

Exploring New Financing Alternatives in Today's Capital Markets

Sept 15, 2009

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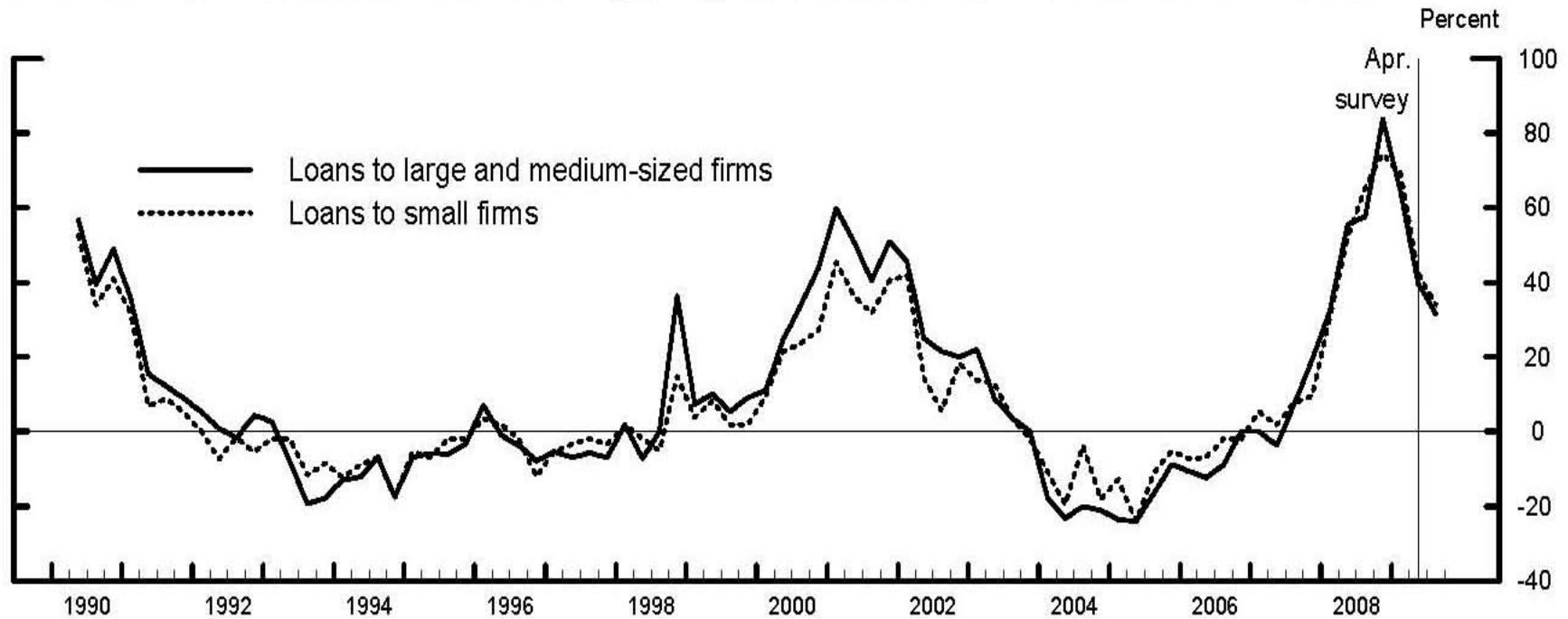
THE RECEIVABLES™
EXCHANGE
The Capital of Growing Businesses

Agenda

- **Today's Capital Markets – Federal Reserve Survey**
- **The importance of working capital as a source of funds**
- **An Alternative to Bank Financing – Accounts Receivable Auction**
- **Accounts Receivable Auction – How Does It Work?**

Today's Capital Markets

Net Percentage of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



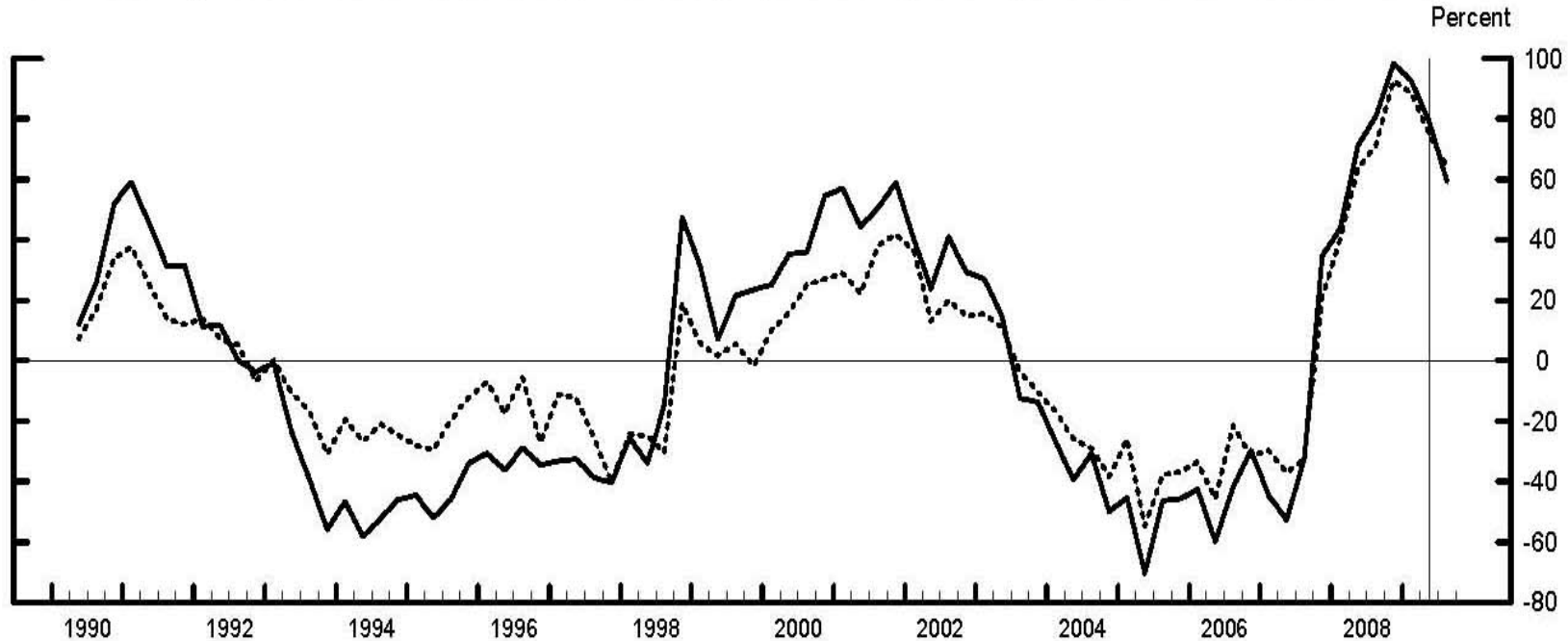
“Tightening Standards” implies

- More restrictive covenants
- Lower loan limits
- Shorter maturities
- Higher loan spreads
- More collateral

Source: Federal Reserve Senior Loan Officer Opinion Survey on Bank Lending Practices – Jul09

Today's Capital Markets

Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Banks' Costs of Funds

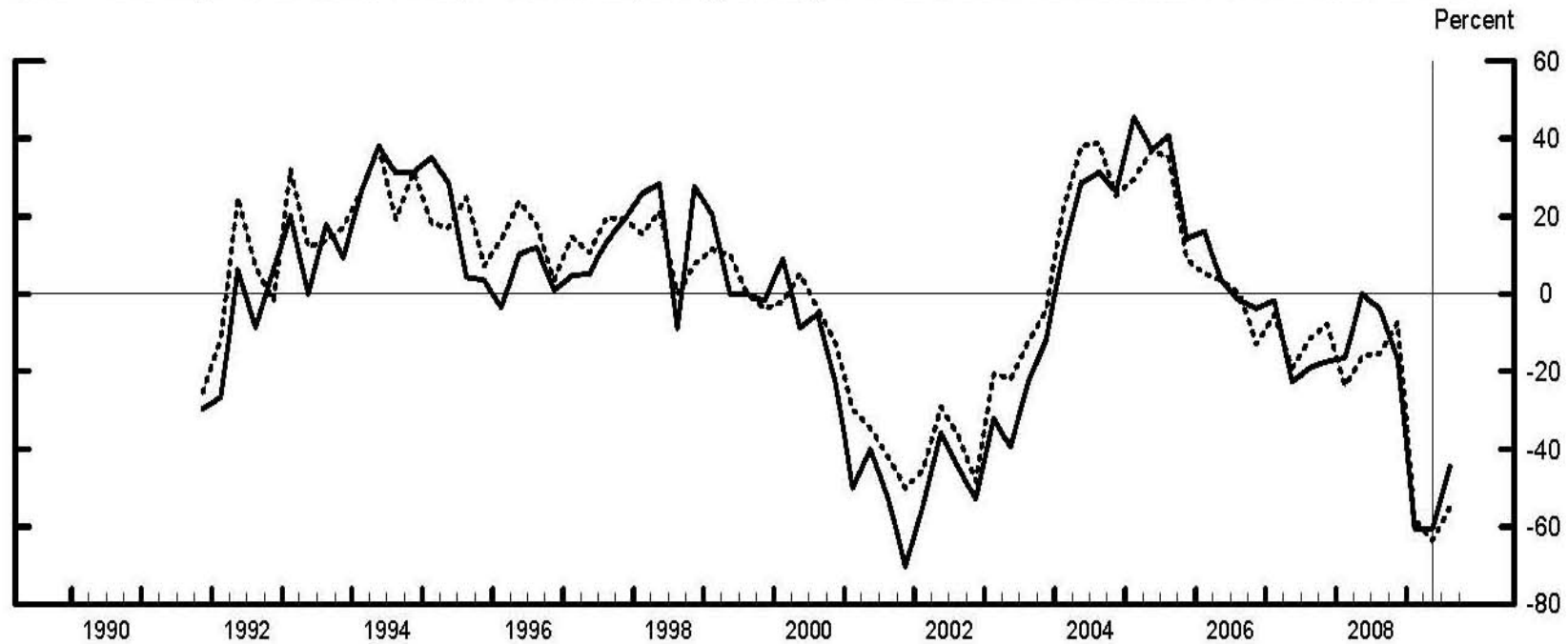


- % of banks increasing loan spreads declines, but rates remain high
- Spreads over LIBOR remain high
- Use of LIBOR "floor" becoming common

Source: Federal Reserve Senior Loan Officer Opinion Survey on Bank Lending Practices –
Jul09
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Today's Capital Markets

Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans



Loan demand remains weak but what is cause and what is effect? Demand is weak because:

- Economy is weak? “banks say yes”
- Price / spread is high? “corporates delay needs because of cost?”
- Fewer corporates qualify “tighter standards reduce applications?”

Source: Federal Reserve Senior Loan Officer Opinion Survey on Bank Lending Practices –

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Outlook: Bank Credit

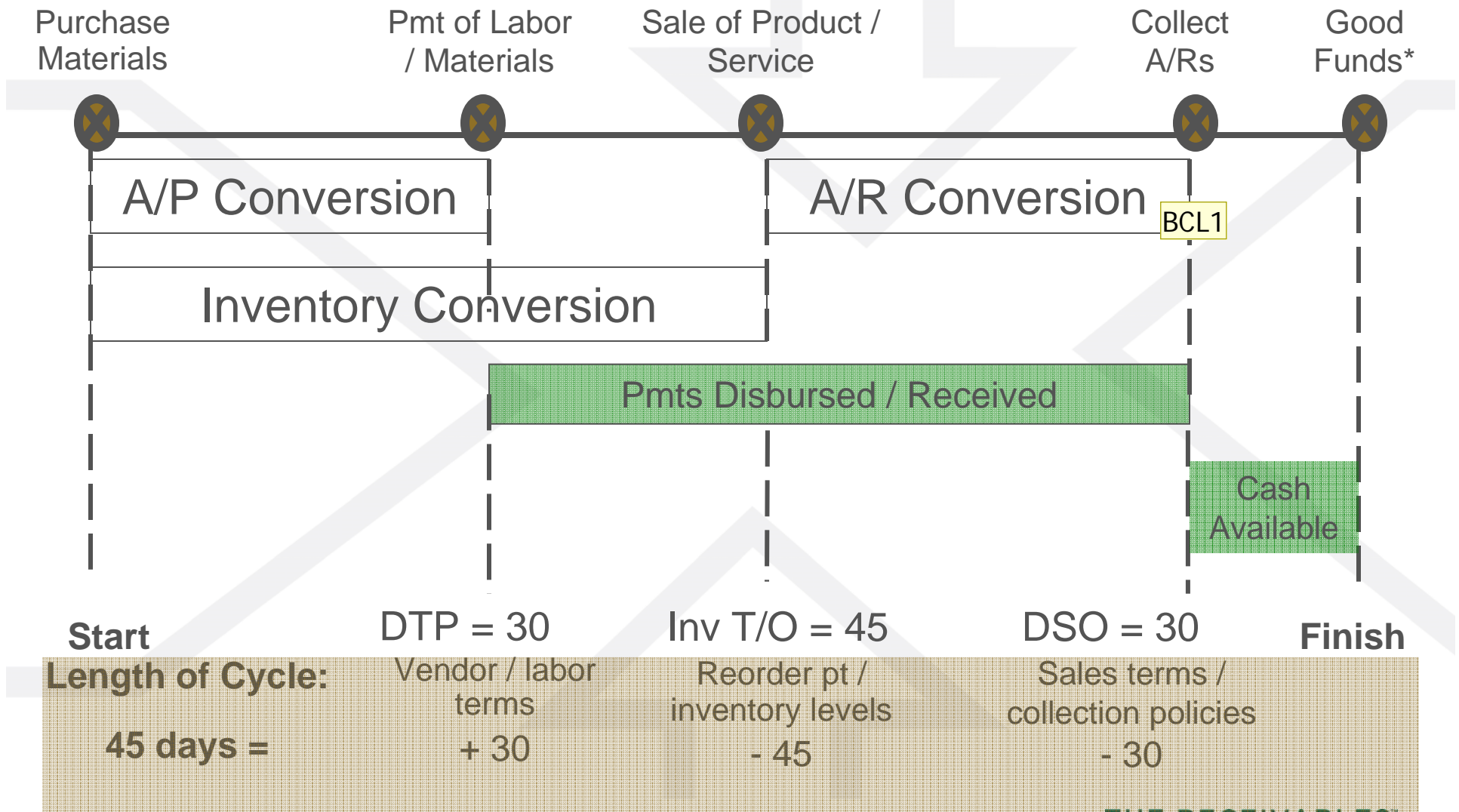
When will credit standards by banks return to “normal”?

- Investment Grade Companies
 - 11% of banks say in 1st half 2010
 - 36% “ “ “ in 2nd half 2010
 - 20% credit standards to remain high
- Non Investment Grade
 - 29% of banks say in 2nd half 2010
 - 31% “ “ “ in 2011
 - 23% credit standards to remain high

Conclusion

- Non investment grade companies will wait longer for credit
- Operating cash flows will become a more important source of liquidity
- Companies will need to explore other, non bank sources of credit to fully meet their credit needs

Cash Conversion Cycle: The Major Source of Liquidity



* 0 - 2 day delay after deposit = pmt processing float.

Slide 7

BCL1

AR conversion includes such inefficiencies as time in the mail and time to bill. Therefore even with std terms on "net 30" a company would see its AR conversion be 46 days or longer (10 days to produce invoice, 3 days to mail invoice, 30 days to pay, 3 days for check to get to lockbox or company)

Once payment is received there are bank fees to process a payment + company admin costs to apply payment, reconcile, post and research errors)

Since check payments create float of 2+ days the "real" AR conversion from sale to good funds is closer to 46 days.

bruce lynn, 6/2/2008

Other Uses & Sources of Capital

Trade credit is the **Largest Use** of capital for SMBs

Sources of Capital

Accounts Payable

Owner Capital

Banks Loans

Other

- To manage the working capital demands of escalating receivables, companies are forced to stretch payables
- Payables represent the largest source of capital for businesses and can hamstring a company's growth

Uses of Capital

Accounts Receivable

Plant & Equipment

Inventory

Other

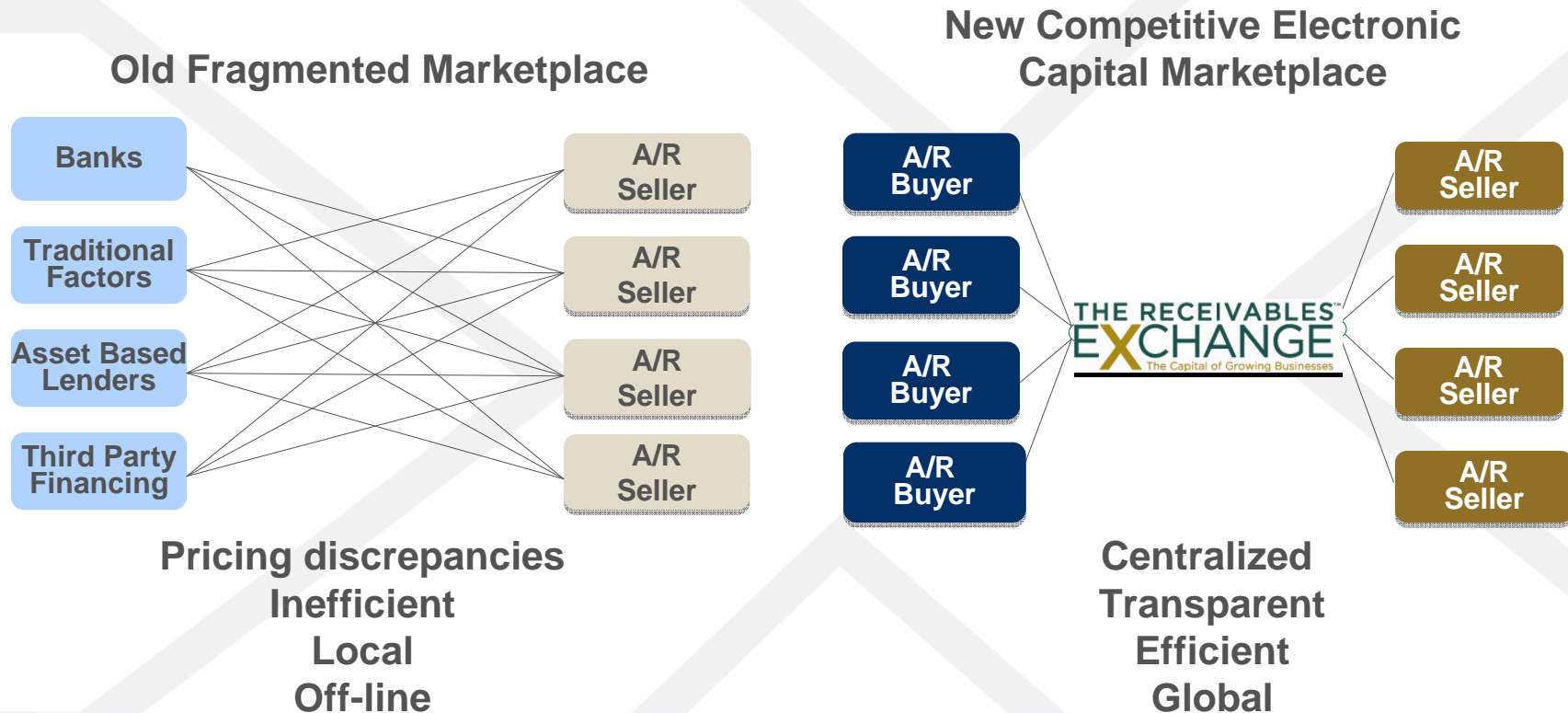
- SMBs are being asked to extend terms to their customers
- Giving this "free loan" to their customers, is not economical and is not a viable option for most companies

Who are we: The Receivables Exchange

The Receivables Exchange is the first online exchange marketplace providing small and mid-sized businesses with quick and easy access to capital through a competitive auction process.

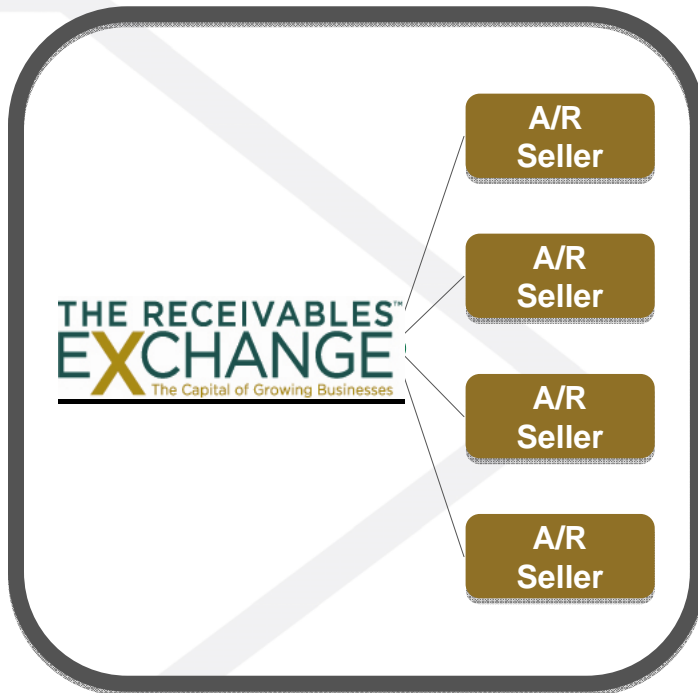
The Exchange gives companies the flexibility and control to effectively manage their working capital through the online sale/monetization of their accounts receivable via direct access to accredited capital providers in a transparent and highly efficient marketplace.

Why We are Better: Power of the Exchange Model



Why We are Better

Receivables Sellers Maintain COMPLETE CONTROL



- When to auction invoices
- Which invoices to auction
- When the auction closes
- Minimum advance amount
- Maximum discount fee paid

A/R Buyer

bids that fall outside of

A/R Seller

parameters are invalid

Exchange Participants

Active

TRE Buyers

- Global network of accredited capital providers
- Hedge Funds, Investment Banks, Commercial Banks, ABLs, Traditional Factors
- Submit bids according to risk profile

TRE Sellers

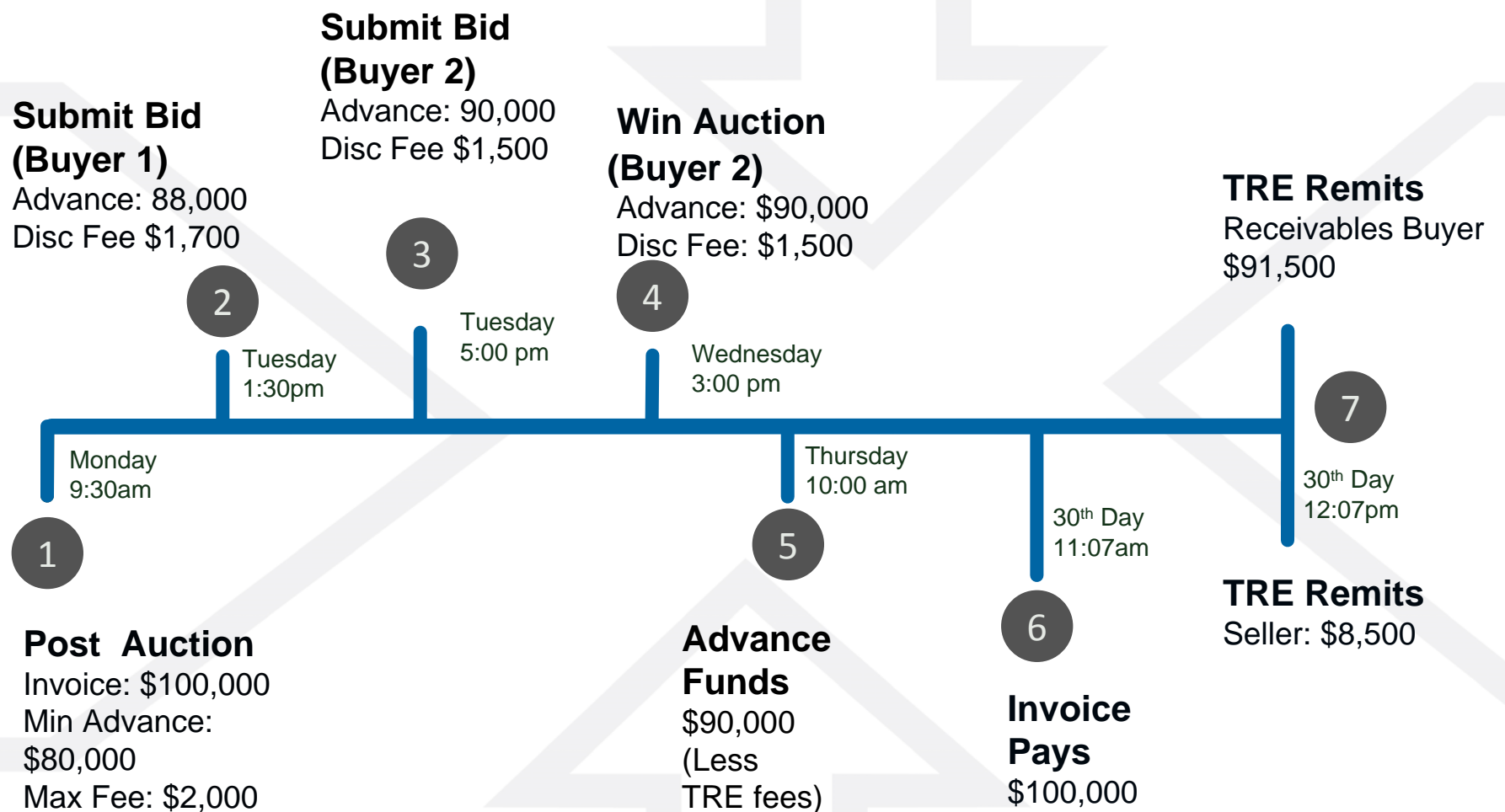
- America's nearly 3 million B2Bs seeking access to capital
- Enjoy the benefits of control, flexibility and access
- Able to set all auction parameters post receivables according to cash flow needs

Passive

Account Debtors

- Customers of TRE Sellers - responsible for paying the Seller's invoice
- Account Debtors are not notified that the Seller has posted the receivable
- Account Debtors pay the full payment to a TRE lock box

How The Exchange Works



How We are Different: TRE vs Asset-Based Lending

	The Receivables Exchange	Asset-Based Lending
Notification	Anonymous with Selective Notification Option	Notification required, buyer disclosed to the debtor
Verification	Anonymous	Verification required - buyer disclosed to the debtor
Cost of Capital	Competitive bidding decreases cost	Higher costs due to captive relationship
Fee structure	100% transparency	Lack of transparency and layers of fees can add to cost of funds
Covenants	No restrictive covenants	Numerous restrictive covenants
Personal guarantees	None	Required
Asset lien	Single receivable lien	All asset lien
Efficiency	100% STP, 1-10 days to fund	All transactions are unique and customized; 15–30 days to fund

Proven Technology

TRE Platform

- Adobe AIR client application installed directly on Seller's desktop
- Trading activity and data transmission flows directly from Seller's desktop to TRE
- Not accessible by internet

TRE Seller Data

- Only Buyers can access
- Robust Encryption
- Mandatory Access Control (MAC)
- Principle of Least Privilege

The Exchange's Trading Platform has been developed by the same team that created industry leading fixed income trading platforms.

Utilizing straight-through processing and real-time bidding & monitoring, the

platform accurately and securely funds, trades, processes, manages and settles all transactions.

The technical architecture provides a highly scalable, fail safe and autonomous solution that can trade

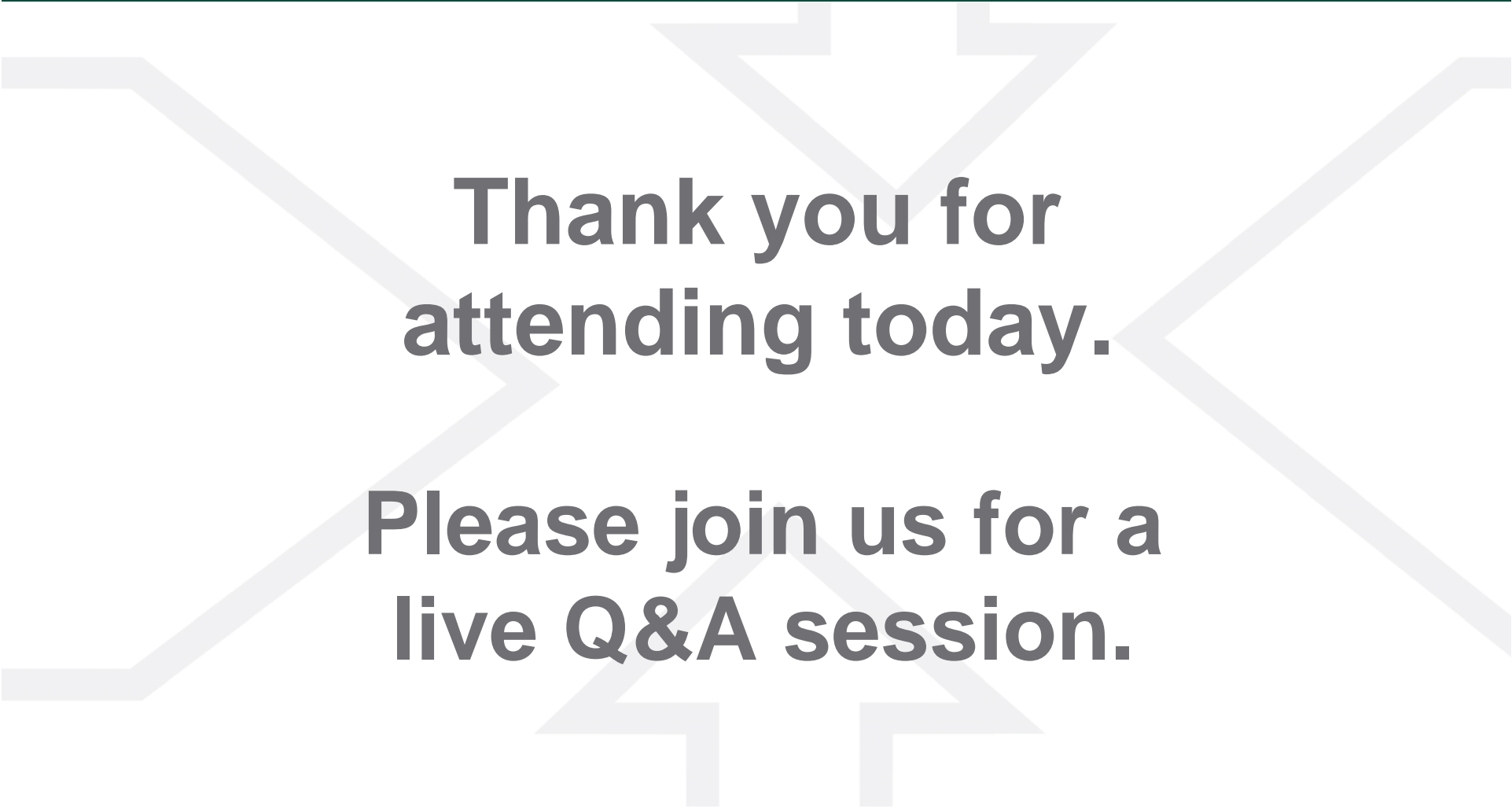

multiple types of AR instruments and ensures transactional integrity.

We have identified three critical factors that drive successful commodities markets: transparency, security and efficiency.

The Exchange's platform manifests these success factors through our use of straight-through processing, market-value pricing and the full transparency of all exchange transactions.

Media Coverage





**Thank you for
attending today.**

**Please join us for a
live Q&A session.**

The Receivables Exchange

**The World's First Online Marketplace for
Real-Time Trading of Accounts Receivable**

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