

CARVER CROSS SECURITIES CORP.

Capital-Raising Services

Carver Cross Securities Corp. assists clients in securing capital in the private markets. Because identifying and approaching investors is but the first step in a complex endeavor that requires process design and management, technical financial analyses, transaction structuring, and negotiating investment terms, we act not just as placement agent but also as financial advisor. In this regard we perform a number of services, generally including:

1. advice on the preparation of written materials required in presenting the client company to potential sources of financing;
2. advice on the preparation of analyses of the likely financial performance and prospects of the client;
3. advice on the development of a financing strategy and plan appropriate in light of the client company's likely business/financial development and its capital requirements over time;
4. advice on the type of investor (strategic, financially oriented, etc.) that could be best suited for the client, and identifying and approaching specific potential financing sources;
5. assistance in the design, presentation, and discussion of specific transactions to be proposed to potential sources of financing, addressing such issues as:
 - corporate valuation; pricing of securities; and returns to investors;
 - transaction structure; and the design of securities to be issued;
 - non-economic terms, such as those relating to key governance issues;
 - shareholder agreements, including share-transfer agreements (tag-along rights, rights of first refusal or first offer, etc.);
 - voting agreements (proxies, voting trusts, etc.); and
 - exit strategies, such as corporate sale, IPO, buy/sell agreements, a "put", or cash-on-cash exit.
6. assistance in preparing management for, and conducting, discussions with potential financing sources;
7. managing the process of developing the interest of and negotiating with potential investors, including maintaining the pace of the process to move potential investors towards a closing;
8. orchestrating the due diligence process to ensure that potential investors' needs are satisfied while maintaining confidentiality and minimizing disruption to the client's operations;
9. assistance in negotiating the terms and conditions of financing transactions;
10. assistance in reviewing and negotiating drafts of the definitive transaction documents; and

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11. co-ordination of and consultation with other professionals (*e.g.*, lawyers and accountants) retained by the client in the capital-raising process.

All of our activities on behalf of the client are conducted within the context of one coordinated process which we, in conjunction with the client, design and orchestrate. All potential investors are drawn into a single process. This presents the client with the maximum opportunity to negotiate the best possible terms of the sale of its securities. It is unlikely to be in the client's interest to engage in one or more bilateral negotiations outside the organized capital-raising process or to conduct multiple parallel processes.

Thus, we act for the client on an exclusive basis. We believe this is in the best interest of the client's capital-raising objectives. In addition, it ensures that the adviser's interests and the client's interests are fully aligned and that the adviser is fairly compensated, regardless of which investor(s) ultimately provide capital to the client.

We represent only one client at a time in any given sector with the same objective. We give the client an assurance that, during the course of our work for them, we will not undertake a conflicting assignment.

In raising capital we focus on institutional investors – defined as any professionally managed pool of capital – and strategic corporate investors. We do not manage a venture capital fund. And we are not positioned to tap retail investors. Our capital-raising activities are conducted on a “best efforts” basis.

The capital-raising timetable begins when the client and adviser agree on the terms of the engagement letter. Prior to that time, the client should have a well-developed business plan. We assist the client in finalizing the business plan as well as the financial projections, presentations, and other materials that are needed in the capital-raising process. With those materials in hand, we complete the placement materials that are provided to potential investors. Once investors develop a strong interest in the opportunity, we commence negotiation of the terms of an investment as well as the transaction documentation. The process can be time consuming and we encourage prospective clients to contact us as soon as the need for capital comes under consideration.

Our compensation in a private-placement assignment typically includes three components: (a) a project fee, (2) a cash completion fee that is based on the amount of capital raised and that is paid at closing, and (3) in the case of equity raised, warrants to purchase shares on substantially the same terms as obtained from the equity investors. The other terms of an engagement include reimbursement of out-of-pocket expenses incurred on the client's behalf and various boilerplate legal provisions including indemnification.

For further information, contact:

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