

CAPITAL GROWTH PLANNING, INC.

A Diversified Financial Services Corporation

Established 1969



“INSURED” PIPE USING THE (“LIBACSM”) BUSINESS PROCESS

(Patent Pending – U.S. Serial No. 12/322,259)

GENERAL OVERVIEW

PRIVATE & CONFIDENTIAL INFORMATION

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“INSURED” PIPE INVESTING - LIBACSM BENEFITS & HIGHLIGHTS

Traditional PIPE (Private Investment in Public Equity) Investing:

PIPE Investor(s) seek public Company investments they believe will provide them with the highest possible return opportunity in the shortest period of time. In most PIPE investments, investors will invest in the Issuers Rule 144 Common Stock (restricted from resale for at least 6 months) at a discount to the current market (say 25% to 50%) with plans to sell the Stock for a profit after six months. The risk in this time tested strategy is simple, within that six month period, if the Company does not deploy its capital infusion correctly and thereby create good financial results, the sales pressure on the stock from the existing investors and the PIPE investors, may place undue pressure on the market, causing the Stock price down. With enough selling pressure the Stock could move past the price paid in the PIPE, thus eliminating any potential profit for the PIPE Investor(s), not to mention what this does to the Issuer in its valuation and market capitalization. If the PIPE Investor(s) have other price or stock protection features in place (such as a requirement to issue more shares if the price drops below certain levels), the dilutive effect to the Company may be significant or even devastating (commonly known as the “Spiral of Death” -- see Figure One on the next page).

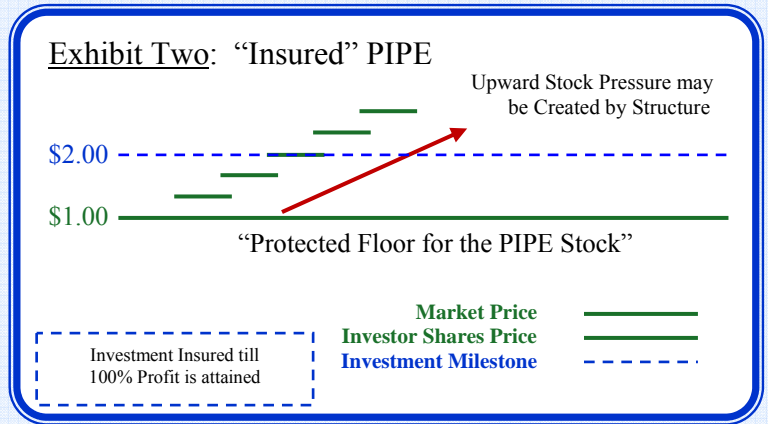
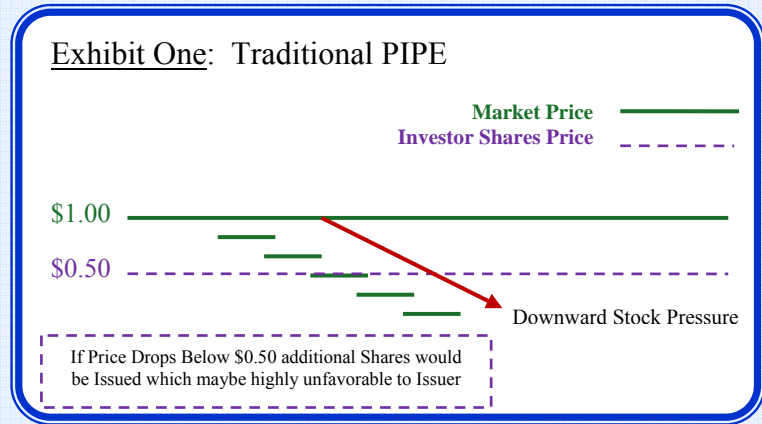
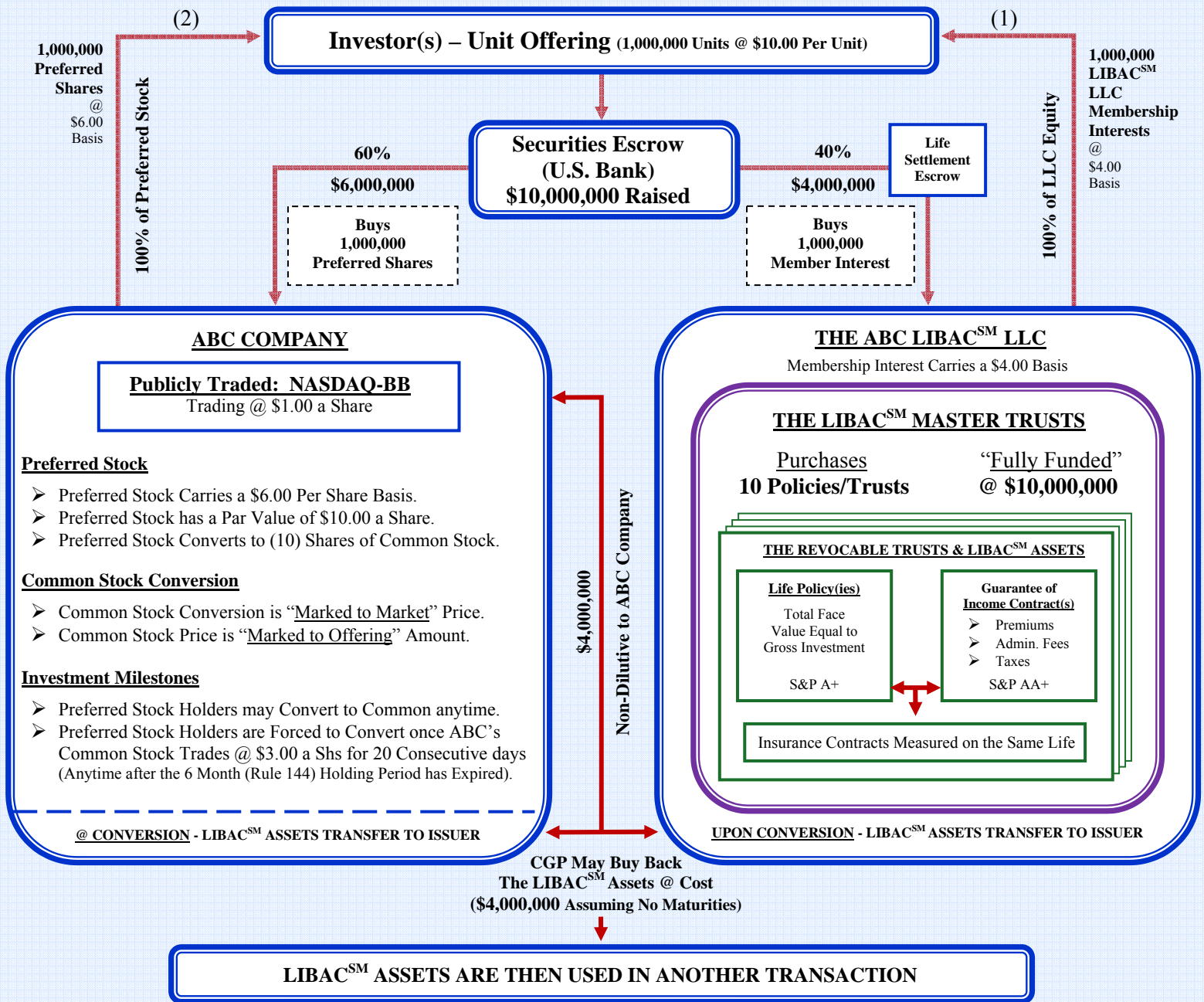
“Insured” PIPE Investing - A Better Way. . .

What if a PIPE investment structure were created that unlike traditional PIPE structures provided funding for the Issuer, with ***no discount on the stock price, no dilution, and no downward pressure on the stock***, and for investors - nothing but upside, with their original invested capital ***Insured*** (\$10 million in our example). This “Insured” PIPE structure has now been made possible by a proprietary finance structuring process known as the LIBACSM Business Process (Patent Pending – U.S. Serial No. 12/322,259; Publication No. US-2009-0198630-AL; Publication Date: August 6, 2009) designed by Capital Growth Planning, Inc. (“CGP”). With multiple structural applications for protecting Investors against loss of capital, the LIBACSM Business Process provides exceptional and positive results for all participants when applied to a PIPE investment. The benefits of a LIBACSM “Insured” PIPE investment are as follows (also see diagrams on next page):

- Insuring PIPE Investors against principal loss is accomplished through a Unit Offering structure or a direct purchase, delivering two separate securities from the gross capital to be invested, as follows: 1) assuming a \$10 Million offering, 40% of the capital invested (\$4 Million) purchases 1,000,000 Membership Interest (\$4.00 per Interest) in a LIBACSM LLC that through a series of Trusts will purchase \$10 Million of “Fully Funded” LIBACSM Assets (assets are Bankruptcy Remote), where 100% of the Membership Interests are owned by the PIPE Investors, essentially guaranteeing at least a return of their total original investment (\$10 Million), no matter the future result of the Issuer; and, 2) the other 60% (\$6 Million) purchases 1,000,000 Convertible Preferred Shares in the Issuer (\$6.00 per share, convertible into 10 shares of Common), “Marking” the converted Preferred Stock to the current market value of the Issuer’s Common stock (1,000,000 Preferred Shares Convert to 10,000,000 Common times \$1.00 per share = \$10 Million). Since no discount to the market is required, far fewer shares are needed for the capital infusion; at a 50% discount 20,000,000 shares are issued and at a 25% discount 13,333,333 shares are issued. Less shares, less dilution, better for all the Parties.
- CGP’s “Insured” PIPE structure creates a minimum **Baseline** return (floor) equal to the gross invested capital (\$10 Million), **Insuring** that the Investor will receive at least what was originally invested. For this reason No Discount to the current market value (or other highly dilutive stock protection features) is needed, thus during and after the Rule 144 waiting period (six months) there should be far less downward pressure on the Company’s stock price caused by a traditional PIPE investment; resulting in a smother and more stable market for both the Investor(s) and the Issuer. (See Figure Two on the next page)
- Unlike traditional PIPE’s where a company sells its Common Stock, this structure uses Preferred Stock to provide the Issuer and investor(s) with multiple benefits. First, the Preferred Stock provides the Investor(s) with extra protection in a possible company liquidation. Second, the Preferred Stock is not registered and cannot be traded, thus the Preferred Stock must be converted to Common Stock before any trading occurs. Any conversion triggers an automatic transfer of a pro rata amount of LIBACSM LLC Membership Interests to the Issuer as a part of the conversion. This mechanism forces the investor holding the Preferred to evaluate the market before converting to Common because once the conversion is made they will lose the “insurance” provided by the LIBACSM Assets. The Preferred stock is easily created, structured, and priced into nearly any LIBACSM transaction structure.
- The Preferred may convert to Common at anytime and when converted (after 6 months) may be sold in the public market provided the Issuer stays current with its SEC filings. An automatic conversion feature is also included to allow the Issuer to bring closure to this financing structure and receive the balance of the investment dollars (the LIBACSM LLC Assets - \$4 Million) on its own timeline. Thus, when and if its Common trades at a predetermined bid value (in our example \$3.00) for 20 consecutive days, the Preferred will automatically convert to Common and the LIBACSM LLC Membership Interests will be transferred to the Issuer, essentially effecting a swap of Common for the Preferred and LIBACSM LLC Interests. At this point, CGP has the right to purchase the LIBACSM LLC Membership Interests from the Issuer at cost (\$4 Million), thereby completing the funding cycle for the Issuer, who now has received a total of \$10 Million; making the transaction non-dilutive to the Issuer and a win-win for all parties.

In conclusion, CGP’s “Insured” PIPE investment structure (as described above and illustrated on the following page) provides to its participants a more fair, reasonable capital financing structure that delivers better market results, provides relative protection for both the Issuer and Investors, and is simply a better model for infusing capital into a public company. There can be no argument that today’s investment landscape has changed and identifying good PIPE investment targets is more difficult in today’s marketplace, which works against Issuers seeking capital to grow and in some cases survive. The LIBACSM Business Process can be the great equalizer in today’s marketplace, allowing more capital to be deployed and more Issuers to receive needed capital.

"INSURED" PIPE - LIBACSM TRANSACTION STRUCTURE





Subsidiaries

CAPITAL GROWTH RESOURCES

CAPITAL GROWTH PLANNING ADVISORS, INC.

CAPITAL GROWTH INSURANCE SERVICES, INC.

CAPITAL GROWTH REALTY, INC.

CAPITAL ADMINISTRATIVE SERVICES, INC.

CAPITAL LIFE ASSETS, INC.

INSURED CAPITAL MANAGEMENT, INC.

LIFE FUNDING PARTNERS, INC.

Affiliated Companies

CAPITAL PROTECTION, INC.

CGP FOUNDERS GROUP LLC

CAPITAL GROWTH PLANNING, INC.

A Diversified Financial Services Corporation

Established 1969

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