



TOOLING PROPOSAL FOR GOVERNMENT LOAN PROCEEDS TO OEMS

*THINKING OUTSIDE THE BOX...
...WORKING INSIDE THE BOX!*



ISSUES

1. OEM rules have led to Tool, Die and Mold [TDM] mfgs being paid 5-18 months after they have delivered their finished goods:
 - D3 are “off balance sheet financing” billions of dollars of their production tooling off the backs of small businesses.
2. Cash strapped Tier 1 parts makers, who act as middle-men for OEM tooling proceeds, have filed C11 without ensuring the tool proceeds made it to their intended destination...the tool source:
 - Resulting in *avoidable bankruptcies of TDMs*



PROPOSAL

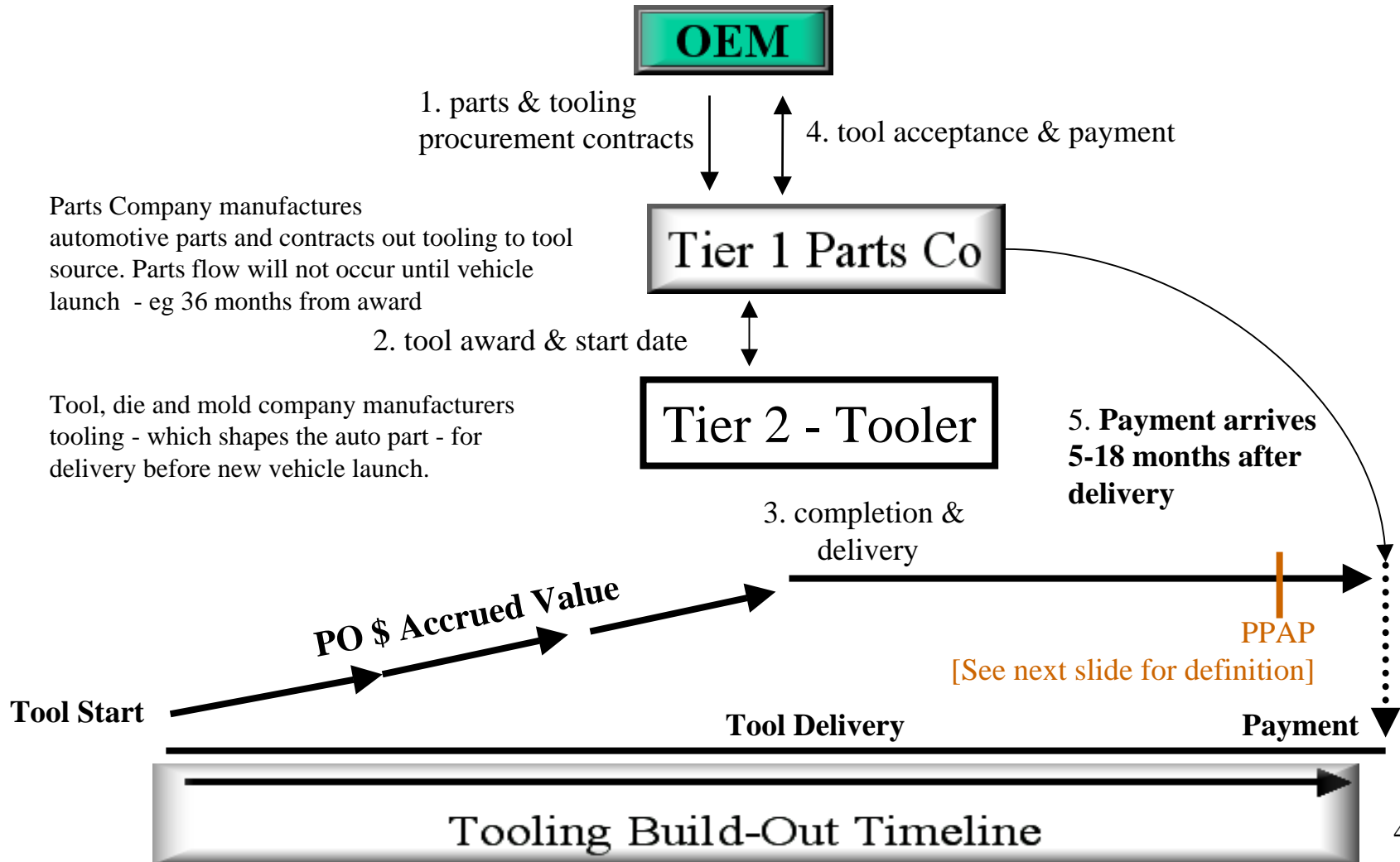
The Tooling Proposal recommends the following:

1. Gov't loan proceeds to OEMs are earmarked for tooling for all 2009 and 2010 launches
2. While gov't loans are outstanding, OEM will:
 - Pay for tooling when it is substantially complete
 - If they cancel, or delay a vehicle launch more than 90 days, the OEM will settle tooling accounts
3. A mechanism to ensure that OEM tooling payments navigate through cash strapped Tier 1's is instituted to ensure "100% trickle down⁸".



PROCESS FLOW

~ PRESENT ~





PRODUCTION PART APPROVAL PROCESS

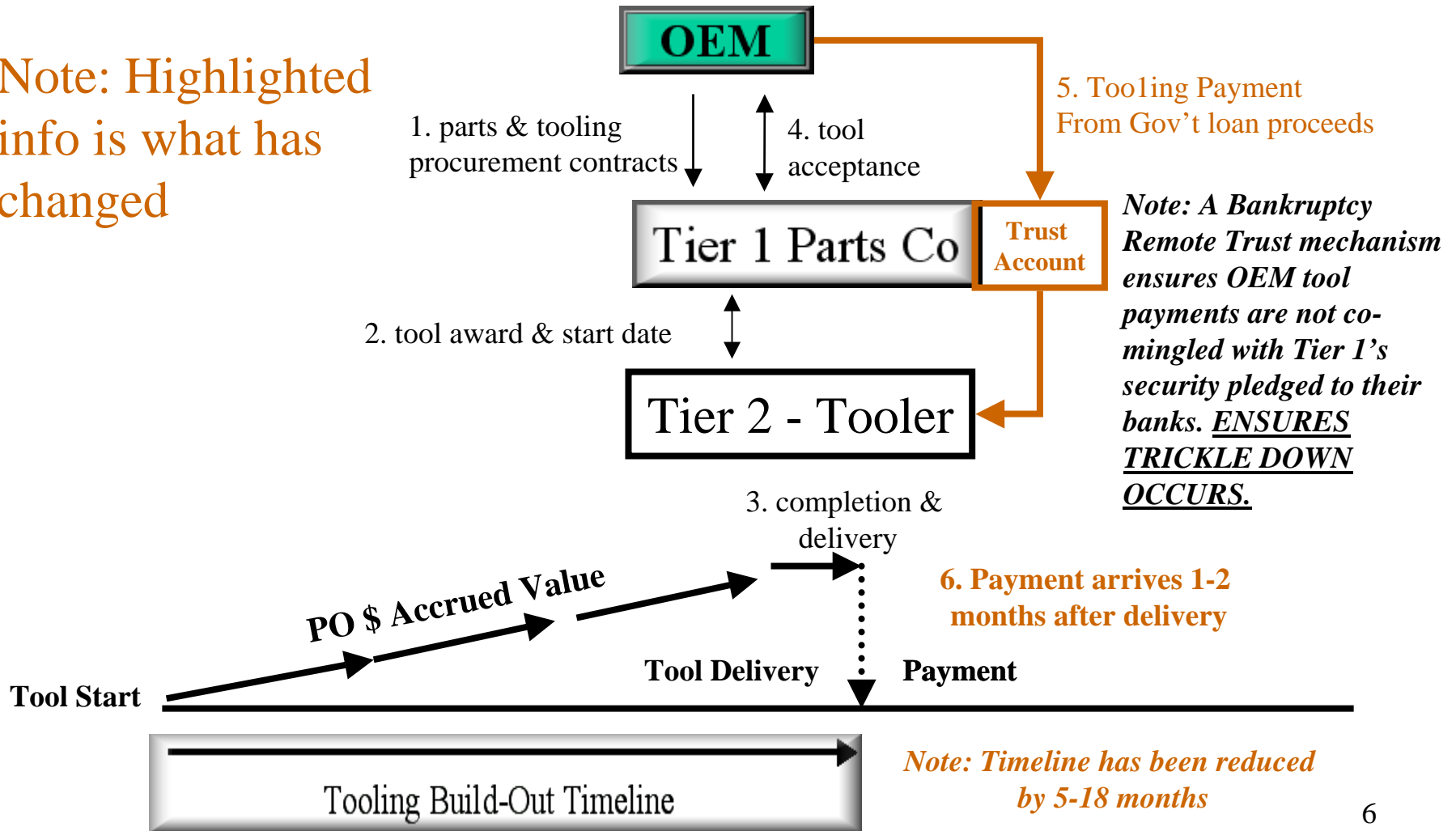
- Unilaterally controlled by OEM
- PPAP is a manufacturing milestone
 - Confirms part tolerances and
 - Confirms the robustness of the manufacturing process
- PPAP also is event that triggers accounting recognition and ultimately payment
 - Before PPAP: Off Balance Sheet at OEM & Tier 1
 - Unless they have given a progress payment
 - After PPAP: On Balance sheet with payment 60 days after event to Tier 1 to forward to TDM.



PROCESS FLOW

~ PROPOSAL ~

Note: Highlighted info is what has changed





TDM BALANCE SHEET

~ BEFORE & AFTER ~

BEFORE PROPOSAL			
Balance Sheet TDM Dec. 31/08			
Work In Progress		Bank Operating Line	\$4,050,000
Job 1	\$800,000		
Job 2	\$500,000		
Accounts Receivable			
Delivered Jan/08	\$1,000,000		
Delivered June/08	\$1,000,000		
Delivered Dec/08	\$1,000,000		
Total Current Assets	\$4,300,000		
Long Term Assets	\$2,000,000	Long Term Debt	\$750,000
		Equity	\$1,500,000
Total Assets	\$6,300,000	Total Debt & Equity	\$6,300,000
Current Ratio	1.06		
Debt to Equity	3.20		
Operating Line Limit	\$4,500,000		
Available O/L	\$450,000		

AFTER PROPOSAL			
Balance Sheet TDM Dec. 31/08			
Work In Progress		Bank Operating Line	\$2,050,000
Job 1	\$800,000		
Job 2	\$500,000		
Accounts Receivable			
Delivered Jan/08	\$0		
Delivered June/08	\$0		
Delivered Dec/08	\$1,000,000		
Total Current Assets	\$2,300,000		
Long Term Assets	\$2,000,000	Long Term Debt	\$750,000
		Equity	\$1,500,000
Total Assets	\$4,300,000	Total Debt & Equity	\$4,300,000
Current Ratio	1.12		
Debt to Equity	1.87		
Operating Line Limit	\$4,500,000		
Available O/L	\$2,450,000		

By accelerating tooling payments from the OEM to 1-2 months from delivery of the tooling a SUBSTANTIAL improvement in ALL FINANCIAL METRICS of TDM company are realized. EXISTING bank credit facilities are sufficient.



BENEFITS OF T&E PROPOSAL

- Not one additional dollar for bailout is necessary
 - We are simply ensuring funds go to intended recipient
- 2 times DIRECT leverage of gov't funds
 - 1) at OEM and 2) at Tool Source;
- Existing bank accommodations at tool source are now sufficient
- Tool source now have the financial capacity to win new tooling contracts
- Risk of taxpayer paying twice (once at bailout and second time as TDM goes bankrupt due to bad debts) is mitigated



CONTACT INFORMATION



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