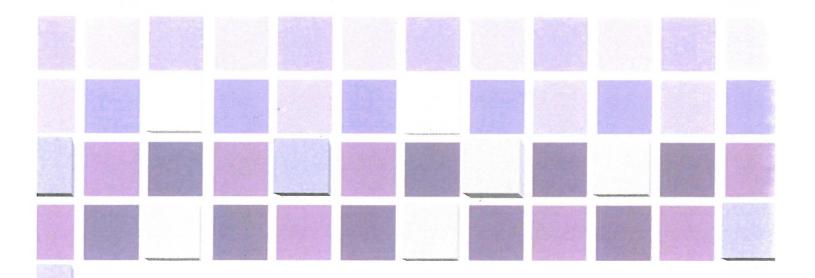


RESOURCE MANAGEMENT, LTD.



At A&O Resource Management, LTD. we look at things from a different angle. We opened an untapped secondary market in the insurance industry. This has lead to enormous opportunity. By utilizing one of America's oldest and most trustworthy institutions we can help diversify your portfolio by bringing this opportunity to you.



UNDERSTANDING LIFE SETTLEMENTS



A life settlement is the sale of an existing life insurance policy that is no longer performing up to expectations or just no longer is needed. Life settlements enable qualifying policy owners to receive fair market value for their policies by accessing the secondary market for life insurance. Prior to the life settlement industry, if a senior owned a policy that was no longer wanted, needed or was affordable, there was no option but to lapse, cancel, or surrender the policy back to the carrier for the cash surrender value.

WHY WOULD SOMEONE WANT TO SELL HIS/HER LIFE POLICY



- Change in interest rates
- Divorce
- Bankruptcy
- Need for coverage no longer exists
- Charity has taken over policy and wants to convert to cash
- · Retirement
- · Businesses are sold

Upon the sale of a policy, the insured's beneficiary rights are transferred to the new owner so that each may benefit from the transaction. The seller of the policy gets up-front money and is released from the policy payments while the buyer gets a profitable, secure, long-term financial return. The buyer becomes the sole owner and beneficiary of the life insurance policy. This creates a direct relationship between the buyer and the life insurance company, putting you in full control of your asset.

BENEFITS OF A LIFE SETTLEMENT POLICY



- Above average returns; compounded annually
- Strength of the life insurance industry
- Diversification
- Almost no effect from interest rate fluctuations
- · No risk of stock or bond market
- No management fees

HOW IT WORKS

In a recent case, a 75-year old man had a \$2.9 million policy that was not performing up to expectations. His advisor recommended that his policy be reviewed. A&O determined the market value of his policy was \$840,000, four times its cash surrender value. The client sold his policy and used the proceeds to fund new, more cost-efficient insurance. This new policy had a face value of \$3.5 million and had significantly lower ongoing premiums.

Such life settlement cases are an everyday occurrence now that the secondary market for life insurance policies exists. Life insurance provides financial solutions to meet various needs of businesses and families. Over time, however, needs change. Loans are repaid; key executives retire; estates become smaller; businesses are sold. In other words, the policies were being surrendered or permitted to lapse. The advent of a secondary market has created a free market for policy owners to value their insurance.

INSURANCE COMPANIES USED

Safety. In addition to the above average returns, safety is the main reason people purchase life settlements through life insurance companies. These insurance companies that are used to guarantee the principal and the rate of return are all very highly rated by Standard and Poor's and Moody's. Each company that we use is at least rated A- or better. But beyond each company's financial strength ratings, is an underlying protection called the "legal reserve system". This system, which all insurance companies must adhere to, includes rules regarding asset management and accounting guidelines, as well as reserving requirements.

WHO QUALIFIES?



A life settlement is appropriate under the following circumstances:

- · Clients with mutual funds they are unhappy with
- Clients with a variable annuity that is under performing
- Clients with unneeded death benefit in variable annuity
- Clients with under performing stocks or bonds
- · Qualified and non-qualified money (IRAs and non-IRAs)
- Account values over \$500,000
- Small business owners
- Deferred compensation plans
- · Institutions and individuals
- Pension funds
- Clients seeking better diversification

THE PROCESS



The process is very simple. First, the client decides on the length of time (usually 4-6 years) that he is able to invest his money. We then find him a whole life policy with an A+ rated insurance company or better that matches the exact criteria set by the client.

Secondly, to insure the minimum rate of return, we obtain a bond from a secondary reinsurance company that guarantees that if the insured lives beyond the life expectancy (in this case 4-6 years) the secondary reinsurance company will pay the beneficiary the entire death benefit and take over the whole life policy and continue to pay the premiums until the insured passes away. We utilize the reinsurance bond to convert the investment from an unknown into a certain maturity date. This innovation allows you to have much more control and eliminates cash flow volatility. It acts as an additional collateral enhancement to portfolios as well as a mitigation of the ability for repayment.

Once the process is complete the client becomes the owner and the beneficiary of the whole life policy and the owner and the beneficiary of the reinsurance bond. The original insured remains on the whole life policy. The new investor will receive a copy of the whole life policy directly from the insurance company.

In conclusion, the investor gets the death benefit from either the reinsurance company or the original whole life company. If the insured passes away before the life expectancy date the whole life policy pays the entire death benefit to the beneficiary. If the insured lives beyond the life expectancy date, the secondary reinsurance company will pay the entire death benefit to the beneficiary and they(the reinsurance company) will take over the whole life policy and they have to pay the premiums until the insured dies.