

Introduction to

**HARRISON CAPITAL
CORPORATION**

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INTRODUCTION

Harrison Capital Corporation ("HCC") is a private investment banking firm specializing in structuring, syndicating and executing medium-to-large scale tax-advantaged institutional financings. HCC has particular expertise in arranging single-investor and leveraged leases and off-balance sheet loans. HCC is also experienced in developing finance programs for equipment manufacturers seeking product sales support and assisting financial institutions in establishing equipment finance operations. Specific financial services provided by HCC include:

- Arranging equipment and real estate lease financings
- Arranging project financings
- Developing vendor finance programs
- Private placement of debt
- Advising on Section 42 tax credit investments
- Portfolio sales, management and analysis
- Securing financing that satisfies our client's minority-sourcing objectives
- Providing turn-key marketing, document preparation, administrative and accounting support to financial institutions seeking to establish leasing operations

HCC is retained to provide assistance and advice to clients with asset-based financing requirements and those who are seeking investments in such financings. The scope of HCC's participation is full-service support for the client, from the initial evaluation/discussion to the successful completion of the transaction.

HCC concentrates in the placement of both equity and debt for equipment and real estate leases and loans in the range of \$100 thousand to \$100 million. We are experienced in all aspects of preparing and packaging these transactions. From detailed financial structuring and planning through accounting and tax analysis to documentation and administration, HCC has earned its reputation as a firm which finds the best possible transactions for its clients, then holds them together to completion.

HCC also arranges for the acquisition and sale of entire portfolios of leases and secured loans to its corporate and institutional clients. We have the experience and expertise to analyze and price these transactions, to counsel with all parties on pricing and structure, and to locate buyers, sellers, and funding sources for prompt transaction closings.

We have successfully assisted financial institutions in the establishment of equipment leasing operations. In association with our clients, HCC assists in the development and implementation of objectives, constraints and criteria against which possible transactions can be evaluated and assist in the development of a strategic plan. Our services include, but are not limited to:

- Preparation of financial projections
- Creation of a marketing strategy and underwriting policy
- Determination of lease structures to offer

- Establishment of pricing guidelines
- Identification of required accounting, tax and administrative support
- Marketing (soliciting, screening, transaction summarizing, financial analysis, preparation of proposals and etc.)
- Providing lease structuring and pricing support
- Providing advice on documentation and/or preparing documentation
- Providing accounting and tax information
- Providing portfolio management and syndication services
- Performing equipment disposition services

Expertise in Arranging Asset-Based Financings

The principals of HCC have been involved in equipment financing since the late 1970's in various positions with Whirlpool Corporation, Ford Motor Company, U.S. Leasing, Kendall Capital Partners, L.P., Clark Equipment Credit Corporation, Export Development Corporation and Deutsche Financial Services, D'Accord Financial Services, Bank of America, Rolls-Royce North America, Chrysler Financial, Koch Industries and Dana Commercial Credit. See Resumes in Section III.

As evidenced by our transaction list in Section IV, a unique feature of HCC is that our people have had direct "hands-on" experience on all sides of a lease financing. Our clients receive the benefit of this experience. When we act as an advisor to a lessee or lessor, we bring a special insight--we have been lessees and lessors and are, therefore, better at understanding the issues of our clients in acting as an advocate for their position. This personal knowledge of the impact of the issues serves both our lessee and lessor clients.

Client and Equipment Knowledge

Much of HCC's work and historical success in arranging financings comes from establishing a very detailed and cooperative relationship with our clients and fully understanding their objectives and constraints. We are good listeners and work to structure and arrange financings which will please the financial and legal departments of the client. Our staff members have direct corporate experience in facility and equipment financings derived first-hand at Fortune 500 companies and banks, which adds to our sensitivity to issues that are important to the client.

Reputation for Obtaining the Most Attractive Financings

Tax-based financings such as leases are one of the few financial mechanisms where creativity can enhance or maintain the cost of a financing to the "borrower" while enhancing or maintaining the yield of the investor. HCC's staff is expert in the development and application of computer programs designed to optimize this economic relationship. We also maintain an ongoing research and development effort to stay current on tax and accounting rules affecting a broad range of financing structures.

As a result of HCC's constant presence in the capital markets, HCC has developed an intimate knowledge of investors' pricing targets, credit/collateral preferences and documentation needs. This market presence also contributes to our ability to stay current on market trends which allows us to be innovators in the markets we serve. HCC strives to continue to distinguish itself by assessing clients' needs, designing creative solutions to satisfy these needs, and developing relationships in a professional manner to earn respect and repeat business of our clients.

Documentation and Transaction Facilitation

HCC's role as advisor does not end with the bid recommendation or the submission of the proposal and the signing of the commitment letter. We also participate in the documentation process and advise our clients through negotiations and closing. HCC professionals have extensive experience in negotiations and are often able to improve on the terms of the final proposal through negotiations. For example, we would advise our clients of which interest rate indices to use, the "market-reasonableness" of a position taken by a lessee and where the lessee or lessor might be willing to yield a non-market point. In addition to quantitative aspects of the transaction, HCC can help clients negotiate many "non-money" points which often become very important in the resale, restructuring or refinancing of the transaction and the protection of the lessor's residual position. Through our experience, we have not only enhanced our clients' lease economics, but have also created a reputation for HCC among lessors, lenders and lessees as a firm which insists upon protecting our clients' best interests.

After final negotiations, HCC also advises on the status of the final documentation and helps to ensure a smooth and orderly closing schedule. Finally, HCC assists its clients and their counsel in the normal post-closing process.

HARRISON CAPITAL CORPORATION'S ROLE

In a typical transaction, HCC's specific role as lessee advisor usually includes (but is not limited to) the following services:

1. **Review Lease-Related Issues.** In association with the lessee and its outside counsel and accountants, review and advise on tax and accounting issues; produce a range of economic analyses evaluating tradeoffs; and develop a detailed timetable for the transaction.
2. **Develop Appraisal.** Interview appraisers and report results; our evaluations take into consideration the experience, capability, cost and ability of each appraiser to arrive at supportable and agreeable conclusions. Direct specific appraisers to specific equity sources as appropriate to obtain the best deal for the lessee.
3. **Design Transaction.**
 - (a) **Structure the Lease.** Obtain appraisals as directed; perform lease vs. buy analysis; design optimal rent and debt structure after taking account of tax, accounting, legal and regulatory issues, and the lessee's method of analysis; structure transaction to meet and/or take advantage of IRS guidelines, maximize tax benefits to lessor, avoid tax problems (such as limited use property and Section 467) and maximize economic benefit to lessee.
 - (b) **Work to Solve Accounting Problems.** Develop and analyze alternative rent and purchase option structures designed to meet lessee's accounting goals.
 - (c) **Mitigate Residual Risk.** Within accounting limitations, design various options during or at the end of the lease to reduce the cost to lessee of reacquiring/maintaining the use of the equipment and to fix the cost of the financing. This would include establishing an early buy-out price and/or a fixed price purchase option at lease termination.
4. **Prepare Private Placement Memorandum ("PPM").** With outside counsel, draft a detailed transaction description which would include not only the results of the transaction design discussed above, but also document favorable terms for the lessee with respect to such matters as insurance, tax and other indemnities, maintenance, and the calculation of casualty and termination values. The proposal shall be designed in light of the reasonable requirements of the equity marketplace.

5. **Develop and Implement Strategy to Approach Market.** Develop a broad list of potential equity investors and determine a targeted subset of potential investors.

Distribute PPM to an approved group of equity investors and structure and negotiate the economic terms either by sending a rental structure to the investors based on their parameters or by the potential investors submitting a self-generated bid; restructure each equity investor's proposal to lower the lessee's cost and meet cost-effective debt requirements.
6. **Assist in the Negotiation of Terms and Conditions with Equity Sources.** Advise with respect to modifications in terms and conditions suggested by equity source(s); propose restructuring to fit particular equity source(s)' parameters and objectives; commit the equity source(s) to yield and after-tax cash rather than lease rate or present value; and check changes in the equity(s)' numbers to protect against any undue increase in their yield or after-tax cash.
7. **Assist in Approaching Lenders (if applicable).** To the extent any structures developed require new forms of debt, assist in determining the best type of lender to approach and the best method of approaching that type of lender; attempt to design amortization structures for using such debt that reduce the lessee's cost and meet the policy requirements of both the lender(s) and the IRS
8. **Assist with Regulatory Presentations.** Assist in putting together presentations or testimony to appropriate regulatory authorities, if necessary.
9. **Advise on Choice of Technical Participants.** Advise with respect to who should be retained and on what terms as owner and indenture trustees, special counsel for the debt, special counsel for the equity, appraisers and printers (if any) and devise strategies for controlling the cost and expenses of each of the above, and producing a smooth transaction.
10. **Advise on Documentation.** Advise the lessee during document negotiations with particular emphasis on economics, market-reasonableness of lessor positions, and protection against lessor overreaching; assist in designing possible alternative solutions to any equity, debt, or lessee concerns that may arise.
11. **Review Final Settlement Numbers and Rate Adjustments.** Check settlement amounts and any lease rate adjustments resulting from changes in delivery, closing, debt rate or other parameters to ensure that they meet the agreed-on economics of the transaction and will not produce any undue increase in the yield or after-tax cash of the equity investor; and attempt to control such changes in a manner that would lower the lease cost to lessee.

12. **Review Post-Closing Administration.** Assist in setting up proper files, including tickler files for security and income and sales tax filings; in interpreting the documents; and in making recalculations due to change in assumed debt cost, delivery date, expense cost, and any casualty, termination, change of tax law, indemnity, or other obligation.

As a final comment, it is hopefully clear from the above description of services that a prospective lessee is best served by retaining an advisor like HCC as *early* as possible in the financing process. In this fashion, the lessee will receive the benefit of our full range of advisory services and will ultimately obtain better financing terms.

RESUMES

Phillip R. Harrison

Mr. Harrison is the President of Harrison Capital Corporation, a company he founded in 1992. He has over 25 years of asset-based lending and lease financing experience, having completed over \$4.5 billion of such financings during his career. His experience includes providing private investment banking and specialized advisory services to companies seeking secured-asset financing, leasing and project financing. Previously, he was a Managing Director of Kendall Capital Partners, L.P., a Wall Street based, private investment-banking firm that specialized in lease and project financings. Prior to joining Kendall Capital Partners, L.P. in 1991, Mr. Harrison was a Vice President and Manager in the U.S. Capital Equipment Group of U.S. Leasing, a subsidiary of Ford Motor Company. Before leaving Ford, he was the head of the group responsible for finding, evaluating, structuring and executing the company's leveraged lease investments including equipment, facilities and real estate assets and closed over \$2 billion of such investments for Ford. Mr. Harrison has financed a broad range of assets in a wide variety of industries involving leveraged leases, partnership structures, debt financings and principal transactions. He has extensive experience in structuring, transaction negotiation and documentation of such transactions.

Professional

- Certified Public Accountant – (Price Waterhouse)
- Member, American Institute of Certified Public Accountants
- Member, Michigan Association of Certified Public Accountants

Academic

- Magna Cum Laude graduate, BBA from Western Michigan University

Other

- Co-founder, Director and Chairman of Audit Committee, Michigan Heritage Bank

D. Craig Wiggins

Mr. Wiggins commenced work as mid-market commercial lender at Lloyds Bank Canada, structuring real estate construction financing transactions. Mr. Wiggins developed a keen understanding of work-in-process financing for mass market and single purpose assets that is the foundation of T&E Capital's tooling procurement solutions, as a result of his involvement in real estate construction financing.

In 1995, Mr. Wiggins joined Export Development Canada ("EDC"), Canada's official export credit agency to lead EDC's automotive initiative. The "automotive initiative" grew into the "automotive group" and then the "Automotive Team". Both business volume and clients served grew dramatically during Mr. Wiggins' leadership tenure with

volume growing from \$54 million in 1995 and a dozen clients to \$1.1 billion and in excess of 200 customers by 2001, his last full year at EDC.

Mr. Wiggins left EDC in April 2002 to start his own financial services company, T&E Capital. Using the structures developed during his tenure at EDC, Mr. Wiggins has been able to create tooling solutions, utilizing EDC and a number of new lenders in the U.S. and Canada, with several new clients. T&E Capital, capitalizing on Mr. Wiggins' reputation and industry knowledge, allows T&E Capital to seamlessly access the international banking network and other low-cost finance sources for its "niche-tooling offering".

Mr. Wiggins completed his academic studies in 1989 at the University of British Columbia in Vancouver, British Columbia, Canada, graduating with a Bachelor of Commerce degree.

Gail Niemi

Ms. Niemi has more than 25 years of experience in banking, leasing, manufacturing sales finance, and lessee/lessor advisory services. In the course of her career, Ms. Niemi has structured transactions incorporating, among other things, leveraged tax leases, operating leases, and a wide variety of debt structures including, bank senior secured loans, privately placed debt, 144A debt, and enhanced equipment trust certificates.

Work Highlights

Lease Advisory Services

- Originated, structured, placed and negotiated multi-party asset based financings for major corporations for a variety of asset classes.
- Acted as advisor to lessees and lessors.
- Extensive utilization of U.S. tax leveraged leases, and transactions that utilized cross-border tax leases in the Swedish and Japanese markets.

Banking

- Originated and executed senior secured debt financings, including debt into leveraged leases.
- Restructured debt financings necessitated by airline bankruptcies.

Manufacturer Sales Finance

- Structured and advised on a variety of financing structures with aircraft manufacturers and airlines.
- Completed the financing of 50 Embraer 145 aircraft for delivery to the U.S. launch customer involving \$200 million in bridge financing and over \$600 million in leveraged lease financing utilizing enhanced equipment trust certificate debt.
- Utilized 144A, privately-placed and EETC debt.
- Created the first pre-committed EETC debt structure.

Ms. Niemi is a graduate of the University of California at Davis holding a Bachelor of Science degree.

James J. Vigneau

Mr. Vigneau has over 25 years of lease and project finance experience. Prior to joining Harrison Capital, Mr. Vigneau was Vice President, Treasurer and Senior Investment Manager of Dana Commercial Credit (DCC) where he lead transaction teams in the financing of a variety of power and industrial transactions with original costs exceeding \$3.6 Billion. Prior to joining DCC, Mr. Vigneau held investment-banking positions at Newcourt Capital, Kendall Capital, and the Deerpath Group, where he advised investors and sponsors on domestic and cross-border financings of aircraft, rail, real estate, and energy assets. Mr. Vigneau began his finance career as a pricing analyst in the diversified financing group of Ford Motor Credit Corporation. In addition to asset finance, Mr. Vigneau has extensive experience in debt workouts and currency and interest rate hedging. Mr. Vigneau earned a Bachelor's degree in Mathematics and Computer Science from Central Michigan University.

**SELECTED FINANCING TRANSACTIONS
HARRISON CAPITAL CORPORATION**

<u>Issuer/Transaction/Description</u>	<u>Amount</u>
Dana Corporation Acted as Lessee Advisor for the lease financing of a equipment used to manufacture frames for the Ford F-150 truck.	\$42,000,000
Ogihara America Corporation Re-financing of a lease of a stamping press line located in Howell, Michigan. The equipment consisted of six mechanical presses, two transfer presses and press automation equipment.	\$13,400,000
MNP Corporation Lease financing of various forklifts.	\$1,124,000
General Motors Corporation Lease financing of a self-guided vehicle material handling system.	\$975,000
General Motors Corporation Lease financing of a CNC form grinder.	\$875,000
Oxford Automotive, Inc. Lease financing of robotic equipment	\$1,910,000
Oxford Automotive, Inc. Lease financing of an overhead crane, coordinate measuring machine and weld cells	\$4,310,000
Ogihara America Corporation Refinancing of coordinate measuring machine lease	\$542,000
Ogihara America Corporation Lease financing of coordinate measuring machine	\$631,000
Cambridge Industries, Inc. Acted as financial advisor to lessee and arranged the lease	\$3,584,000

financing of injection molding machines and related automation equipment.	
Ogihara America Corporation Acted as financial advisor to lessee and arranged the lease financing of a stamping press line and press automation equipment.	\$7,700,000
<u>Issuer/Transaction/Description</u>	<u>Amount</u>
Ogihara America Corporation Acted as financial advisor to lessee and arranged the lease financing for a copy milling machine, overhead cranes and destacking equipment.	\$2,525,000
Ogihara America Corporation Acted as financial advisor to lessee and arranged the lease financing of one (1) dual arm coordinate measuring machine.	\$1,021,000
Active Tool & Manufacturing Co., Inc. Acted as financial advisor to lessee and arranged the lease financing of a 1500 ton transfer press.	\$9,143,000
MNP Corporation Served as lessor in the financing of company's acquisition of forklifts.	\$1,150,000
Active Tool & Manufacturing Co., Inc. Acted as financial advisor to lessee and arranged the leveraged lease financing of the <i>World's Largest Tandem Press Line</i> and associated press automation equipment.	\$27,633,500
Active Tool & Manufacturing Co., Inc. Acted as financial advisor to lessor and arranged the lease financing of computer equipment.	\$165,000
GSC Industries, Inc. Acted as financial advisor to lessor and arranged the lease financing of machine tools.	\$200,000
Ogihara America Corporation Acted as financial advisor to lessor and arranged the participation of the sale leaseback of a Kojima hydraulic press.	\$1,374,000
Wal-Mart Stores East, Inc. Arranged the participation of and acted as financial advisor to the lessor in the financing of over-the-road tractors.	\$28,000,000

Technidisc, Inc./Producers Color Service, Inc. Acted as financial advisor and arranged the private placement of the lease financing of a CD printer.	\$678,000
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<u>Issuer/Transaction/Description</u>	<u>Amount</u>
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Producers Color Service, Inc. Acted as financial advisor and arranged the private placement of the lease financing of a film editor.	\$700,000
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Chrysler Corporation Acted as financial advisor to the lessor in the lease of forklifts.	\$4,500,000
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SunAmerica Affordable Housing Partners Limited Partnerships Acted as financial and accounting advisor to limited partner's investment in Affordable Housing Tax Credit project.	\$5,000,000
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Sterling Bank & Trust Acted as financial advisor and arranged the private placement of the sale of a lease portfolio.	\$58,000,000
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Chiquita Brands International, Inc. Acted as financial advisor to lessor in the lease financing of refrigerated containers for a subsidiary of Chiquita.	\$32,785,000
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Sterling Bank & Trust Arranged the sale of two leases involving computer equipment leased to Chrysler Corporation.	\$240,000
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Comstock Tower and Marketplace Court Limited Partnerships Acted as financial and accounting advisor to limited partner's investment in Affordable Housing Tax Credit project.	\$12,400,000
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Michigan National Bank / Sterling Bank & Trust Acted as financial advisor and arranged the private placement of the financing for the purchase of commuter aircraft lease portfolio.	\$6,000,000
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APL Land Transport Services, Inc. Acted as financial advisor to lessor in the leveraged lease financing of double-stack container cars.	\$28,300,000
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Sterling Bank & Trust Acted as financial advisor and arranged the private placement of the sale of a lease portfolio.	\$36,500,000
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Ogihara America Corporation Acted as financial advisor to purchaser of lease of automotive stamping equipment.	\$18,200,000
<u>Issuer/Transaction/Description</u>	<u>Amount</u>
Ford Motor Company Acted as financial advisor and arranged the private placement of debt and equity for the leveraged lease financing of injection molding machines.	\$4,250,000
Banco Nacional De Mexico Acted as financial advisor to the lender in the private placement financing of the acquisition of a Falcon 900 corporate jet.	\$18,925,000
Whirlpool Financial Corporation Acted as financial advisor to purchaser of two corporate jets on lease to Whirlpool Corporation and Gerber Products.	\$12,100,000
Ford Motor Company Acted as financial advisor and arranged the private placement of the lease financing of automotive component manufacturing equipment.	\$4,000,000
Wal-Mart Stores, Inc. Arranged the participation of and acted as financial advisor to the lessor in the financing of over-the-road tractors.	\$14,400,000
Global Airfinance Group/Michigan National Bank Acted as financial advisor and arrange the private placement of the financing for the purchase of commuter aircraft lease portfolio.	\$13,400,000
Rieter Automotive N.A. Acted as lessor and provided the financing for a copy machine.	\$6,000
Ogihara America Corporation Acted as financial advisor to lessee and arranged the lease financing of a stamping press line.	\$13,400,000

**SELECTED FINANCING TRANSACTIONS
COMPLETED BY PRINCIPALS OF HARRISON CAPITAL CORPORATION
1982 THROUGH 1992 (Prior to Joining HCC)**

<u>Issuer/Transaction/Description</u>	<u>Amount</u>
Ford Motor Company/Climate Control Division Lessee Advisory Automotive Production Equipment	\$50,800,000
Ford Motor Company Lessee Advisory Automotive Production Equipment	\$407,500,000
Ford Motor Company Lessee Advisory Automotive Production Equipment	\$285,000,000
Ashland Oil Leveraged Lease Investment Twenty-Four (24) Gasoline/Convenience Stores	\$21,300,000
Texaco Leveraged Lease Investment Oil Refinery Equipment	\$107,000,000
Burlington Northern Leveraged Lease Investment Nine (9) GM SD60 Locomotives Two Hundred Ten (210) Trinity 65-Foot Gondola Cars Thirty-Eight (38) Rebuilt Locomotives	\$53,000,000
Occidental Petroleum Leveraged Lease Investment Covered Hopper Cars and Tank Cars	\$93,000,000
CSX Transportation Leveraged Lease Investment Forty-Nine (49) GE Dash Locomotives Ten (10) GM SD60 Locomotives	\$81,100,000
Comair Leveraged Lease Investment Five (5) Embraer EMB 120 Aircraft	\$35,000,000
<u>Issuer/Transaction/Description</u>	<u>Amount</u>

Midway Airlines Leveraged Lease Investment Two (2) MD-87 Aircraft	\$50,000,000
CSX Transportation Leveraged Lease Investment Hopper Cars, Gondlas and Auto Racks	\$175,000,000
Air Wisconsin Leveraged Lease Investment Two (2) BAe 146-300 Aircraft	\$43,100,000
Southwest Airlines Leveraged Lease Investment Three (3) B737-3H4 Aircraft	\$78,000,000
New York City Transit Authority Safe Harbor Lease Commuter Railcars	\$375,000,000
Safe Harbor Lease Mass Commuting Vehicles	\$492,000,000
Metropolitan Transportation Authority Safe Harbor Lease Commuter Railcars	\$48,000,000
Safe Harbor Lease Mass Commuting Vehicles	\$106,000,000
Connecticut DOT Safe Harbor Lease Commuter Railcars	\$77,000,000
American Airlines Leveraged Lease Investment Three (3) MD-83 Aircraft	\$58,000,000
Williams Telecommunications Leveraged Lease Investment Fiber-Optic and Microwave Telecommunications Equipment	\$100,000,000

<u>Issuer/Transaction/Description</u>	<u>Amount</u>
Ogihara America Corporation Leveraged Lease Investment Auto Manufacturing Equipment	\$34,100,000
Conrail Leveraged Lease Investment Auto Rack	\$13,300,000
Grand Trunk Railroad Leveraged Lease Investment Rebuilt Locomotives	\$25,000,000
Whirlpool Corporation Leveraged Lease Investment Falcon 50 Corporate Aircraft	\$11,000,000
Mid-America Dairymen Leveraged Lease Investment Dairy Processing Equipment	\$9,000,000
Air Wisconsin/Midstates Airlines Leveraged Lease Investment Fokker F27 Commuter Aircraft	\$6,500,000
Purolator Courier/Emery Leveraged Lease Investment (4) DC9-15F Cargo Aircraft	\$14,000,000
Ryder System, Inc. Leveraged Lease Investment Trucks and Tractors	\$20,000,000
Tucson Electric Power Company Leveraged Lease Investment and Restructuring Tri-Fuel Fired Electric Generating Facility	\$152,000,000
Signal Shasta Energy Corporation Leveraged Lease Investment Wood-Fired Electric Generating Facility	\$115,000,000
United Airlines Leveraged Lease Investment Five (5) B737-322 Aircraft	\$130,000,000