

From: "Richard Sherwin" <[REDACTED]>
To: "jeevacation@gmail.com" <jeevacation@gmail.com>
Cc: "Paul Prospero" <[REDACTED]>, "Jay Disler" <[REDACTED]>
Subject: Revised Business Plan
Date: Fri, 24 Apr 2009 20:39:33 +0000
Attachments: 2009_proj_vs._actual_summary_v3.pdf

Jeffrey,

I understand your point, and I have attached a document that had been given to you which you and I started to discuss, but somehow we got sidetracked and never really had any comprehensive discussion.

In each of the years between 2005 and 2008, we had created a five year Business Plan, making an assumption of the amount of financing we projected to obtain in the beginning cycle of the plan. I have summarized the Actual Revenues achieved and the Projected Revenues at the start of each period. The Source of those projections is indicated in the years in which we made them and the documents in which they appeared.

I also summarized the amount of financing we obtained in each of the years and the amount of the financing we projected to obtain that was the assumption for the Revenues projected. So as an example, in the beginning of 2005, our Business Plan projected financing of \$4 million, and Revenues of \$346 thousand. We only obtained \$2,428,000 of financing during the entire 2005 year, and achieved Revenues of \$292,000. On that basis, Actual Revenues were 84.4% of Projected Revenues and Actual Financing received was 60.7% of Financing assumed. $84.4/60.7$ is equal to 139% which is a ratio we call Excess Performance and is shown for each year.

Our Actual Operating Expenses were always less than Projected, and our Actual Capital Expenses were generally within 10% of our Projected Capital Expenses on a per unit basis. Obviously, our total Actual Capital Expenses were always less than Projected because we couldn't obtain the necessary financing to build the units we had projected.

I hope this answers your question.

Best regards,

Rich

Richard J. Sherwin

Chief Executive Officer

Spot On Networks, LLC

EFTA00774241



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From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Friday, April 24, 2009 4:04 PM
To: Richard Sherwin
Subject: Re: Revised Business Plan

dick,, what i am looking for is in fact the old projections prior to jan 09,, and how close the actuals were to those projections.. My investment would be made based on projections and the only way i can determine how conservative they are, is to compare them to past projections s. actuals.. thanks..

On Fri, Apr 24, 2009 at 3:18 PM, Richard Sherwin <[REDACTED]> wrote:

Jeffrey,

In preparation for our call tomorrow at 2PM, I am sending you this revised Business Plan. The numbers haven't changed, however, to keep it more up to date our new Chief Financial Officer, Jay Disler, has modified the spreadsheets so that we can more accurately enter actual data in periods prior to projections. In this way, we don't have to keep on changing dates as we move the financing date. Rather, we will now use Month 1, Month 2...Month N after financing date to project how we will perform once we have obtained financing. The actual amount of financing is entered in the Equity tab, and can be modified to reflect what happens with different amounts.

I thought it would be advisable to outline the way in which the Business Plan is used to assist us in running our business. The main entries for Revenues come from the three areas of our business – Sell Through, Bulk and Enterprise. Each of those tabs have entries for units to be built, or projects to be completed in the case of Enterprise, on an individual month basis for the entire 5 year period. In each of those tabs you will see the entry points in blue, and the calculated subscribers based upon the assumptions shown on the individual sheet in yellow.

Operating expenses are projected in the tab called SG&A. Every department is detailed along with the number of personnel required. As you will see, we employ Project Managers to manage the building effort, and deploy outside contractors to actually do the work designed by our engineers. This permits us to grow the business very rapidly since each of our Project Managers can manage a substantial number of outside contractor crews.

The P&L tab accumulates all of the Revenues and Expenses, month by month, based upon the entries from the three lines of business. The BS tab accumulates Balance Sheet Data month by month, and the CF tab calculates the standard Cash Flows from/to Operating Activities, Investing Activities and Financing Activities.

As you will see from the P&L Tab, we have negative EBITDA of \$1,485,429, and \$200,000 of interest expense on our senior facility through the 9th month after financing, \$4,544,000 of investments in capital expenses through the 10th month, and \$265,000 in the decrease in our Equipment Line in the CF Tab. The Balance Sheet shows an initial Accounts Payable of \$706,505, some of which we are renegotiating at present.

The CF Tab shows, on a monthly basis, the beginning and ending cash balances assuming the monthly activities estimated in the three business lines.

The SG&A Tab also reflects the total number of units built broken down by type, but excluding Common Areas, that are needed to achieve our revenue streams and are the basis for our Capital Expenses.

I hope this helps.

I look forward to speaking with you on Saturday.

Best regards,

Rich

Richard J. Sherwin

Chief Executive Officer

Spot On Networks, LLC



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