



Global Capital Alliances

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The Year 2008 may go down to be one of the worst global financial meltdowns in the past eighty years of banking history. With the repeal of the 1933-Glass-Steagall Act in 1999, Investment Banks and Depository Banks were, again, allowed to compete with each other for investors. The Glass-Steagall Act was promulgated purposely by Congress in 1933 (after the 1929 market crash) to avoid highly speculative trading among banks that would jeopardize banking stockholder and depositor investments. The act has stood the test of time; and for many years, the American Financial Industry was considered to be one of America's greatest strengths.

So in 1999, some bright guys in Congress decided to repeal the Glass-Steagall Act and, unknowingly to them, set into motion one of the most cataclysmic financial storms in American banking history. The resulting 'perfect storm' started when Investment Banks (IBs) quickly leaped into commercial banking without a depositor's base and the Commercial Banks (CBs) leaped into investment banking (derivatives trading) without the knowledge of risk management.

Both institutions opened up huge derivatives trading operations with 'off-balance sheet' Structured Investment Vehicles (SIVs) and started slicing and dicing home mortgages and other debt instruments into derivative tranches called Collateralized Debt Obligations (CDOs). These CDOs, and a host of other complicated investment derivatives (including credit risk swaps), were invented by Wall Street 'Quant' Geniuses to securitize debt risk across the whole world. In other words, sub-prime mortgage debt, and other risky commercial paper was effectively 'spread' across the world's banking systems so that no one banking investor would take a hit on any one paper failure.

Unfortunately, since the IBs did not have depositor's cash to fund their risky investments, they floated short term paper to finance huge purchases and sales of these CDOs. And the CBs, lacking the understanding of risk management, continued to roll these CDO tortillas (using poor quality home loans) with little understanding of what was about to happen in the sub-prime home mortgage business. This resulting rapid movement of 'go-go' derivatives trading around the globe (brought on by modern day electronic trading) quickly became a highly leveraged 'musical chairs' game. This musical chairs game lasted for a few highly profitable years until some concerned employee of one of the US securities rating agencies started boning up on credit derivative valuations and discovered the preverbal 'food poisoning' (bad mortgages) in the body of many of these tortilla CDOs. Well, that stopped the 'feeding frenzy' derivatives party abruptly and when the music stopped everyone started fighting for a safe chair to sit in. Unfortunately, these CDOs were so complicated to value, that even the IBs and CBs themselves (including the SEC and the Fed) could not assess their value very quickly (especially when looking for 'salmonella bad loan pathogens' in individual CDOs that are sitting in a pile of millions of unsold Level 2 & 3 Assets.

CDO trading suddenly stopped and balance sheets started unwinding all over the world!

When the money stopped flowing, those IBs and CBs (without a chair to sit in) got whacked! Even those banks that got chairs (thru foreign investor cash infusions) were still severely injured. Short term paper was coming due at the IBs with no cash reserves to back them up (thus increasing margin calls on their devaluating assets) and sub-prime mortgage defaults were starting to trigger at the CBs and with little margin room for default protection.

In the meantime, to make things worst, the hedges (historical IB funding resources) were hedging their positions by betting on the chair fight with credit default swaps. They also started selling their ascending assets (top stocks) to cover their negative cash positions with the IBs. Over all, this perfect storm dealt serious arbitrage on the Banking Industry and the latest storm damage estimates are expected to reach between \$150 billion and \$200 billion dollars over the next two years.

Investors are not too happy about the situation either. Investors, not only lost their portfolio value in these banks, but they also will be paying higher fees to use these bank's investment services not to mention the additional taxes to the government to bail out these IBs and CBs for the next decade or two.

Toping off this bad deal for the investor, the IBs and CBs, (and there cash-source hedges), are all hitting the Commodities Markets this last couple of months to secure 'ascending commodities assets' to replenish their broken balance sheets. Unfortunately, this hyper commodity trading activity (futures trading increase from \$20 billion dollars in 2005 to \$275 billion dollars in 2008) is driving the price of oil, minerals and food up so fast that the poor consumer all over the world can no longer afford to pay for his basic commodities or services he needs for daily sustenance. The food rioting has already started in some locations of the world and you haven't seen anything yet . . . it's going to get worse!

Folks – this perfect storm will continue on a path of destruction for the next few years, reaping havoc with over-levered municipalities, school systems, state retirement funds, and commodities supplies and eventually into the fabric of fair trade itself. When this storm finally dies out, we will see a global community desperately competing for food, oil, capital and jobs. Their governments will be stressed with debt, commodities hoarding, hyper inflation, and their hopeless citizens will have to resort to extreme measures in a desperate attempt to make things better for their families.

So . . . Where do we go from here??

Like all global crises of the past, we will eventually recover from this perfect financial storm. We, at EXIMIAN, think the recovery will happen when these Wall Street banks and the global investment community at large, start refocusing their resources from high-risk, short-term derivatives trading to lower-risk, long-term global infrastructure investing.

This [new Global Infrastructure Construction Renaissance](#) is just around the corner. Our studies over the past year have identified a serious need to place over \$43 Trillion dollars of investment capital into infrastructure projects on a global basis. Emerging and mature countries alike are becoming desperate for electric power, commodities mining, low cost transportation & housing, LNG terminals & pipelines, new water / waste treatment plants, new agriculture supply zones, new schools and healthcare facilities, and most importantly, new jobs & economic trade zones.

The Middle East alone is forecasting hundreds of billions of dollars of Capital Expansion (CAPEX) to construct completely new cities with attached trade zones along the Persian Gulf and in North Africa. China and its Asian neighbors are planning hundreds of power plants, airports and transportation systems to keep up with double digit regional trade growth. India is planning billions of dollars in

new industries, steal mills, ship yards, power plants, and trade zones so that its poor, agricultural based citizens have a productive future to move up to. Latin and South Americas are planning hundreds of billions of dollars in mining, materials, and agriculture expansions for global export. The mining industry alone is planning \$300 billion dollars in CAPEX spread across eleven hundred (1,100) global projects in just the next five (5) years and the Power Industry will spend one trillion dollars per year for the next decade to try to catch up with continuous power brownouts occurring in many countries.

Global Capital Alliances

EXIMIAN's Huntsville Center for Strategic Studies has found that by aggregating investment capital and innovation resources into unique investment alliances that we can utilize these virtual enterprises to quickly recover from this storm induced slowdown, and also unlock the vast potential of emerging markets during this new infrastructure renaissance period. Here's how:

Many of the new investment capital sources around the world are now associated with state-run sovereign wealth funds and energy related trade groups & semi-private banks. These sources of capital are classically tied to oil & gas, commodities mining and low cost labor export markets. These investor hot spots can be easily found in many of the BRIC nations and including smaller nation states that export mineral wealth, such as UAE and Saudi Arabia.

An interesting phenomenon has occurred with these sources of wealth, though, that may force us to re-think the funding of many classic global projects. That is, these investment funds are no longer looking for just return-on-investment (ROI), as in the past. They are already heavily vested in bailing out Wall Street banks and private equity companies for future returns. This time, though, they are looking for unique investment opportunities that produce not only ROI, but also jobs, security, and renewed hope for their own countrymen in the long run. After the infrastructure projects have been constructed, and the investors and contractors have gone home from the startup commissioning party, each emerging nation will be looking for infrastructure sustainment and job creation opportunities for their citizens to grow into the future in a secure and sustainable way. This new trading paradigm may be a bit challenging for large global IBs as they classically do not understand how to underwrite social – value - added projects. This is not to say the IBs do not want to return social value in their projects, but they may need some help to learn new social investing paradigms.

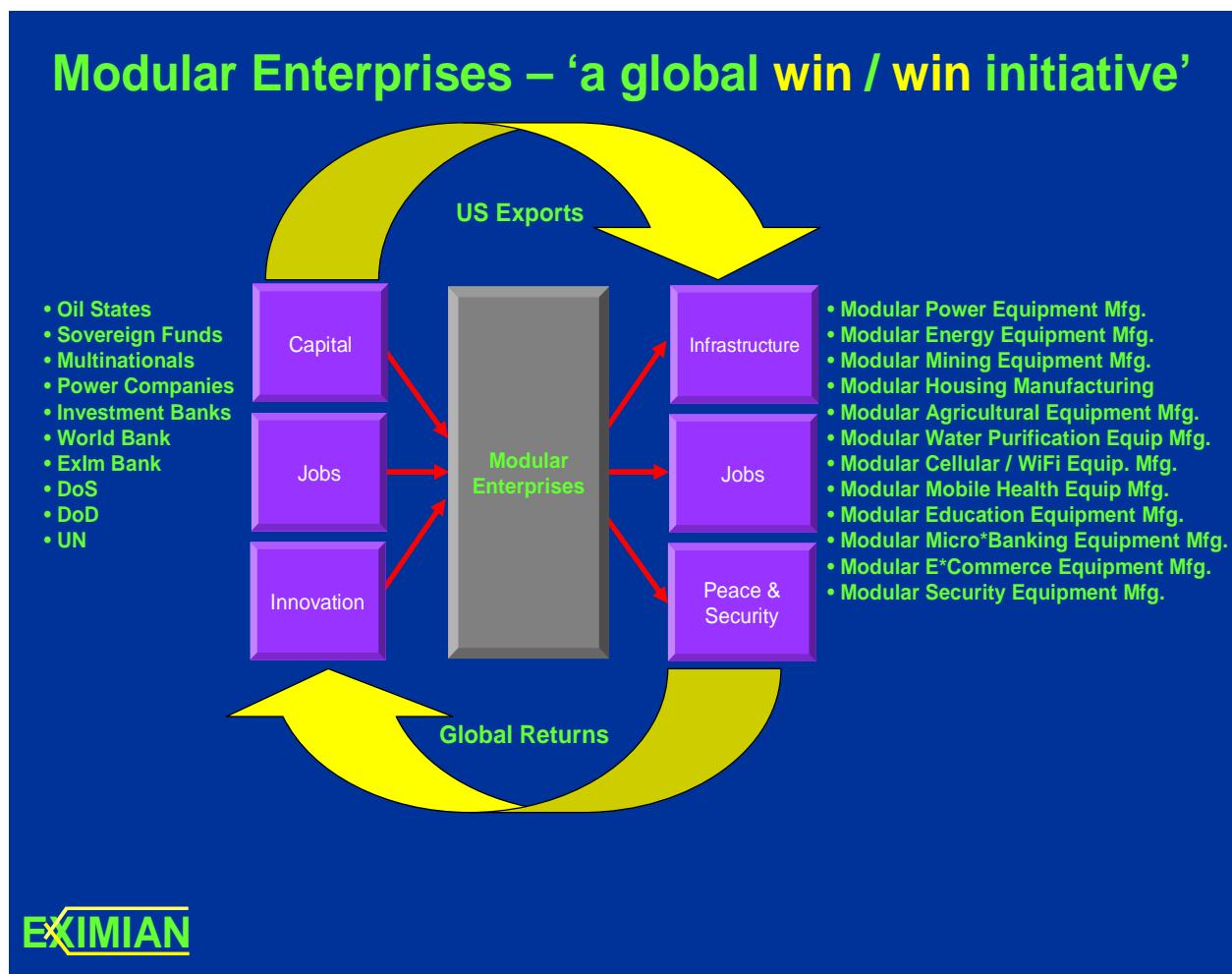
EXIMIAN's Think-Tank has attempted to address these new capital investment paradigms. We think that the global investor sincerely wants to add jobs to and beyond their infrastructure projects and they are currently looking for some new answers.

EXIMIAN has constructed a unique business model that forms alliances with "socially responsive" Investors from around the globe and aligns those investors

with “socially responsive” innovation resources in Huntsville, Alabama. These resulting partnerships will quickly build innovative, modular lean manufacturing processes and facilities that can be easily exported to emerging nations. These new manufacturing / service facilities will in turn, enable these emerging nations to hire their own citizens to build infrastructure sustainment products and services for their own country and neighboring countries alike.

In other words, EXIMIAN, with its global investors and local innovators, creates jobs that create jobs locally and across the globe.

A business construct that will help rebuild American export innovation & manufacturing (lost thru poor trade management) to lifting the hopes, prosperity and security of our global neighbors thru exportable manufacturing and jobs creation. Over all, as the Infrastructure Construction Renaissance unfolds across the globe, EXIMIAN’s partners will provide modular enterprises and job creation opportunities to directly support this infrastructure renaissance on a global basis.



So . . . Who's EXIMIAN ?

EXIMIAN is Huntsville, Alabama's first Global Investment Think-Tank with focus on building virtual enterprises and modular manufacturing that can be easily exported to emerging markets. Founded by Don Jarman in 2008, EXIMIAN utilizes a unique "think-tank / alliance-partner" strategy that quickly unites global capital alliances, innovative technology alliances, and people with passion for rapid business integration and jobs creation throughout the global marketplace.

EXIMIAN's passion is driven by what Robert Kennedy once said that . . ."Few will have the greatness to bend history itself; but each of us can work to change a small portion of these historical events; and all those small acts in total, will not be forgotten in the history of this generation . . ."

Reflecting Kennedy's vision, EXIMIAN is leveraging the small acts of involved people and the power of [global capital alliances](#) to make a lasting difference for the unemployed factory worker in America to the hopeless peoples in less fortunate countries around the world. All totaled, EXIMIAN's virtual global alliances of some of the brightest people on earth, will be challenged to make a small difference in "[creating jobs that create jobs](#)" - not to be forgotten in the history of this generation.

