

MEZZANINE DEBT WITH WARRANTS

Prudent Capital has a fund available to provide mezzanine debt to later stage, profitable, operating companies. For those qualifying businesses, we are pleased to offer a loan with the following terms:

2% origination fees

A 12 - 15% per annum current interest payment

Detachable warrants received to bring total annual internal rate of return to 20 – 25%

Interest only for up to 2 years if desired and fully amortized over a 3 - 5 year period thereafter

Loan amounts between \$1 and \$10 million

No prepayment penalties after the 2nd year and frequently a cap on our total return

To qualify for this loan, companies will be required to satisfy the following criteria:

Minimum of \$5 million of annual revenue and \$500,000 of annual EBITDA

History of consistent profitability

Ratio of free cash flow to Prudent Capital's debt service of at least 2:1

Positive tangible net worth strongly preferred

Please call for more information

c/o Prudent Management, LLC

1150 Connecticut Avenue, NW • Suite 900 • Washington, DC 20036

Telephone: 202.828.9041 • Fax: 202.296.6293 • info@prudentcapital.com