

Waterfall and Amendments

From: Billy. Carter (billy@ipnav.com)

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1. In order to secure the increase in funding (from \$2.2M to \$5.9M) we increased B's return from the greater of 4x deployed capital or 20% of the gross proceeds to 5x / 25%.
2. We can discuss why this increase is not relevant on our call.
3. Sorry for the delay.
4. If we get through SJ, I think the tide will turn in our favor re settlement discussions.

Regards,

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12kB



(84645566)_(1)_Chanbond - Fully Executed LFA.pdf
1.3MB



Executed Amendment.pdf
1.4MB



Second Amendment.pdf
1.3MB

ChanBond Waterfall Analysis

	Return Percentage	Return Amount	Litigation Proceeds Remaining	
			\$50,000,000	INPUTS
Litigation Financing	100% of principal	\$5,950,000	\$44,050,000	Litigation Financing Deployed: \$5,950,000
Litigation Financing Return	Greater of 5x deployed <u>or</u> 25% of gross (less principal)	\$23,800,000	\$20,250,000	Litigation Proceeds: \$50,000,000
Attorney's Fees	25% of gross	\$12,250,000	\$8,000,000	Greater of: 5.0 or 25.0%
IPNAV Return	22% of gross	\$8,000,000	\$0	TOTAL RETURNS
CBV Preference	100% of net, up to \$1M	\$0	\$0	Litigation Financing Return: \$29,750,000
CBV Return	50% of net thereafter	\$0	\$0	Attorney's Return: \$12,250,000
ChanBond Return	50% of net thereafter	\$0	\$0	CBV Return: \$0
				IPNAV Return \$8,000,000
				ChanBond Return: \$0
				<u>\$50,000,000</u>