PRINCETON TECHNOLOGIES INTERNATIONAL INC.
A Global Technology Company

Overview of:

Securities-Backed Debt Financing – US & Emerging Markets

First Quarter - 2011

Overview of Securities-Backed Debt Financing

Securities-Backed Debt Financing is a Low-Cost, Readily-Available Source of Capital

With difficult market conditions, many institutions, companies and governments face significant challenges raising capital

- Capital and debt markets are very challenging for many companies that need growth and liquidity capital for near-term needs
- Banks and other lenders are very cautious in their risk tolerance in funding new loans in the current markets
- Banks are more stringent with regard to:
  - Amount of collateralization on cash flows and asset value
  - Seniority and/or extreme flexibility in capital structure
  - Pricing, complexity, terms and overall cost of capital
  - Level of recourse to the client
- Opportunistic debt providers and hedge funds offer terms that can be much more aggressive with expensive equity kickers and high interest rates as well as significant asset collateralization
- Timing to close on most types of funding transactions is protracted in the current market, creating liquidity obstacles to companies seeking near-term growth capital or long-term working capital

Overview of Securities-Backed Debt Financing

The Securities-Backed Debt Financing structure is an ideal capital raising option for institutions, companies and sovereigns that need capital on simple terms that is cost-effective and quick to close

- Debt capital provided that is collateralized by publicly traded securities only
  - Completely <u>non-recourse</u> to the borrower
  - Avoids encumbering valuable company assets
- Interest rates between 2-4.5% fixed, simple interest, payable quarterly for the term of the loan
  - Existing interest or dividend yield can also be used to offset interest cost of loan
  - Matching balloon payment at term end
- Shari'ah Compliant (0% interest effective)
- Attractive, high loan-to-value (LTV) ratios and low interest rates
- Minimal investor due diligence and time burden on the company
- T+5 closing process is approximately one week, after legal processing by major US law firm
- Borrower retains control - funds can be used for any purpose at borrower's discretion
- Per definition of a REPO, the borrower retains beneficial ownership of the stock throughout the term of the loan
- Thusly, all upside appreciation is retained by the borrower
- Intentionally private and discreet funding and capital distributions
- Favorable tax treatment*, filings and local regulatory compliance

*Borrowers will need to seek outside accounting and tax advisory.

Overview of Securities-Backed Debt Financing

What is a Securities-Backed Debt Financing?

- The Securities-Backed Debt structure has been established for over 35 years, and utilized by banks in their interbank lending repurchase (REPO) transactions to manage their income and balance sheet stability

- Banks cannot offer these types of transactions to non-bank customers as banks are subject to regulations such as Regulation U and Regulation T.

- Our specialty institutional private equity fund is focused on providing these Securities-Backed Debt financings to new market participants:
  - Public or private operating companies of any industry in most places in the world
  - Governments and municipalities
  - Hedge funds and sovereign wealth funds
  - High-net-worth individuals and family office funds

- Several major balance sheet banks participate directly in the transactions with our private equity funder

Eligible Securities

Publicly traded in most countries on any major exchange:

- Stocks, ADRs, GDRs, EFTs, UITs, REITs, Indexes, Corporate Bonds,
- US Treasuries, MTNs or many Sovereign Nations Issuance

Non-Eligible Securities

- Privately held Stocks or Bonds
- Securities held in 401(k) accounts

Overview of Securities-Backed Debt Financing

Who Can Benefit?

- Beneficiaries of Securities-Backed Debt financings garner particular interest from the following:
  - Asset intensive businesses, such as airlines, industrial companies, auto manufacturers and REITs
  - Project managers such as Renewable Energy and Real Estate developers
  - Cleantech and technology companies looking for quick capital infusions
  - Asset managers, sovereign wealth funds, governments as well as company management and individuals
  - Better management of stock buyback programs – with cash in hand, make better market timing decisions

- The Securities-Backed Debt financing has many unique features that make it very attractive to those seeking near-term and long-term capital
  - Fund is a global-low-cost institutional provider of ARB-rate capital
  - <u>Non-recourse to the borrower</u> – no liens or encumbrances on any company assets
  - <u>Low cost of capital</u>
    - Interest rates between 2-4.5%
    - Reduced due diligence burden on individuals, institutions, companies and governments
    - Lower closing costs
    - Shortened time to close
      - Closing can happen in as fast as one week
      - Can also be closed at once or in multiple tranches over weeks and months

Overview of Securities-Backed Debt Financing

Who Can Benefit?

- The use of proceeds to the borrower has no limitations or restrictions from the PE fund
  - All transactions are executed discreetly
  - There is no change in beneficial ownership of shares by the definition of a REPO
  - Any project can be financed quickly without troublesome layers of financial complexity
  - The use of funds is unrelated to the securities being collateralized ; solar owner/developers keep SRECS
  - In many cases, for example in the United States, limited SEC filings* are required, the transactions are executed privately and discreetly
  - Our speed from start to finish funding has many benefits

*Normal course of business filings are the responsibility of the company

Overview of Securities-Backed Debt Financing

Typical Terms and Structural Details

- Securities-Backed Debt financing is a repo loan
  - NOT considered a "constructive sale" under IRS and SEC rules and is NOT a "tax event"
    - Securities are posted to one of the custodial accounts of the PE funds at the balance-sheet banks as listed on slide 9
  - Beneficial ownership is retained by the Company or original owner throughout the life of the loan
    - All market value trading upside is kept by the Company / owner
    - No board seat required and no voting control of securities
    - NON-SHORTING clauses explicit in the transaction documents

- The fund activates a "delta-neutral" algorithmic hedging strategy in the securities, using balance-sheet banks risk management platforms and partners for an integrated risk abatement strategy
  - Quantitative algorithmic program trades the securities in small buys and sells, which over a short period of time, creates a neutral, low-volatility balance in the market of the securities
  - Average daily trading volume usually follow a noticeable upward trend
  - Through the small daily and weekly trading in the securities, the fund makes it's profit

- Terms are minimum of three (3) years up to ten (10) years, but includes options for refinance

- Loan-to-Value (LTV) ratios range from 50% to 90% based on the trading liquidity of the securities

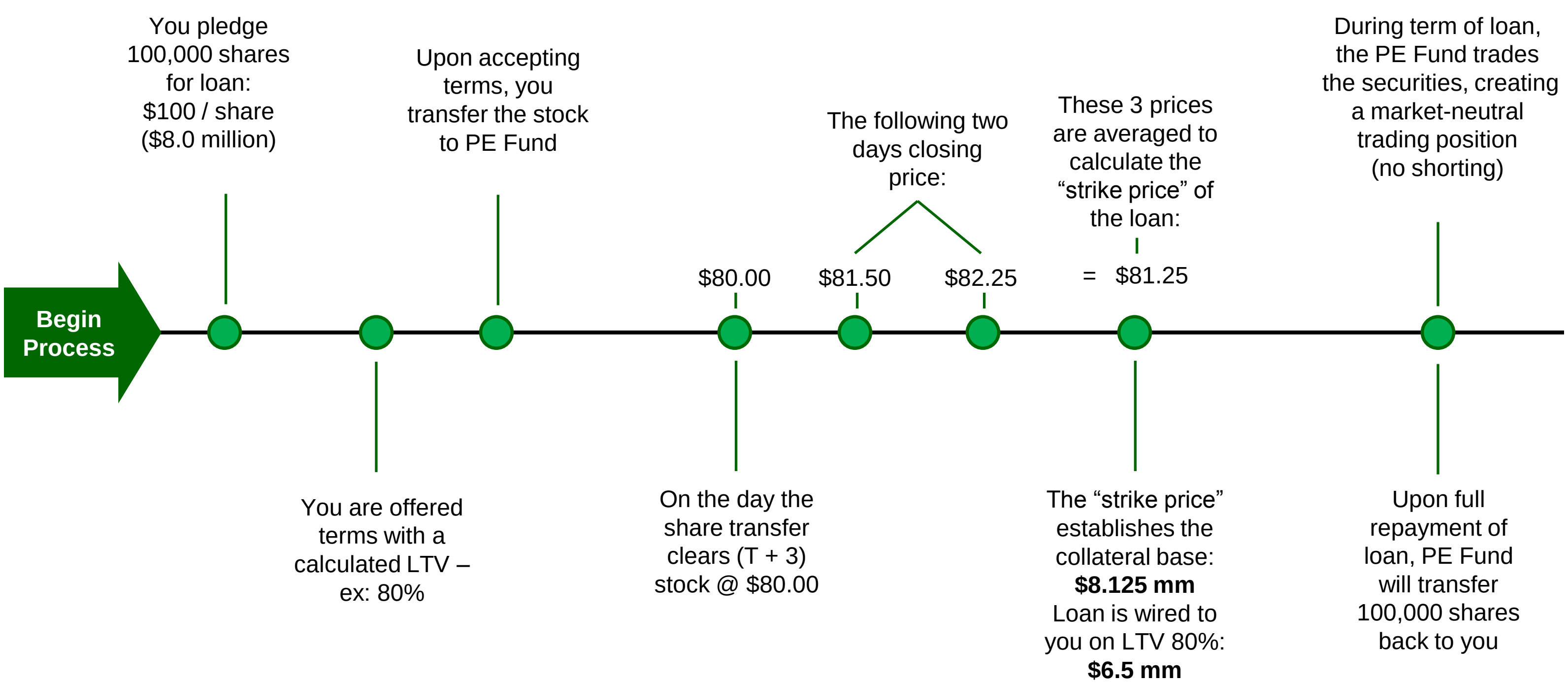
- Interest rates between 2-4.5% fixed, charged simple interest, payable quarterly throughout life of the loan
  - Existing interest or dividend yield can be used to offset interest cost of loan

- Threshold for margin call is 80% of loan amount – not initial pledged collateral value
  - For example a $1 stock with a 70% LTV = $0.70cents loan.
    Our threshold is 80% of the loan amount ($0.70) = $0.56
  - If for 3 consecutive trading days the shares drop below 44% of the original share value the client has the option to exercise the non-recourse provision and "walk away" or post more collateral in 5% increments
  - The client has 5 trading in the United States and 10 trading days elsewhere to make the decision

Transaction Process Timeline

Example of an Executed Transaction Process Timeline

EXAMPLE: Pledging stock as collateral.



Case Studies – Industry examples (Over 800 Transactions Completed in Last 10 Years)

1. REITs Case Study

- Our funding structures are ideal for reorganizing expensive capital structure with simple fixed cost or yield matching rates
- Global low cost provider of ARB-rate capital
- Extremely non-restrictive nature
- Corporate governance influenced by the lenders
    - Our fund structures give management the cash and the control to execute business strategies efficiently and promptly
    - Avoid corporate governance influenced by the lenders, mezzanine, equity holders
    - Cost of capital for equity and mezzanine is very expensive with numerous kickers, sweeteners and liens involved; not the case with our fund structures
    - Management retains the ability to re-lien, resell, restructure or dispose to the assets
    - No restrictions on the cash flows
    - Avoid Cross Collateralization
- Long maturity dates with flexible extensions
- In the United States, avoid the 2.5% mortgage cost
- PE fund is not on the boardrooms, so no voting decision
- Recourse shows only against the equity, so assets can show free and clear on the balance sheet
- Borrower retains beneficial ownership of the stock throughout the term of the loan
- All upside appreciation is retained by the borrower
- Interest rates between 2-4.5% fixed, simple interest, payable quarterly for the term of the loan
    - Existing interest or dividend yield can also be used to offset interest cost of loan
    - Matching balloon payment at term end

Case Studies

2. Cleantech, Media & Technology

- Borrower maintains control of IP property, licensing and product distribution
- Global low cost provider of ARB-rate capital for pipeline development
- Cheap cost of capital to speed to execution at marketplace
- Capital can be deployed for long-term projects, R&D, distribution, marketing
- Cheap cost of capital for acquisition
- Avoid all the headaches of the typical investment banking road shows
- Corporate governance influenced by the lenders
    - Our fund structures give management the cash and the control to execute business strategies efficiently and promptly
    - Avoid corporate governance influenced by the lenders, mezzanine, equity holders
    - Cost of capital for equity and mezzanine is very expensive with numerous kickers, sweeteners and liens involved; not the case with our fund structures
    - Management retains the ability to re-lien, resell, restructure or dispose to the assets
    - No restrictions on the cash flows
    - Avoid Cross Collateralization
- Cleantech Project Finance Example:
    - Solar developer can use the capital to finance the solar project
    - Solar developer keeps all the assets, including the RECs
    - Further you can purchasing buildings
    - Use the loan amount refinance the current debt structure
- Non equity participant in any ***form*** underlying project
- Non negative drain on cash flow with a yield matching event - Our yield matching strategy can offer you a non cash flow event by taking dividends in lieu of quarterly interest payments

Case Studies

3. Airlines

- Global low cost provider of ARB-rate capital
- No cross collateralization on routes, airplanes, terminals, or other assets
- No fuel hedging costs/requirements by the PE fund
- Avoid the high cost of airline leasing and equity with extreme restrictive covenants on leasing
- No restrictions on M&A, joint ventures, workforce restrictions
- PE fund does not participate on the boardroom, so no voting decision
- Recourse shows only against the shares, so assets can show clearer on the balance sheet
- Effective use of expansion capital and operational cash flows
- Corporate governance influenced by the lenders
    - Our fund structures give management the cash and the control to execute business strategies efficiently and promptly
    - Avoid corporate governance influenced by the lenders, mezzanine, equity holders
    - Cost of capital for equity and mezzanine is very expensive with numerous kickers, sweeteners and liens involved; not the case with our fund structures
    - Management retains the ability to re-lien, resell, restructure or dispose to the assets
    - No restrictions on the cash flows
    - Avoid Cross Collateralization
- Interest rates between 2-4.5% fixed, simple interest, payable quarterly for the term of the loan
    - Existing interest or dividend yield can also be used to offset interest cost of loan
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Case Studies

4. Industrial, Automobiles & Manufacturing

- Global low cost provider of ARB-rate capital
- Operating Benefits:
  - Better receivable management, smoother cost structure and improved purchase management
  - Company no longer needs Line of Credit, which have liens on company receivables; not in our case
  - Effective use of capital for company needs such as expansion capital, working capital, M&A
- Capital Structure Benefits:
  - Use the fund to restructure company debt or existing capital structure
  - Setup your own Finance division their own equipment at favorable rates (and eliminate external credit)
  - We can deploy capital into “newly registered” treasury stock, new issuances and secondary
- Corporate governance influenced by the lenders
  - Our fund structures give management the cash and the control to execute business strategies efficiently and promptly
  - Avoid corporate governance influenced by the lenders, mezzanine, equity holders
  - Cost of capital for equity and mezzanine is very expensive with numerous kickers, sweeteners and liens involved; not the case with our fund structures
  - Management retains the ability to re-lien, resell, restructure or dispose to the assets
  - No restrictions on the cash flows
  - Avoid Cross Collateralization
- Interest rates between 2-4.5% fixed, simple interest, payable quarterly for the term of the loan
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Case Studies

5. Utilities scale power gen and mining

- Global low cost provider of ARB-rate capital
- Capital can be used to fund utility scale hydro, wind, solar projects
- Long-term capital intensive outlays, over long lead times
- Less pushback from regulators, low cost of financing for long-term renewable power projects financing
- Viewed very favorably by PUCs and regulatory bodies because the cost of capital is low, long-term and steady
- Potential to reduce overall cost of electricity to end power consumer
- Hedging strategies
    - Low cost of capital
    - Affordable hedging against commodity swings
- Corporate governance influenced by the lenders
    - Our fund structures give management the cash and the control to execute business strategies efficiently and promptly
    - Avoid corporate governance influenced by the lenders, mezzanine, equity holders
    - Cost of capital for equity and mezzanine is very expensive with numerous kickers, sweeteners and liens involved; not the case with our fund structures
    - Management retains the ability to re-lien, resell, restructure or dispose to the assets
    - No restrictions on the cash flows
    - Avoid Cross Collateralization
- Interest rates between 2-4.5% fixed, simple interest, payable quarterly for the term of the loan
    - Existing interest or dividend yield can also be used to offset interest cost of loan
    - Matching balloon payment at term end

Case Studies

6. Sovereigns

- Global low cost provider of ARB-rate capital
- Fund is currently under deployed in developing markets with minimal geopolitical risk
- Eliminate the political and economic complications of financing
  - Cumbersome international fund raising standards, accounting rules and disclosures
- Tax payers benefit from reduced economic risk with cheaper cost of capital
- Ultimate privacy and discretion of the capital distributions
- Sovereign controls use of proceeds upon funding
- Ownership of assets retained by the sovereign
- Process does not involve raising sovereign debt
  - Hence no impact on sovereign balance sheet because we loan against collateralized assets
- Hold cash and gather better negotiating leverage for public -private partnerships
  - Our fund structures give the sovereign the cash and better control to implement policies and projects efficiently and promptly
  - Management retains the ability to re-lien, resell, restructure or dispose to the assets
  - No restrictions on the cash flows
  - No recourse against the assets
  - Avoid Cross Collateralization
- Interest rates between 2-4.5% fixed, simple interest, payable quarterly for the term of the loan
  - Existing interest or dividend yield can also be used to offset interest cost of loan
  - Matching balloon payment at term end
- Shari’ah Compliant (0% interest effective)

Case Studies

6. Sovereigns - Continued…

- An example would be environmental restoration projects where ROI is not calculated in terms of dollars, but is in terms of extremely long-term and nearly impossible to calculate cost to national security, resource management and human health.
  - Cost of capital containment vs. ROI
  - Return ***of*** capital vs. Return ***on*** capital
  - Our fund is underexposed globally in the following areas
    - Energy management
    - Water management
    - Food resources
    - Ecosystem restoration
    - Power Generation
    - Shipping ports
    - Green cities and infrastructure
    - Waste management
    - Renewable power generation
    - Established clean technology

PE Fund Loan Procedures

Next steps to closing

- Our PE fund reviews the following security information:
  - Name of security
  - Symbol
  - Number of shares
- Gives initial loan indication
- A deposit if $30,000 USD is paid to Princeton (Fully Refundable if not approved by Lender)
- Assuming there is interest, the PE fund will issue a Term Sheet and Application to the owner
- The PE fund receives and reviews the required information for the loan documents:
  - Application
  - Signed term sheet
  - Copy of legal I.D.
  - Ownership documentation of security
- Ice Miller prepares and sends loan and pledge agreements to the Owner
- Owner reviews, signs, and returns the agreements to Ice Miller
- PE fund then executes the agreements and Ice Miller sends copies to both parties
- Owner authorizes the delivery of the security per the delivery instructions as provided by the PE fund
- CUSIPs must be free delivery via Euroclear or DTC to the PE fund account at one of the five balance-sheet banks
- PE fund then completes the transaction by providing the funds as per the Agreement

Executive Overview

Transactions Backed by Strong Banking and Legal Relationships

Key Banking Relationships	Key Legal Relationships
JPMorgan Chase & Co.	DLA Piper
Credit Suisse	O'Melveny & Myers LLP
Deutsche Bank	Ice Miller LLP
BNY Mellon	Crowe Horwath.
Crédit Agricole	

Executive Overview

Key Contact Info

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