Monetization Financing:

1) An absolute and unconditional promise to pay from an investment-grade rated Obligor;

2) Date-certain and sum-certain obligations.

Our low interest rates are determined by a combination of the term of loan and credit of the Investment-grade Obligor.

Non-recourse to the Client......

Since we rely on the unconditional promise to pay from an investment-grade rated Obligor, funding is 100% non-recourse to our Clients.

No Fees or Equity Grants......

Generally there are no points, closing fees or transaction fees. Further, there is no requirement to grant equity (stock, options, warrants, etc).

Flexible Repayment Terms…

Unique flexibility in payment terms allowing the Obligor and Client to customize repayment to suit the specific cash flow and corporate needs of the project, including the option to defer initial repayment for up to ten years, and periodic scheduled payments extending from 1 year to 20 years.

Quick Approval & Closing Process :

1. Completion of Qualifications Sheet and subsequent due diligence.
2. Conference call/ face to face meeting to discuss details of project, parties involved.
3. Yes or no to funding request.
4. Legal document review and negotiation
5. Closing date scheduled.

100 Percent Loan To Value: Monetization Financing provides 100% financing of the discounted present value of the future payment stream..

No Maximum Amount: Transaction available at levels starting as low as $5 million with no upper limit. Large investment banks typically only undertake these private placements for deals in excess of $100 million.

Minimum Due Diligence: NO need to waste unnecessary time on various layers and committee approvals on the detailed review of client's financings, projections, business plan, collateral and other documentation. This is due to our over whelming reliance on the promise to pay of the investment –grade Obligor.

Competitive Fixed Interest Rates: Our low interest rates are determined by a combination of the term of loan and credit of the Investment-grade Obligor.

No Reporting Requirements: Our clients are not subjected to any post funding reporting requirements.

Getting started is very simple, as all the funder needs to establish is the 1) investment grade of the obligor, 2) language of the current contract. After those two things are established, a conference call is in order to move forward. Funding typically takes four weeks but can be done in as little two weeks..

Contract Financing fits the leasing model very nicely, much less expensive and onerous than equity or sub debt, and not subject to the same type of restriction dollar amounts leasing equipment provides. So long as there is an equipment component, contract financing can be used to acquire equipment necessary for the fulfillment of a service or supply contract, may provide much needed working capital to run your business, refinance existing equipment and improve cash flow, and accelerate contract revenues. Most leasing transactions can be so expensive, compromising the profitability of the deal. Contract financing may be the way to go if the deal size makes sense.

Software Transactions. One of the benefits of leasing is rolling soft costs, (such as training, and software, etc, into the financing arrangement. A service or rental contract can be written between the software supplier and the investment grade entity. Contract monetization gets the supplier the funds upfront. Investment grade entity can achieve their off balance sheet objective...

Components of Successful Equipment Contract Financing:

1) End user must be an investment grade entity

2) There must be a necessary equipment component

3) End user must provide a fixed, determinate, non-cancelable payment stream.

4) Early involvement of Industrial & Commercial Leasing Company (although can be successfully done by an amendment to the an existing contract)

5) Strong motivation on the end user’s part to have service and /or equipment provided

6) Proprietary contract language to your business advantage

7) Term of contract should be 2 years or more, (preferably 3 years).

A WORD ABOUT ADDITIONAL FUNDING OPTIONS

We often times get the call for cost effective funding options when company is not requiring the $5 million minimum for contract monetization, but they are still in need of cost effective financing. The new rule for banks to lend to small business is to at least have $6 million in gross annual revenue and above, and even then, the banks only look at certain industries. What can a business owner do to get cost effective financing when they don't meet the above criteria?

Banks are still the best financing option out of there, if you can find them. We are well connected with the banking community, and we understand who is funding and who is not. There are banks, and even credit unions, that will lend under $250,000 to your small business. Getting to them, and closing the deal is a hassle, but once the financing is in place, it's well worth the effort.

Lower loan amounts, (under $1,000,000) will typically start at 10%. If you are finding that you are in need of bank introduction, feel free to give us call. Yes, you could do this on your own, but if you are finding that you are not in an area that has business friendly banking, or you are just getting the run around, we will make an introduction to the right person in order to get the ball rolling for you.

Below is a sampling of the top banks that have lent less than $250,000 to small business owners, and to companies making less than $1,000,000 a year. Feel free to call us for a complete listing for your state, or visit www.jtbassociates.com.

Florida	Illinois	Georgia	California	Michigan	Texas	North Carolina
BankFIRST	BBT					
Fidelity Bank of Fl	Waycross					
American Enterprise						
Executive National Bk						
Platitinum Bank						
Flroida Traditions						
Premier Bank						
First Atlantic						
United Legacy Bank						
Summit Bank	Buenos Aires	Hamburg	London	Montreal	Rio de Janeiro	Sydney
Bank of Augustine	Calgary	Helsinki	Los Angeles	Moscow	Rome	Tel Aviv
Florida Gulf Bank	Chicago	Hong Kong	Luxembourg	Mumbai	San Francisco	Tokyo
Mainstreet Com Bk	Copenhagen	Houston	Lyon	Munich	Santiago	Toronto
Georgia	Dallas	Istanbul	Madrid	New Delhi	Sao Paulo	Vienna
Guardian Bank	Dubai	Jakarta	Melbourne	New York	Seoul	Warsaw
Glennville Bank	Dusseldorf	Jeddah	Mexico	Palo Alto	Shanghai	Zurich
Farmers State Bank	Frankfurt	Kuala Lumpur	Miami	Paris	Singapore	