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STATE OF CONNECTICUT: SUPERIOR COURT
JUDICIAL DISTRICT OF NEW HAVEN

BTHRIFTY, LLC,	:
	:
Plaintiff	:
	:
-versus -	:
	:
COMCAST SPOTLIGHT, LLC, et al.,	:
	:
Defendants.	:

EXPERT REPORT OF CRAIG A. JACOBSON

April 22, 2014

CITRIN COOPERMAN & COMPANY, LLP
37 NORTH AVENUE NORWALK, CT 06851 | TEL 203.847.4068 | FAX 203.849.0624
AN INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS
CITRINCOOPERMAN.COM

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Attachments

I. DESCRIPTION OF THE ASSIGNMENT

1. Citrin Cooperman & Company, LLP ("Citrin Cooperman") was retained by Biller, Sachs, Raio & Zito ("Counsel") on behalf of BThrifty, LLC ("BThrifty" or "Plaintiff").

2. More specifically, I was retained to estimate economic damages to the Plaintiff due to the alleged actions of Comcast Spotlight, LLC ("Comcast Spotlight") and the other defendants in this matter (collectively, the "Defendants"). These damages relate to the Plaintiffs' claim that as a result of the alleged actions of the Defendants, BThrifty suffered substantial injury, and lost customers, profits and business.[1]

3. My analysis was conducted for this purpose only. No other purpose is intended or should be inferred.

4. My analysis is premised on the liability of the Defendants.

5. The Plaintiffs' full claim is set forth in the Complaint submitted February 3, 2012 (the "Complaint").

II. CRAIG A. JACOBSON PROFESSIONAL QUALIFICATIONS

6. I earned a BS degree in economics and computer science from the State University of New York at Albany and an MBA degree in finance from New York University's Stern School of Business. I am a Principal in the valuation and forensic services group at the accounting, tax, and consulting firm of Citrin Cooperman & Company, LLP. I have extensive experience in matters related to business valuation and litigation.

7. My curriculum vitae is attached as Attachment 1. My curriculum vitae includes a list of all publications I have authored within the last ten years as well as a listing of the cases in which I have testified as an expert within the preceding four years. Citrin Cooperman is being

[1] Complaint (defined below), ¶17. The Plaintiff claims that the alleged actions of the Defendants effectively put the Plaintiff out of business.

compensated at $460 per hour for my work in this matter. I have been assisted by other professionals at Citrin Cooperman. Our fees are not contingent on the outcome of this matter.

III. DATA AND OTHER INFORMATION CONSIDERED IN FORMING MY OPINION

8. A list of the data and other information considered in forming my opinion is presented in Attachment 2.

IV. SUMMARY OF MY OPINIONS AND CONCLUSIONS

9. As discussed below, at the request of Counsel, I calculated two categories of damages: (a) Lost Business Value Damages and (b) Lost Profits Damages. These damages estimates represent alternative measures of damages to the Plaintiff, and should not be added together.

10. Based on a review of the documents set forth in Attachment 2 and the analyses described below, I have quantified damages to the Plaintiffs as set forth below:

Lost Business Value Damages ....$18,800,000 (rounded)
Lost Profits Damages ....$75,100,000 (rounded)

11. I reserve the right to update this report if I am provided with additional relevant information.

V. BTHRIFTY BUSINESS DESCRIPTION

12. BThrifty was formed in 2008[2] by Robert Errato ("Mr. Errato"), Greg Mondo ("Mr. Mondo"), and Chris Errato (collectively the "Founders").

13. BThrifty was engaged in the business of providing multimedia marketing and advertising services for small business customers at affordable prices. The foundation of their multimedia program for small business owners was cable television advertising. The product/service was known as the Company's "Synergy" program, which at inception was a "Green" business venture. In addition to offering the small business owner an affordable way to advertise on cable television networks, the program also included a wide range of other technologies and services. They included, among other features: (i) having their business listed on the BThrifty Mall website (effectively

[2] BThrifty's 2008 Tax Return, Form 1040.

representing a second storefront), (ii) email blasts, (iii) RSS feeds, (iv) access to market their business to the Company's "BGreen" cardholders, and (v) marketing benefits from the BThrifty branding efforts driving additional traffic to the BThrifty website. The Synergy program was unique in that it provided small business owners with access to market their companies and products on cable television networks, which had previously been too expensive for small business owners.

14. BThrifty's services involved the delivery of a fully managed multimedia advertising system. The Company handled all of the creative, production, media buying analytics, and reporting tasks. This allowed BThrifty's customers to focus on their business, and not on their advertising.[3]

VI. BThrifty Operations and Projections

A. BThrifty Historical Operations

15. BThrifty began operations in January 2008 and remained in operation through July 2009. The first six months of 2008 were dedicated to setting up operations. This included the development of the two Company websites (BThrifty.com and BThrifty.biz), the creation and refinement of the Company's Synergy product components and features, the solicitation and training of a production, sales and operational staff, and launching their branding and promotional cable television commercials.

16. The Company kept detailed financial records using MYOB accounting software. In order to analyze the operations of the Company, I examined the two six month periods (i.e., July 1, 2008 to December 31, 2008, and January 1, 2009 to June 30, 2009) in which the Company generated operating revenue.

17. Revenue increased during these periods from $148,447 to $272,375,[4] an increase of 83.5%. This revenue growth indicates that the Company's business model had been successfully launched and was undergoing rapid growth, even with the operational issues reported by BThrifty related to the alleged actions of the Defendants.

[3] Business Plan, page 3.
[4] The revenue for January 1, 2009 to June 30, 2009 includes $53,833 of revenue from multi-month contract commitments sold prior to June 30, 2009.

18. On a reported basis, the Company's operating loss decreased from $430,370 to $140,737. I also analyzed the Company's profitability for these periods on an ongoing basis, i.e., after eliminating nonrecurring and discretionary expenses. This analysis indicated that the Company's operating loss decreased from $252,995 to $14,670. This indicates that if the Company's revenue grew in the second half of 2009 at the same percentage increase as the first half of 2009, it would have become profitable in the second half of 2009.

19. In summary, the historical financial statements indicate that (i) the Company's business model had been successfully launched, even in the face of adverse actions on the part of the Defendants, and (ii) it is reasonable to assume that the Company would have continued its significant growth and achieved profitability "but for" the alleged actions of the Defendants.

B. HISTORICAL INDUSTRY AND ECONOMIC OUTLOOK[5]

20. An important factor in any valuation is the state of the economy and the industry as of the valuation date.

21. The economy deteriorated considerably during the fourth quarter of 2008 and continued to display declining performance during the first half of 2009.

22. According to advance estimates released by the Department of Commerce's Bureau of Economic Analysis, Real Gross Domestic Product ("GDP"), the output of goods and services produced by labor and property located in the United States, decreased at an annualized rate of 1.0% during the second quarter of 2009. This represents the fourth consecutive negative growth rate in annualized quarterly GDP.

23. In addition, personal consumption spending represents approximately two-thirds of total economic activity and is a primary component of overall economic growth. Real personal consumption spending decreased 1.2% in the second quarter of 2009 and decreased 0.2% in 2008 overall, the first decline since 1980.

24. Moreover, according to the Labor Department's Bureau of Labor Statistics, the unemployment rate increased to 9.5% in June of 2009, representing the highest level since 1983. Unemployment rates

[5] Mercer Capital's National Economic Review, Second Quarter 2009 and IBISWorld Report for Advertising Agencies in the US as of July 2009.

increased steadily through 2008 and into 2009 and were expected to trend upward throughout 2009.

25. As of the second quarter of 2009, the Federal Reserve's outlook concurred with that of many private economists by suggesting negative growth during 2009 and growth at a moderate pace during 2010.

26. The performance of the Advertising Agencies industry is closely tied to economic conditions; thus, as a direct outcome of the economic recession, revenue in the industry in 2009 was expected to decline 6.8% as compared to 2008.

27. In 2009, the Advertising Agencies industry began to transform from traditional delivery channels such as television, radio, and newspapers to operations which included emerging digital media platforms such as the internet (including social networking sites), cell phones with text-message and MMS capabilities, smartphones and more. Integration of traditional main media advertising with new media promotions became of increasing importance.

28. Despite BThrifty's limited history as an operating entity, the Company was able to generate revenue as soon as it began its sales operations, and then grew revenue at a very high growth rate, notwithstanding the poor economic conditions. The Company's revenue growth rate of 83.5% from the second half of 2008 to the first half of 2009 is equivalent to an annual growth rate of 236.7%. In fact, economic conditions may have contributed to BThrifty's success. The Company's Synergy Program utilized various forms of advertising media, including television, internet and the BGreen Loyalty Card, and more importantly, offered small businesses less expensive television advertising at a time when pricing and effectiveness of advertising was paramount.

C. The BThrifty Projections

29. BThrifty management did not prepare formal financial projections during the period in which the Company was in operations. I reviewed both (i) the Business Plan and (ii) certain internal spreadsheets the Company's management had prepared while in operation. These spreadsheets contained various historical sales measures, as well as some short-term pro forma revenue analyses for certain geographical territories that the Company was targeting. However, none of these documents contained (i) historical or projected expenses or (ii) long-term projections that would

allow me to analyze the expected future operations and profitability of the Company as of June 30, 2009 (the "Breach Date"), the approximate date on which BThrifty ceased operations.

30. It is generally considered that projections that are prepared contemporaneously and in the normal course of business are preferable to projections that are prepared after the fact. However, in this case, there are no such contemporaneous projections. Therefore, in order to calculate damages, it was necessary to prepare projections of the expected operations of BThrifty.

31. BThrifty management therefore created projections for the Company's operations as of the Breach Date of June 30, 2009 (the "Projections") using the following procedures:

    i. BThrifty management prepared several pro forma analyses showing revenue and expenses at different levels of factors such as (a) geographic coverage in terms of number of regions covered, (b) number of advertisers, (c) pricing, and (d) expenses.

    ii. BThrifty management then prepared the Projections, which represent their expectations as to the Company's prospects as of the Breach Date. The Projections consider the Founders' plans for BThrifty and represent their best estimate as to the business that the Company would have achieved during calendar years 2009 through 2013 "but for" the alleged actions of the Defendants.

32. I reviewed the Projections and discussed them extensively with the Founders. I noted the following points:

    i. As of the Breach Date, BThrifty had successfully begun operations and was growing at a significant pace. The Company's operations in its initial market area were already demonstrating the success and potential of the BThrifty Synergy product.

    ii. The Company had begun expanding its sales staff aggressively to serve the currently under serviced zones in the Hartford-New Haven direct market area.

    iii. The Company's business model was highly scalable and did not require significant additional expenses in order to expand.

iv. The Company's historical financial statements and the Projections both contained a significant amount of detail regarding the various categories of revenue and expenses. The Projections are clearly well thought out.

v. The Projections reflect changes in the Company's business model as a result of the sales representative's feedback as well as the evolution of the Company's business plan as BThrifty management fine-tuned their operating model.

vi. The Company expected to turn cash flow positive by the third quarter of 2009. In addition, Mr. Errato and Mr. Mondo had ample financial resources, negating dependence on outside financing.[6]

vii. The Founders had extensive business experience. Mr. Errato in particular had previously built a multi-million dollar business from scratch and sold it for a significant profit.

33. As discussed above, the Company's actual operations resulted in revenue growth at an annual rate of 236.7% from the second half of 2008 to the first half of 2009. I noted that this revenue growth was achieved during a significant economic downturn and while the Defendants were allegedly hindering the operations of BThrifty, and that the Company might have grown at a significantly greater rate absent these issues. I noted that the annual revenue growth in the Projections from 2010 through 2013 was 261%, 164%, 88%, and 75%, respectively. I discussed the rationale for these increases with BThrifty management. These discussions included the details of the factors impacting revenue growth, including growth into adjacent market areas, increasing revenue per customer, and geographic areas in which the Company intended to operate. I also discussed the scalability of the Company's business model, including the consideration of which operating expenses were fixed (i.e., fixed expenses that would not increase along with the revenue of the Company) and variable (i.e., variable expenses that would increase along with revenue). It would be reasonable to expect that the Company's plan to raise venture capital to expand more rapidly had a high likelihood of success.

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[6] [6] Mr. Errato informed me that the Company was planning to seek a small outside investment in order to fund expansion into additional geographic areas simultaneously.

34. In order to determine whether the projected growth rates for BThrifty as contained in the Projections were reasonable, I reviewed historical financial information for Groupon, Inc. ("Groupon"), a company in a similar business to that of BThrifty. Per Yahoo Finance, Groupon operates as a local commerce marketplace that connects merchants to consumers by offering goods and services at a discount in North America and internationally.[7] Groupon began operations in 2008, when it had a nominal amount of revenue of approximately $5,000. Table 1 below shows Groupon's revenue and revenue growth for the four following years:

Table 1
Groupon, Inc. Revenue and Revenue Growth 2009-2013

Year	2009	2010	2012	2013
Revenue ($000s)	$14,540	$312,941	$1,610,430	$2,334,472
Revenue Growth		**2052%**	**415%**	**45%**

Revenue data source: Groupon Form 10-K for the period ended December 31, 2012

35. BThrifty and Groupon are similar in that they (a) provide marketing services to small advertisers and (b) utilize newly available technology. Table 1 above shows that companies engaged in this line of business can grow very rapidly when given the chance.

36. I also reviewed data presented by PrivCo, a company that provides information on private companies. This data indicated the following revenue for other companies that are in businesses similar to that of BThrifty:[8]

[7] Per Yahoo Finance.
[8] Savings.com specializes in online financial marketplaces. RetailMeNot, Inc. is an online coupon retailer that sells traditional coupons through a portfolio of international websites. Coupons.com (also known as Coupons, Inc.) provides and distributes grocery and home product coupons online. Refinery 29, Inc. is an online platform for fashion, beauty, and shopping. LivingSocial, Inc. provides users with daily online coupons to local venues, such as restaurants and spas.

Table 2
Revenue and Growth for Private Companies Published by PrivCo
(Millions of Dollars)

	2007	2008	2009	2010	2011	2012	2013
Savings.com	$ 0.9	$ 4.7	$ 12.4	$ 19.4			
% change		422.2%	163.8%	56.5%			
RetailMeNot, Inc.			2.0	17.0	80.0		
% change				750.0%	370.6%		
Coupons.com		17.5	41.0	59.0	88.9	105.0	
% change			134.3%	43.9%	50.7%	18.1%	
Refinery 29, Inc.		0.4	0.7	1.9	8.7	16.6	24.0
% change			75.0%	171.4%	357.9%	90.8%	44.6%
LivingSocial, Inc.			3.2	100.0	250.0	536.0	
% change				3025.0%	150.0%	114.4%	

37. The data in Table 2 provides further support to the reasonableness of the Projections, and shows that there were several other companies in operation that provided similar services, and were growing at growth rates well in excess of those contained in the Projections.

38. Based on the above, it is my opinion that the Projections represent achievable operating results for BThrifty as of the Breach Date. I have therefore used the Projections in both of my damages analyses (discussed in the next section of this report).

VII. DAMAGES ANALYSIS

39. This section of my report contains a discussion and analyses relating to my quantification of damages for the Plaintiffs. This analysis is based on (a) my understanding of the facts set forth in Section V above, and (b) information on the historical and prospective operations of BThrifty provided by the Founders.

40. Economic damages are awarded as compensation to a party for any loss or harm sustained due to the misconduct of another. The primary purpose of awarding economic damages is to place the injured party in the same economic position it would have occupied had the misconduct not occurred. Although there is no prescribed method for calculating economic damages, the expert must establish that his or her chosen methodology is both relevant and reliable. In doing so, the

Plaintiff or the expert must provide evidence that establishes that damages are: (a) directly caused by defendant's alleged conduct and (b) sufficiently tied to the facts of the case.

41. As discussed above, the primary purpose of awarding economic damages in a case such as this is to place the injured party in the same economic position that the party would have occupied had the alleged wrong not occurred. Damages to a business are traditionally stated as either: (a) lost profits or (b) lost business value.

42. Lost profits are traditionally calculated as lost sales minus the costs avoided or saved as a result of the lower sales. The loss is calculated as the difference between what the business would have produced during the period of loss absent the alleged actions of the defendant (often referred to as "but-for" profits), minus what the company actually did produce during the period of loss. The loss period generally begins with the date of the damaging action and continues until the losses from the action have stopped or the plaintiff has been able to fully mitigate its damages.

43. Lost business value is calculated as the fair market value (defined below) as of the approximate date of the alleged wrongful action.

44. Both measures of damages may be used but may not overlap. If a company operates for a period of time and then shuts down as a result of the defendant's actions, lost profits may be calculated for the period of operations followed by a calculation of lost business value.

45. The intent of a damages calculation is to estimate the amount that will restore the injured party to the same economic position that the party would have occupied had the wrong not occurred. A lost business value damages calculation estimates the value of the subject company at the time of the alleged breach. By using a business valuation methodology, the lost business value calculation relieves the defendants of the burden of the risks of the subject business. A lost profits damages measure, on the other hand, estimates the proceeds that the plaintiff would have received assuming that the wrongful act did not occur and that the business would have remained in operation and achieved projected levels of revenue and profitability.

46. In performing my analysis, I considered factors related to establishing lost profits for a new business. I considered a list of factors that a financial expert needs to consider as a basis to assist

in a damages calculation published in a well-respected lost profits treatise.[9] The list below presents these factors, along with a discussion of these factors as they pertain to BThrifty.

i. Business plans. As discussed above, BThrifty had contemporaneously prepared a business plan describing the operations of the Company.

ii. Availability of capital. Mr. Errato had previously sold a business to a publicly traded company. Mr. Errato and Mr. Mondo had significant capital available for BThrifty, which wasn't expected to require significant capital in any case because (a) the nature of the business required little in the way of additional expenditures and (b) the business was expected to become profitable and cash flow positive in the second half of 2009.

iii. Prior experience of key management. Mr. Errato and Mr. Mondo were both experienced business persons who had successfully started, operated, grown, and sold previous business ventures.

iv. The quality of the subject company's books and records. BThrifty kept extensive financial and non-financial records of the Company's operations. In preparing my report and working with Mr. Errato and Mr. Mondo, I observed that they had maintained comprehensive records several years after the demise of the Company and were quickly able to answer any questions I had.

v. The economy and industry in which the business operates. As discussed above, the economy in general and the advertising industry in particular were in poor shape as of the Breach Date. BThrifty successfully started operations and grew quickly in this economic and industry environment, so there is no reason to believe that they would not have continued growing as shown in the Projections.

vi. Experience and existence of other similarly situated businesses. As discussed above, BThrifty was a unique business. The best indication of the experience and existence of other similarly situated businesses is Groupon, which as discussed above, quickly grew and eventually went public. Also, as Table 2 shows, there were several other companies that operated similar businesses that experienced rapid revenue growth.

[9] Nancy J. Fannon, *The Comprehensive Guide to Lost Profits Damages*, 2009 Edition, p. 5-22.

vii. Complexity of the business. BThrifty was a relatively simple business model. The Company's Synergy program is easy to understand, and had already proven itself in the marketplace as of the Breach Date.

viii. Other successful competitors in the marketplace. As with point vi above, there are few direct competitors of the Company. However, the success of Groupon and other similar companies supports the viability of the BThrifty business model.

ix. Demand for alternative substitutes. There is a continuing need for small businesses such as the customers of BThrifty to advertise and market their businesses, which indicates demand for the services that were provided by BThrifty.

47. Based on my consideration of the factors above, it is my opinion that the Projections are a reasonable basis for calculating damages to BThrifty.

48. I calculated both of the abovementioned measures of damages to the Plaintiffs as follows:

i. Lost Business Value Damages: I calculated damages as the estimated fair market value of BThrifty on the Breach Date of June 30, 2009.

ii. Lost Profits Damages: I calculated damages based on the profits that BThrifty would have earned "but for" the alleged actions of the Defendants through the end of 2013 (the year end closest to the date of this report) plus the estimated fair market value of the Company on December 31, 2013, which reflects the assumption that the Company would have remained in operation "but for" the alleged acts of the Defendants and would therefore have had value as of that date.

A. LOST PROFITS DAMAGES

49. There are three common elements necessary to recover lost profits damages. The wronged party must show each of the following:

i. That the lost profit damages were caused by the conduct upon which the claim is based;

ii. That the parties contemplated the possibility of lost profit damages, or that the lost profit damages were a foreseeable consequence of the conduct, and

iii. That the lost profit damages are capable of proof with reasonable certainty.[10]

50. In my opinion, BThrifty satisfies each of the three abovementioned elements:

i. The lost profits of BThrifty were proximately caused by the alleged acts of the Defendants. There are no other factors that might have impacted BThrifty's ability to earn the projected level of profits,

ii. The lost profits of BThrifty were a foreseeable consequence of the conduct of the Defendants, and

iii. As discussed below, the lost profits of BThrifty are proven with reasonable certainty. Reasonable certainty does not require that lost profits damages be calculated with absolute exactness.

51. There are three generally recognized and accepted methods for calculating lost profits: (1) the before and after method, (2) the management projections method, and (3) the yardstick method.

52. The before and after method studies company profit trends prior to the harmful event in order to project the profits the company would have earned absent the harmful event ("but for" profits). The difference between the "but for" profits and the actual profits is damages absent any other intervening causes.

53. The management projections method uses management's projections (ideally prepared prior to the harmful event) to estimate the profits during the loss period. Again, the difference between the projected profits ("but for" profits) and the actual profits are damages absent any other intervening causes.

54. The final method is referred to as the yardstick method. In the yardstick method, future profits are projected by reference to comparable companies, divisions, or economic statistics. The difference between the yardstick profits and the actual profits is damages absent any other intervening causes.

55. In my opinion, the management projections method is the only feasible method for calculating lost profits damages in this case. Since the Company was in operation for just over eighteen months

[10] Nancy J. Fannon, *The Comprehensive Guide to Lost Profits Damages*, 2009 Edition (Business Valuation Resources, LLC, p. 1-4.

before the Breach Date, and was put out of business by the alleged wrongful acts of the Defendants, it is not possible to utilize the before and after method. And, since the Company sold a unique service, it was not possible to utilize the yardstick method.

56. Once a preliminary calculation of the potential loss is performed, the expert must consider the financial impact of intervening events. Intervening events are any other macro or micro economic events that are unrelated to the alleged actions of the defendant yet contributed to the decline in profits during the loss period. These intervening events can be anything from one-time charges (such as lawsuit settlements or write-offs) to changes in general economic conditions that negatively affected the subject company.

57. The Projections are presented in Exhibit 3. Since the Breach Date of June 30, 2009 represents the midpoint of calendar year 2009, I took one-half of these amounts to estimate the Company's results of operations for the second half of 2009. For 2010 through 2013, I utilized full-year data.

58. I then considered the following adjustments in order to convert the pretax income to a cash flow measure, representing the cash flow to the Company's investors based on the Projections:

    i. I considered adjustments for capital expenditures and depreciation. However, the Company had already purchased the small amount of fixed assets required by its operations, and any future capital expenditures and/or depreciation expense were considered to be de minimis. I therefore assumed zero capital expenditures and depreciation expense.

    ii. I made an adjustment for incremental working capital to account for the fact that a growing business typically has to retain some portion of its cash flow in order to finance items such as inventory and accounts receivable. I utilized data published by RMA for NAICS code 541810, advertising agencies. I calculated incremental working capital for each year utilizing that year's RMA publication, using the appropriate working capital as a percent of revenue for the appropriate size category.

59. My lost profits damages analysis included both (i) lost profits for the period from June 30, 2009 through December 31, 2013 and (ii) a terminal value component, representing the estimated fair market value of the Company as of approximately the present time. The calculation of the

terminal value component of damages is described in greater detail in the next section of this report.

60. My lost profits damages analysis concludes to total damages of $75,100,000 (rounded; see Exhibit 1). This damages measure included (a) $37,500,000 (rounded) in lost profits for the period June 30, 2009 through December 31, 2013 and (b) terminal value of $37,700,000 (rounded) representing the value in perpetuity as of December 31, 2013.

B. Lost Business Value Damages

61. In order to assess damages from the perspective of lost business value, I estimated the value of a 100% ownership interest in BThrifty as of the Breach Date of June 30, 2009, the approximate date as of which the alleged actions of the Defendants effectively put BThrifty out of business.

62. In my opinion, the appropriate standard of value is fair market value because it would place the injured party in the same economic position that party would have occupied had the alleged wrongful act not occurred. For the purpose of my analysis, fair market value is defined as: "The amount at which the property would change hands between a willing buyer and a willing seller when neither is acting under the compulsion and when both have reasonable knowledge of the relevant facts." [11]

63. It is important to note that fair market value represents value to a hypothetical market participant, and not specifically to the Founders of BThrifty.

64. Another factor to consider in any valuation assignment is the premise of value, which is an assumption about the state of the company (i.e., whether it will continue to operate) and its assets (i.e., the circumstances surrounding their disposition). I utilized the premise of value as a going concern, which assumes that the Company will continue to operate and generate revenue and profits in perpetuity.

65. This section describes the valuation approaches and methods I considered in my valuation analysis. There are three generally accepted business valuation approaches. These three generally accepted business valuation approaches are summarized below:

[11] American Society of Appraisers – definitions.

66. The Asset-based Approach: This valuation approach considers the accumulated values of the underlying assets and liabilities of the subject company. The broad categories of assets that may be analyzed include: (i) current assets (such as cash and marketable securities, accounts receivable, and inventories); (ii) tangible property (such as machinery and equipment); (iii) real estate (land and buildings); and (iv) intangible property (such as patents, copyrights, customer relationships, contracts, trademarks, a trained and assembled work force, and goodwill). Liabilities can include: (i) current liabilities (such as trade accounts payable and current accruals), (ii) long-term debt (such as bonds or mortgages), and (iii) contingent liabilities (such as environmental contamination and other regulatory actions, tax audits, and legal exposures).

67. The Income Approach: The income approach is based on the principle that the value of a business is equal to the present value of the future economic income expected to be earned by the business owners. There are two generally accepted income approach business valuation methods: (i) the direct capitalization method and (ii) the yield capitalization method. The direct capitalization method is based on the principle that economic income in every year after the valuation date is expected to increase or decrease at a constant rate (that rate may be positive, negative, or zero) into perpetuity. The yield capitalization method is based on the principle that expected income will increase or decrease at a non-constant rate over a specified discrete projection period. One generally accepted measure of economic income used in the yield capitalization method is cash flow. When cash flow is used as the measure of economic income, the yield capitalization method is often called the discounted cash flow ("DCF") method.

68. The Market Approach: The prices of securities of companies in the same or similar lines of business provide market-derived pricing information. First, the various market approach valuation methods involve the identification, analysis, and selection of guideline (or comparative) companies. Second, the market approach methods extract a relationship between (i) the security/transaction prices of the selected sample of guideline companies and (ii) the historical or prospective financial fundamentals of the selected guideline companies. Third, market-derived valuation pricing multiples are used as a basis for selecting the valuation pricing multiples to apply to the subject company financial fundamentals. The sources of guideline companies can include either (i) publicly traded companies or (ii) or merged and acquired companies.

69. I considered all three of the above mentioned valuation approaches in estimating the value of a 100% ownership interest in BThrifty as of the valuation date. I did not utilize the asset-based

approach since the value of BThrifty is based on its expected future profitability, and not on the value of its assets. I did not utilize the market approach since I was unable to locate transactions in companies sufficiently similar to BThrifty to provide meaningful valuation information.[12]

70. Because I was unable to rely on the cost approach or the market approach, I relied solely on the income approach to determine the lost business value. Specifically, I relied on the DCF method.

71. The DCF method considers the expected income and cash flows of the subject company in perpetuity, reflecting the fact that a going concern business is expected to continue operations indefinitely. Therefore, the projected cash flows are discounted back to present value at a discount rate that reflects the inherent risk in achieving the projected cash flows in order to estimate the value of the business.

72. I utilized the Projections presented in Exhibit 3. Since the Breach Date of 2009 represents the midpoint of calendar year 2009, I took one-half of these amounts to estimate the Company's results of operations for the second half of 2009. For 2010 through 2013, I utilized full-year data. I applied a pro forma income tax rate of 40%.

73. I considered the following adjustments in order to convert the net income to a cash flow measure, representing the cash flow to the Company's investors based on the Projections:

iii. I considered adjustments for capital expenditures and depreciation. However, the Company had already purchased the small amount of fixed assets required by its operations, and any future capital expenditures and/or depreciation expense were considered to be de minimis. I therefore assumed zero capital expenditures and depreciation expense.

iv. I made an adjustment for incremental working capital to account for the fact that a growing business typically has to retain some portion of its cash flow in order to finance items such as inventory and accounts receivable. I utilized data published by RMA for NAICS code 541810, advertising agencies. I calculated incremental working capital for each year utilizing that year's RMA publication, using the appropriate working capital as a percent of revenue for the appropriate size category.

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[12] I did utilize information on transactions of similar businesses as a reasonableness check. See Section VII, Reasonableness Check below for more details.

74. The future cash flows and the terminal value (representing the value after the discrete projections period) were discounted using a discount rate which reflects the risks associated with the expected cash flows of BThrifty. The discount rate represents an estimate of the expected rate of return that the market requires in order to attract funds for an investment in BThrifty considering the risks of achieving the underlying cash flow. I utilized the fifteen year Cambridge Associates LLC U.S. Venture Capital Index rate as of June 30, 2009 of 36.3% (rounded). This discount rate reflects actual returns as of the Breach Date received by investors in early stage companies over a fifteen year period.

75. After applying the 36.3% cost of capital to calculate the present value of future benefits stream through the year ended December 31, 2013, I calculated the present value of the cash flows in each year. The total present value of the projections period cash flows was $7,925,000 (rounded). I then calculated the terminal value, representing the value of the Company after the discrete projections period. The terminal value was of $37,700,000 (rounded) as of December 31, 2013, which was then discounted to present value of $10,900,000 (rounded) as of the Breach Date. The sum of these values results in a 100% control, marketable value of the Company of $18,800,000 (rounded, See Exhibit 2).

VII. REASONABLENESS CHECK

76. As discussed above, I was unable to locate market transactions for companies sufficiently similar to BThrifty to perform a market approach valuation analysis. However, BThrifty management identified several transactions of companies that operate within similar industries as BThrifty that can be used as a reasonableness check for the calculated lost profits damages of $75,100,000 (rounded) and the calculated lost business value damages of $18,800,000 (rounded). The existence of these market transactions, while not truly comparable to the Company's operations, serves as a basis to consider the reasonableness of my damages calculations.

77. As mentioned previously, BThrifty and Groupon are similar in that they (a) provide marketing services to small advertisers and (b) utilize newly available technology.

78. Groupon raised approximately $1.1 billion prior to its initial public offering in November 2011.[13] In April 2010, only a few years after Groupon began operations, a $135 million financing round

[13] http://www.crunchbase.com/company/groupon

was completed.[14] At the time, Groupon's enterprise value ("EV") was estimated at $1.35 billion.[15] Based on Groupon's revenues for the year ending December 31, 2009, this transaction implies a revenue to EV multiple of 92.8. Applying this multiple to BThrifty's adjusted revenue for the last twelve months ended June 30, 2009 results in a value of $39,100,000 (rounded). See Table 3 below.

79. One other Company which I was able to obtain an EV for was LivingSocial, Inc. ("LivingSocial"). While I believe LivingSocial is less relevant than Groupon, I calculated a revenue to EV multiple based on a round of financing conducted in April 2011, which suggested an EV of $6 billion[16] to further corroborate my findings. Based on LivingSocial's revenues for the year ending December 31, 2010, this transaction implies a revenue to EV multiple of 60.0. Applying this multiple to BThrifty's adjusted revenue for the last twelve months ended June 30, 2009 results in a value of $25,200,000 (rounded). See Table 3 below.

Table 3
Calculation of BThrifty's Implied Value Based on Revenue Multiples

	Groupon, Inc.	**LivingSocial, Inc.**
Enterprise Value	$1,350,000,000	$6,000,000,000
	÷	÷
Divided by: Total Revenue	$14,540,000	$100,000,000
Implied Revenue Multiple	92.8	60.0
	x	x
Times: Bthrifty Revenue LTM 6/31/2009	$ 420,822	$ 420,822
Implied Value (rounded)	**$ 39,100,000**	**$ 25,200,000**

Revenue data source: Groupon Form 10-K for the period ended December 31, 2012 and PrivCo Database

[14] http://www.crunchbase.com/company/groupon
[15] http://www.forbes.com/forbes/2010/0830/entrepreneurs-groupon-facebook-twitter-next-web-phenom.html
[16] http://www.bloomberg.com/news/2013-02-22/livingsocial-falls-to-a-quarter-of-2011-value-in-latest-funding.html

80. The value implied by this market transaction falls in between the calculated lost profits damages of $75,100,000 (rounded) and the calculated lost business value damages of $18,800,000 (rounded) and therefore acts as a reasonable check to the calculated damages.

81. I also reviewed data on other similar companies that received outside financing.[17] The data that I was able to obtain only presented the amounts of financing received in the indicated financing rounds. This data did not include information necessary to calculate the value of the entire company. I was therefore also unable to calculate any valuation pricing multiples using this data. However, the amounts received in financing indicate a floor value for each company, which in each case is probably significantly less than the value of the whole company. These data points are presented in Table 4 below:

Table 4
Financing Received by Private Companies Published by PrivCo
(Millions of Dollars)

Company	Total Reported Financings	Exit Event
Savings.com	$ 12.7	Acquired in June 2012 for $100 million by Cox Enterprises
RetailMeNot, Inc.	275.5	Went public in July 2013 at $191 million
Coupons, Inc.	257.5	
Villagevines.com	6.8	
Bloomspot, Inc.	49.0	
Refinery 29, Inc.	30.7	
BuyWithMe.com	31.5	
LivingSocial, Inc.	923.6	

82. As discussed above, the data in Table 4 presents information on amounts invested in these companies, indicating that each company's value is above the amounts shown in the table. The data in Table 3 provides further support that my damages conclusions are reasonable.

[17] Certain of these companies were described earlier in this report in connection with Table 2. In addition to those companies, Table 3 contains the following companies. Villagevines.com offers online coupons and discounts on upscale restaurants. Bloomspot, Inc. is a media and entertainment company that specializes in daily local offers and deals. BuyWithMe.com is a group buying website where local merchants offer exclusive limited time offers.

VIII. SUMMARY AND CONCLUSION

83. Based on the analyses set forth above, it is my opinion that the Plaintiffs sustained damages as follows:

Lost Business Value Damages ....$18,800,000 (rounded)
Lost Profits Damages ....$75,100,000 (rounded)

84. I reserve the right to update this report if I am provided with additional relevant information.

Respectfully submitted,

Craig A. Jacobson

CITRINCOOPERMAN
Attest & Assurance | Tax Compliance & Research | Specialty & Consulting

Curriculum Vitae of

CRAIG A. JACOBSON, MBA

Educational Background and Credentials

* Master of Business Administration, Finance, New York University Stern School of Business, 1990

* Bachelor of Science, Economics and Computer Science, State University of New York at Albany, 1984

* Member of American Society of Appraisers, working toward Accredited Senior Appraiser designation

Professional Experience

* Craig Jacobson is a Principal in the Business Valuation and Litigation Support Group at Citrin Cooperman & Company, LLP.

* Craig has performed the following types of valuation and economic analyses: merger and acquisition valuations, divestiture and spin-off valuations, intangible asset analyses, intellectual property analyses, solvency analyses, fairness opinions, lost profit/economic damages analyses, business and stock valuations, ESOP valuations, restructuring and workout valuations, litigation support analyses, and event analyses.

* Craig has prepared these valuation and economic analyses for the following purposes: transaction pricing and structuring (merger, acquisition, recapitalization, divestiture, and liquidation), litigation support and dispute resolution, strategic information and planning, insolvency and troubled equity and debt workout (recapitalization, reorganization, restructuring), employee corporate ownership, and taxation planning and compliance (federal income, gift, and estate tax).

* Craig has valued the following types of business entities and securities: privately-held companies—controlling interests, privately-held companies—noncontrolling interests, public corporations—restricted stock, public corporations—derivative ownership interests, public corporation subsidiaries and divisions, portfolios of marketable and nonmarketable securities, complex capital structures (various classes of common/preferred stock; options, warrants, grants, rights), general and limited

partnership interests, joint ventures, proprietorships, professional service corporations, professional practices, LLPs and LLCs.

* Craig has performed economic and valuation analyses on the following types of intellectual property and other intangible assets: patents, trademarks, copyrights, trade names, customer-relationship intangible assets, supplier-relationship intangible assets, computer software, computer databases, distribution rights, photo libraries, franchise contracts and rights, going-concern value, business goodwill, personal goodwill, loan portfolios, noncompete covenants, proprietary technology, and trained and assembled workforces.

* Craig has performed pre- and post-acquisition business valuations in the following industries: advertising, apparel manufacturing, apparel retailing, baked goods, banking, cable television, cement, colors and pigments, computer services, confection manufacturing, construction, construction equipment, consumer and auto loans, consumer products, cruise ships, department stores, electric utility, electronic components, electronics parts, eye-care products, financial services, food processing, fragrances and flavors, furniture manufacturing, graphic arts services, insurance, insurance adjusters, internet radio, laundry and cleaning products, law practice, leasing, managed health care, medical equipment, medical practice, metal fabrication, metal processing, microelectronic products, mining, motor vehicle aftermarket, oil and gas distribution, outsourcing services, paper products, pharmaceuticals/biotechnology, pre-fabricated homes, professional firms, propane distribution, publishing, real estate development, recycling and waste disposal, restaurants, shopping mall management, software, specialty chemicals, specialty retailing, stock brokerage, stock photography, toy manufacturing, trade show management, transportation and trucking, video entertainment, water and filtration, and wholesaling.

* Craig has testified before the September 11th Victim Compensation, at trial, at arbitration, and at deposition.

* Prior to Citrin Cooperman, Craig was a Senior Manager at Willamette Management Associates. Prior to that, Craig was managing member of J.B. Jacobson Consulting LLC. Prior to that, Craig was a supervisor at David Berdon & Company. Prior to that, Craig was vice president at The InterCapital Group, Inc.

<u>Publications</u>

* "The Backsolve Method to Value Common and Preferred Stock." *The Legal Intelligencer*, August 26, 2013.

* "Identify and Valuate Intangible Assets and Intellectual Property." *New York Law Journal*, May 20, 2013.

* "Putting a Value on Goodwill." *New York Law Journal*, April 9, 2012.

* "Know and Protect Intellectual Property's Worth." *New York Law Journal*, April 11, 2011.

* "Pitfalls to Avoid when Performing a Fairness Opinion." *Business Valuation Update*, October 2010.

* “Factors to Consider in Performing a Valuation Analysis for a Fairness Opinion.” Reprinted from Willamette Management Associates *Insights*, Winter 2009, issue and appearing in the January 2010 and April 2010 editions of *Business Valuation Alert*.

* “Factors to Consider in Performing a Valuation Analysis for a Fairness Opinion.” Willamette Management Associates *Insights*, Winter 2009.

* “The Valuation of Stock Options for Equitable Distribution Purposes.” Willamette Management Associates *Insights*, Special Issue 2008.

* “Unit Valuation Discount and Premium Adjustments.” Willamette Management Associates *Insights*, Summer 2008.

* “Tax Court Rules that Transactions in the Stock of Privately Held Company Can Be Considered as Arm’s-Length Transactions.” Willamette Management Associates *Insights*, Autumn 2007.

* “Estimating the Cost of Capital: An Update from the Private Equity Perspective.” Willamette Management Associates *Insights*, Summer 2007.

* “The Employee Stock Option Backdating Kerfuffle: A Valuation Perspective.” Willamette Management Associates *Insights*, Summer 2007.

* “Fairness Opinions, Valuations, and the Related Controversy.” Reprinted from Willamette Management Associates *Insights*, Summer 2006, issue and appearing on www.BankingCrossing.com.

* “Estimating Discount Rates in Damages Analysis: Solving the Analyst’s Dilemma.” *Business Valuation Update*, November 2006.

* “The Use of Empirical Data to Estimate Discount Rates for Business Valuation and/or Economic Damages Analysis.” Willamette Management Associates *Insights*, Autumn 2006.

* “Current Controversies Related to Fairness Opinions and “Independent” Financial Advisory Firms.” Willamette Management Associates *Insights*, Summer 2006.

* “Estimating Economic Damages in a Patent Infringement Analysis.” Willamette Management Associates *Insights*, Summer 2006.

* Fairness Opinions—A Hot Issue Gets Hotter in Recent NYSE Merger.” *Business Valuation Update*, April 2006.“Fairness Opinions—Revisited For The Bankruptcy Professional.” American Bankruptcy Institute *Advisors Committee Newsletter*, March 2006.

* “Estate Tax and Estate Planning Valuation Guidance from Internal Revenue Service Publications.” Willamette Management Associates *Insights*, Special Issue 2006.

* “Revenue Ruling 2004-4 Provides Guidelines to Classify Certain SESOP Transactions as ‘Listed Tax Shelters’.” Willamette Management Associates *Insights*, Winter 2005.

* “Valuation of Improperly Priced Securities and Shareholder Damages.” Willamette Management Associates *Insights*, Summer 2004.

Presentations

10/11 “Patent Damages – The Entire Market Value Rule”
Sponsor: Business Valuation Resources
Presenter of a teleconference highlighting current topics in patent damages, focusing on the Entire Market Value Rule.

7/10 “Fairness Opinions”
Sponsor: Business Valuation Resources
Presenter of a teleconference highlighting current legal and financial topics in fairness opinions.

11/09 “Successful Cross-Examination of a Business Valuation Expert”
Sponsor: Commercial Law League of America

9/09 “M&A and Valuation in the Financial Services Space in the Current Market Environment”
Sponsor: Business Valuation Resources

9/06 “Fairness Opinions—Expert Guidance on How to Bulletproof Your Conclusions”
Sponsor: Business Valuation Resources
Moderator of a teleconference focused on the validity of fairness opinions and financial and legal challenges concerning this controversial issue.

5/06 “The Value of Intellectual Property”
Sponsor: American Society of Appraisers Connecticut Chapter

TESTIMONY

2003 Testified before Kenneth R. Feinberg, Esq. via teleconference in connection with the September 11th Victim Compensation Fund.
Type of Claim: business valuation.

2007 Law firm: Hogan & Hartson.
Name of proceeding: Ezra Billy Hidary v. Abraham J. Hidary, et al.
Type of Claim: equitable remedy.
Type of Court: JAMS Arbitration.
Type of Testimony: Arbitration testimony (June 27, 2007 and August 2, 2007).

2008 Law firm: Chase Kurshan Herzfeld & Rubin, LLC (now Herzfeld & Rubin, P.C.).
Name of proceeding: Vitarroz Corp. against G. Willi Food International Ltd., et al.
Type of Claim: economic damages.
Type of Court: Arbitration.
Type of Testimony: deposition (April 16, 2008) and arbitration testimony (May 6, 2008).

2011 Law firm: Berger & Montague, P.C.
Name of proceeding: In re Inergy, L.P. Unitholder Litigation

Type of Claim: economic damages.
Type of Court: Delaware Chancery Court.
Type of Testimony: deposition (August 3, 2011).

2011 Law firm: Cohen Goldstein Silpe LLP
Name of proceeding: Markowitz v. Markowitz
Type of Claim: business valuation.
Type of Court: New York State Supreme Court.
Type of Testimony: trial (September 16 & 19, 2011).

2011/12 Law firm: Lucas Bagnell Varga LLC
Name of proceeding: Dennis L. Winger, et al. v. Life Technologies Corporation
Type of Claim: economic damages.
Type of Court: American Arbitration Association.
Type of Testimony: deposition (November 21, 2011) and arbitration (April 2-4, 2012).

2013 Law firm: Lucas Bagnell Varga LLC
Name of proceeding: Leeland F. Gray, Jr., et al. v. Town of Easton, et al.
Type of Claim: economic damages.
Type of Court: United States District Court
Type of Testimony: deposition (May 28, 2013).

2014 Law firm: Quinn Emanuel Urquhart & Sullivan, LLP
Name of proceeding: GSP Finance LLC v. KPMG LLP
Type of Claim: economic damages.
Type of Court: Supreme Court of the State of New York
Type of Testimony: deposition (March 27 & 28, 2014).

DOCUMENTS AND INFORMATION CONSIDERED IN FORMING MY OPINION

1. Second Substituted Amended Complaint, BThrifty, LLC v. Comcast Spotlight, LLC, et al., dated December 23, 2011 (the "Complaint")
2. BThrifty Business Plan dated May 7, 2009 (the "Business Plan")
3. Projections of BThrifty operations prepared by BThrifty management (the "Projections")
4. BThrifty 2008 Tax Return, Form 1040
5. Nancy J. Fannon, *The Comprehensive Guide to Lost Profits Damages*, 2009 Edition (Business Valuation Resources, LLC.
6. Mercer Capital's National Economic Review, Second Quarter 2009
7. IBISWorld Report for Advertising Agencies in the US as of July 2009
8. www.privco.com
9. www.crunchbase.com
10. www.bloomberg.com
11. www.sec.gov, Groupon, Inc. 10-K.
12. www.forbes.com
13. Yahoo! Finance
14. Risk Management Association
15. Cambridge Associates LLC U.S. Venture Capital Index
16. American Society of Appraisers – definitions

Exhibit 1
BThrifty LLC
Lost Profits Damages Summary
As of December 31, 2013

		6-mos. 12/31/2009	FYE 12/31/2010	FYE 12/31/2011	FYE 12/31/2012	FYE 12/31/2013
[1]	Pretax Income	$ (120,280)	$ 1,088,535	$ 5,282,119	$ 11,269,743	$ 21,084,072
	Capital Expenditures	$ -	$ -	$ -	$ -	$ -
	Depreciation	-	-	-	-	-
	Incremental Working Capital	(80,000)	(51,000)	(146,000)	(402,000)	(470,000)
	Net Cash Flow	$ (200,280)	$ 1,037,535	$ 5,136,119	$ 10,867,743	$ 20,614,072
	Total Net Cash Flow					$ 37,455,189
	Terminal Value as of Dec. 31, 2013					37,675,245
	Total Lost Profits Damages					**$ 75,130,434**

Notes:
[1] See Exhibit 3.

Exhibit 2
BThrifty LLC
Income Approach
Form of Discounted Cash Flow Analysis

Valuation Date		6/30/2009					
Current Date		12/31/2013					
		6-mos. 12/31/2009	FYE 12/31/2010	FYE 12/31/2011	FYE 12/31/2012	FYE 12/31/2013	
[1] Pretax Income		$ (120,280)	$ 1,088,535	$ 5,282,119	$ 11,269,743	$ 21,084,072	
Income Tax Provision	40%	-	(435,414)	(2,112,848)	(4,507,897)	(8,433,629)	
Net Income		$ (120,280)	$ 653,121	$ 3,169,271	$ 6,761,846	$ 12,650,443	
Capital Expenditures		$ -	$ -	$ -	$ -	$ -	
Depreciation		-	-	-	-	-	
Incremental Working Capital		(80,000)	(51,000)	(146,000)	(402,000)	(470,000)	
Net Cash Flow		$ (200,280)	$ 602,121	$ 3,023,271	$ 6,359,846	$ 12,180,443	
Discount Rate	36.3%				Terminal Growth Rate	3%	
Years		0.25	1.00	2.00	3.00	4.00	
PV Factor		0.9255	0.7337	0.5383	0.3949	0.2897	
PV of Cash Flow		$ (185,359)	$ 441,761	$ 1,627,367	$ 2,511,649	$ 3,529,228	
Total PV of Cash Flow						$ 7,924,646	
Terminal Value						$ 37,675,245	
PV of Terminal Value						$ 10,916,230	
Net Present Value						**$ 18,840,876**	

Notes:
[1] See Exhibit 3.

Exhibit 3
BThrifty LLC
Profit and Loss Statement
Historical & Projected

	6-mos. 12/31/2008		6-mos. 6/30/2009		LTM 6/30/2009		FYE 12/31/2009		FYE 12/31/2010		FYE 12/31/2011		FYE 12/31/2012		FYE 12/31/2013	
Revenue																
Gross Sales - All Magazine/TV	$ 147,490	99.4%	$ 209,838	96.0%	$ 357,328	97.4%	$ 850,000	84.0%	$ 3,080,627	84.4%	$ 8,156,774	84.5%	$ 15,382,222	84.6%	$ 26,940,354	84.5%
Gross Sales - TV Sales Only	-	0.0%	4,445	2.0%	4,445	1.2%	157,561	15.6%	543,640	14.9%	1,439,431	14.9%	2,714,510	14.9%	4,754,180	14.9%
Outside Production Sales	-	0.0%	1,350	0.6%	1,350	0.4%	1,350	0.1%	15,000	0.4%	35,000	0.4%	50,000	0.3%	100,000	0.3%
Production Sales	748	0.5%	2,628	1.2%	3,376	0.9%	2,628	0.3%	10,000	0.3%	15,000	0.2%	25,000	0.1%	50,000	0.2%
Sales - Coupon, Inc.	209	0.1%	111	0.1%	320	0.1%	111	0.0%	1,200	0.0%	5,000	0.1%	10,000	0.1%	20,000	0.1%
Bartering Income		0.0%		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other Revenue	-	0.0%	170	0.1%	170	0.0%	170	0.0%	1,000	0.0%	3,000	0.0%	6,000	0.0%	12,000	0.0%
Total Revenue	$ 148,447	100.0%	$ 218,542	100.0%	$ 366,989	100.0%	$ 1,011,820	100.0%	$ 3,651,467	100.0%	$ 9,654,205	100.0%	$ 18,187,732	100.0%	$ 31,876,534	100.0%
									$ 2.61							
# of Magazines:							750,000		2,250,000		3,300,000		4,200,000		6,000,000	
Agencies Fee %							15.0%		15.0%		15.0%		15.0%		15.0%	
Processing/Debit Fees %							2.5%		2.5%		2.5%		2.5%		2.5%	
Cost of Sales																
Smart Shopper Magazine	$ -	0.0%	$ 76,634	35.1%	$ 76,634	20.9%	$ 112,500	11.1%	$ 337,500	9.2%	$ 495,000	5.1%	$ 630,000	3.5%	$ 900,000	2.8%
BThrifty Loyalty Cards	8,910	6.0%	-	0.0%	8,910	2.4%	8,000	0.8%	10,000	0.3%	25,000	0.3%	20,000	0.1%	30,000	0.1%
Cablevision TV (L.I., NY, Lower CT)	113,215	76.3%	-	0.0%	113,215	30.8%	-	0.0%	40,000	1.1%	80,000	0.8%	180,000	1.0%	220,000	0.7%
Comcast CT TV	138,294	93.2%	74,713	34.2%	213,007	58.0%	116,713	11.5%	110,000	3.0%	140,000	1.5%	190,000	1.0%	180,000	0.6%
Advertising - Other	105,797	71.3%	2,423	1.1%	108,220	29.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Networks CT	-	0.0%	-	0.0%	-	0.0%	2,423	0.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Network NY	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Network MA/NH	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Billboards	2,550	1.7%	-	0.0%	2,550	0.7%	1,250	0.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Agencies	22,333	15.0%	13,612	6.2%	35,945	9.8%	17,870	1.8%	22,500	0.6%	33,000	0.3%	55,500	0.3%	60,000	0.2%
Outside Production	-	0.0%	1,250	0.6%	1,250	0.3%	3,000	0.3%	143,520	3.9%	364,000	3.8%	1,014,000	5.6%	1,856,400	5.8%
TV Production	1,210	0.8%	4,200	1.9%	5,409	1.5%	8,200	0.8%	4,200	0.1%	20,000	0.2%	50,000	0.3%	100,000	0.3%
Production	23,364	15.7%	24,925	11.4%	48,289	13.2%	24,925	2.5%	36,000	1.0%	36,000	0.4%	48,000	0.3%	65,000	0.2%
Animation Commercials	10,066	6.8%	500	0.2%	10,566	2.9%	500	0.0%	1,200	0.0%	6,000	0.1%	6,000	0.0%	8,000	0.0%
Processing/Debit Fees	3,559	2.4%	1,865	0.9%	5,424	1.5%	21,250	2.1%	77,016	2.1%	203,919	2.1%	384,556	2.1%	673,509	2.1%
Sales Rep. Commisions	25,358	17.1%	67,639	31.0%	92,997	25.3%	151,134	14.9%	462,094	12.7%	1,223,516	12.7%	2,307,333	12.7%	4,041,053	12.7%
Signing Bonuses/Merit Rewards		0.0%		0.0%	-	0.0%	9,500	0.9%	10,000	0.3%	20,000	0.2%	45,000	0.2%	150,000	0.5%
BThrifty Character Costs	10,600	7.1%	2,182	1.0%	12,782	3.5%	2,000	0.2%	4,800	0.1%	12,000	0.1%	30,000	0.2%	40,000	0.1%
BT Costumes		0.0%		0.0%	-	0.0%	2,000	0.2%	-	0.0%	-	0.0%	6,000	0.0%	6,000	0.0%
Mgmt Fees	22,550	15.2%	27,686	12.7%	50,236	13.7%	51,400	5.1%	55,370	1.5%	85,000	0.9%	95,000	0.5%	125,000	0.4%
Wages	-	0.0%	25,026	11.5%	25,026	6.8%	50,050	4.9%	75,000	2.1%	125,000	1.3%	160,000	0.9%	185,000	0.6%
Employee Related Taxes	-	0.0%	2,858	1.3%	2,858	0.8%	6,800	0.7%	10,125	0.3%	28,350	0.3%	15,000	0.1%	25,000	0.1%
Bad Debt Expense	-	0.0%	1,568	0.7%	1,568	0.4%	1,568	0.2%	4,000	0.1%	10,000	0.1%	12,000	0.1%	15,000	0.0%
Total Cost of Sales	$ 487,805	328.6%	$ 327,080	149.7%	$ 814,885	222.0%	$ 591,083	58.4%	$ 1,403,325	38.4%	$ 2,906,785	30.1%	$ 5,248,389	28.9%	$ 8,679,962	27.2%
Gross Profits	$ (339,358)	-228.6%	$ (108,538)	-49.7%	$ (447,896)	-122.0%	$ 420,737	41.6%	$ 2,248,142	61.6%	$ 6,747,419	69.9%	$ 12,939,343	71.1%	$ 23,196,572	72.8%
SG&A Expense																
Officer Compensation - CEO	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 239,000	23.6%	$ 340,000	9.3%	$ 448,000	4.6%	$ 541,000	3.0%	$ 645,000	2.0%
Officer Compensation - CFO	-	0.0%	-	0.0%	-	0.0%	157,000	15.5%	209,000	5.7%	258,000	2.7%	298,000	1.6%	341,000	1.1%
Officer Compensation - CIO	-	0.0%	-	0.0%	-	0.0%	149,000	14.7%	181,000	5.0%	197,000	2.0%	221,000	1.2%	251,000	0.8%
Postage/Shipping	720	0.5%	1,348	0.6%	2,068	0.6%	2,700	0.3%	5,392	0.1%	8,500	0.1%	10,500	0.1%	14,500	0.0%
Advertising/Promotions	6,941	4.7%	15,080	6.9%	22,020	6.0%	15,080	1.5%	6,000	0.2%	12,000	0.1%	15,000	0.1%	45,000	0.1%
Dues & Subscriptions	685	0.5%	183	0.1%	868	0.2%	183	0.0%	2,000	0.1%	5,000	0.1%	7,000	0.0%	9,000	0.0%
Chamber/Business Org. Fees	4,230	2.8%	825	0.4%	5,055	1.4%	825	0.1%	3,000	0.1%	8,000	0.1%	10,000	0.1%	20,000	0.1%
Corporation Taxes	4	0.0%	2,524	1.2%	2,528	0.7%	366	0.0%	366	0.0%	1,000	0.0%	1,200	0.0%	1,200	0.0%
Trademarks & Corp. Filings	1,298	0.9%	60	0.0%	1,358	0.4%	60	0.0%	500	0.0%	1,200	0.0%	1,500	0.0%	3,000	0.0%

Exhibit 3
BThrifty LLC
Profit and Loss Statement
Historical & Projected

	6-mos. 12/31/2008		6-mos. 6/30/2009		LTM 6/30/2009		FYE 12/31/2009		FYE 12/31/2010		FYE 12/31/2011		FYE 12/31/2012		FYE 12/31/2013	
Professional Fees	3,790	2.6%	8,700	4.0%	12,490	3.4%	-	0.0%	-	0.0%	3,000	0.0%	4,000	0.0%	8,000	0.0%
Direct Marketing & Lists	516	0.3%	20	0.0%	536	0.1%	20	0.0%	1,200	0.0%	2,000	0.0%	2,500	0.0%	4,500	0.0%
Data Processing Fees	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,000	0.1%	6,000	0.1%	8,000	0.0%	12,000	0.0%
Bartering Expenses	-	0.0%	723	0.3%	723	0.2%	723	0.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Employee Benefits	-	0.0%	4,167	1.9%	4,167	1.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Workers' Comp	350	0.2%	-	0.0%	350	0.1%	2,190	0.2%	2,400	0.1%	4,000	0.0%	5,000	0.0%	10,000	0.0%
Group Medical Insurance	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Disability insurance	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Business, Auto, Liability Insurance	-	0.0%	-	0.0%	-	0.0%	6,150	0.6%	6,200	0.2%	8,500	0.1%	10,000	0.1%	15,000	0.0%
Travel	489	0.3%	548	0.3%	1,038	0.3%	548	0.1%	4,000	0.1%	6,000	0.1%	8,000	0.0%	15,000	0.0%
Vehicle Lease	587	0.4%	13,883	6.4%	14,470	3.9%	12,182	1.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Vehicle Fuel & Tolls	-	0.0%	-	0.0%	-	0.0%	3,400	0.3%	3,500	0.1%	6,000	0.1%	10,000	0.1%	20,000	0.1%
Recruiting/Sales Force	1,576	1.1%	287	0.1%	1,863	0.5%	600	0.1%	600	0.0%	1,200	0.0%	1,500	0.0%	3,000	0.0%
Paysimple Service Fees	-	0.0%	-	0.0%	-	0.0%	360	0.0%	1,200	0.0%	2,400	0.0%	3,500	0.0%	7,500	0.0%
Bank Service Charges	12	0.0%	397	0.2%	409	0.1%	800	0.1%	1,200	0.0%	1,800	0.0%	2,400	0.0%	4,800	0.0%
Office Expense	7,113	4.8%	3,994	1.8%	11,106	3.0%	5,548	0.5%	9,750	0.3%	12,500	0.1%	13,500	0.1%	20,000	0.1%
Printing Expense	-	0.0%	-	0.0%	-	0.0%	2,500	0.2%	6,000	0.2%	12,000	0.1%	15,000	0.1%	25,000	0.1%
Meals/Entertainment	1,302	0.9%	1,497	0.7%	2,799	0.8%	3,000	0.3%	6,000	0.2%	8,000	0.1%	10,000	0.1%	20,000	0.1%
Legal Fees	-	0.0%	-	0.0%	-	0.0%	1,000	0.1%	1,000	0.0%	1,500	0.0%	2,500	0.0%	5,000	0.0%
Accounting Fees	-	0.0%	-	0.0%	-	0.0%	2,000	0.2%	4,000	0.1%	5,000	0.1%	7,000	0.0%	10,000	0.0%
Giveaways/Promos	-	0.0%	3,661	1.7%	3,661	1.0%	3,661	0.4%	6,000	0.2%	10,000	0.1%	12,000	0.1%	20,000	0.1%
Charities	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Rent Expense	3,200	2.2%	7,200	3.3%	10,400	2.8%	9,600	0.9%	9,600	0.3%	12,000	0.1%	15,000	0.1%	18,000	0.1%
Tradeshow Expenses	10,966	7.4%	-	0.0%	10,966	3.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Office Payroll	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Officer Payroll (Partners)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	300,000	8.2%	360,000	3.7%	360,000	2.0%	450,000	1.4%
Tax Expense	-	0.0%	-	0.0%	-	0.0%	4,400	0.4%	1,000	0.0%	1,000	0.0%	1,500	0.0%	3,000	0.0%
Internet Development	27,524	18.5%	-	0.0%	27,524	7.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Website Maintenance	-	0.0%	-	0.0%	-	0.0%	2,000	0.2%	6,500	0.2%	7,500	0.1%	8,500	0.0%	12,000	0.0%
Servers Monitoring	2,956	2.0%	3,341	1.5%	6,297	1.7%	7,200	0.7%	6,500	0.2%	7,500	0.1%	8,500	0.0%	12,000	0.0%
Server Maintenance & Repair	-	0.0%	-	0.0%	-	0.0%	1,000	0.1%	2,000	0.1%	2,500	0.0%	3,000	0.0%	6,000	0.0%
Google/Yahoo SEO	5,566	3.7%	3,552	1.6%	9,118	2.5%	6,552	0.6%	6,500	0.2%	8,500	0.1%	10,000	0.1%	20,000	0.1%
Computer Expenses	549	0.4%	-	0.0%	549	0.1%	788	0.1%	1,200	0.0%	2,200	0.0%	3,000	0.0%	5,000	0.0%
TrackVia Database	2,227	1.5%	779	0.4%	3,006	0.8%	779	0.1%	2,000	0.1%	4,000	0.0%	4,500	0.0%	9,000	0.0%
Telecommunications	3,460	2.3%	10,601	4.9%	14,061	3.8%	12,600	1.2%	15,500	0.4%	22,500	0.2%	24,500	0.1%	30,000	0.1%
Internet Service and Comm.	4,712	3.2%	2,482	1.1%	7,194	2.0%	2,482	0.2%	4,500	0.1%	6,000	0.1%	7,000	0.0%	8,000	0.0%
Misc.	240	0.2%	180	0.1%	419	0.1%	5,000	0.5%	1,000	0.0%	3,000	0.0%	4,000	0.0%	10,000	0.0%
Total SG&A Expense	$ 91,012	61.3%	$ 86,031	39.4%	$ 177,044	48.2%	$ 661,297	65.4%	$ 1,159,608	31.8%	$ 1,465,300	15.2%	$ 1,669,600	9.2%	$ 2,112,500	6.6%
Operating Income/(Loss)	$ (430,370)	-289.9%	$ (194,570)	-89.0%	$ (624,940)	-170.3%	$ (240,560)	-23.8%	$ 1,088,535	29.8%	$ 5,282,119	54.7%	$ 11,269,743	62.0%	$ 21,084,072	66.1%

Source: Per BThrifty management.

Exhibit 4
BThrifty LLC
Normalized Profit and Loss Statement

	6-mos. 12/31/2008		6-mos. 6/30/2009	
	Reported	Normalized	Reported	Normalized
Revenue				
Gross Sales - All Magazine/TV	$ 147,490	$ 147,490	$ 209,838	$ 209,838
Gross Sales - TV Sales Only	-	-	4,445	4,445
Outside Production Sales	-	-	1,350	1,350
Production Sales	748	748	2,628	2,628
Sales - Coupon, Inc.	209	209	111	111
Bartering Income		-		-
Other Revenue	-	-	170	170
Multi-month Contract Commitments	-	-	53,833	53,833
Total Revenue	$ 148,447	$ 148,447	$ 272,375	$ 272,375
# of Magazines:				
Agencies Fee %				
Processing/Debit Fees %				
Cost of Sales				
Smart Shopper Magazine	$ -	$ -	$ 76,634	$ 76,634
BThrifty Loyalty Cards	8,910	-	-	-
Cablevision TV (L.I., NY, Lower CT)	113,215	113,215	-	-
Comcast CT TV	138,294	76,000	74,713	45,500
Advertising - Other	105,797	30,000	2,423	-
Networks CT	-	-	-	-
Network NY	-	-	-	-
Network MA/NH	-	-	-	-
Billboards	2,550	2,550	-	-
Agencies	22,333	22,333	13,612	6,825
Outside Production	-	-	1,250	1,250
TV Production	1,210	1,210	4,200	4,200
Production	23,364	23,364	24,925	24,925
Animation Commercials	10,066	-	500	-
Processing/Debit Fees	3,559	3,559	1,865	1,865
Sales Rep. Commisions	25,358	25,358	67,639	40,856
Signing Bonuses/Merit Rewards		-		-
BThrifty Character Costs	10,600	10,600	2,182	2,182
BT Costumes		-	-	-
Mgmt Fees	22,550	22,550	27,686	18,600
Wages	-	-	25,026	25,026
Employee Related Taxes	-	-	2,858	2,858
Bad Debt Expense	-	-	1,568	1,568
Total Cost of Sales	$ 487,805	$ 330,738	$ 327,080	$ 252,289
Gross Profits	$ (339,358)	$ (182,291)	$ (54,705)	$ 20,086
SG&A Expense				
Officer Compensation - CEO	$ -	$ -	$ -	$ -
Officer Compensation - CFO	-	-	-	-
Officer Compensation - CIO	-	-	-	-
Postage/Shipping	720	720	1,348	1,348
Advertising/Promotions	6,941	-	15,080	-
Dues & Subscriptions	685	685	183	183
Chamber/Business Org. Fees	4,230	2,344	825	825
Corporation Taxes	4	4	2,524	2,524

Exhibit 4
BThrifty LLC
Normalized Profit and Loss Statement

	6-mos. 12/31/2008		6-mos. 6/30/2009	
	Reported	Normalized	Reported	Normalized
Trademarks & Corp. Filings	1,298	1,298	60	60
Professional Fees	3,790	3,790	8,700	1,700
Direct Marketing & Lists	516	-	20	20
Data Processing Fees	-	-	-	-
Bartering Expenses	-	-	723	-
Employee Benefits	-	-	4,167	-
Workers' Comp	350	350	-	-
Group Medical Insurance	-	-	-	-
Disability insurance	-	-	-	-
Business, Auto, Liability Insurance	-	-	-	-
Travel	489	489	548	548
Vehicle Lease	587	587	13,883	-
Vehicle Fuel & Tolls	-	-	-	-
Recruiting/Sales Force	1,576	1,576	287	287
Paysimple Service Fees	-	-	-	-
Bank Service Charges	12	12	397	397
Office Expense	7,113	7,113	3,994	3,994
Printing Expense	-	-	-	-
Meals/Entertainment	1,302	1,302	1,497	1,497
Legal Fees	-	-	-	-
Accounting Fees	-	-	-	-
Giveaways/Promos	-	-	3,661	-
Charities	-	-	-	-
Rent Expense	3,200	3,200	7,200	4,800
Tradeshow Expenses	10,966	-	-	-
Office Payroll	-	-	-	-
Officer Payroll (Partners)	-	-	-	-
Tax Expense	-	-	-	-
Internet Development	27,524	27,524	-	-
Website Maintenance	-	-	-	-
Servers Monitoring	2,956	2,956	3,341	3,341
Server Maintenance & Repair	-	-	-	-
Google/Yahoo SEO	5,566	5,566	3,552	3,552
Computer Expenses	549	549	-	-
TrackVia Database	2,227	2,227	779	779
Telecommunications	3,460	3,460	10,601	7,067
Internet Service and Comm.	4,712	4,712	2,482	1,655
Misc.	240	240	180	180
Total SG&A Expense	$ 91,012	$ 70,704	$ 86,031	$ 34,756
Operating Income/(Loss)	$ (430,370)	$ (252,995)	$ (140,737)	$ (14,670)

Source: Per BThrifty management.