

International Card Establishment, Inc.



Corporate Profile

Company Summary: International Card Establishment, Inc. (the “Company”), is a rapidly growing provider of diversified products and services to the trillion dollar electronic transaction processing industry. All of the Company’s offerings generate recurring revenues in the form of transaction fees, service fees, or finance charges.

The Company’s operations take place through two wholly owned subsidiaries: International Card Establishment, Inc. (the same name as the parent company, but herein referred to as “I.C.E.” for clarity); and, GlobalTech Leasing, Inc. I.C.E. establishes “merchant accounts” for businesses that enable those businesses to accept credit cards, debit cards, and other forms of electronic payments from their customers; supplies the necessary point-of-sale transaction systems; facilitates processing for the accounts; and, provides e-commerce solutions. The I.C.E. subsidiary also markets a proprietary “Smart Card”-based system that enables merchants to economically offer store-branded gift and loyalty cards—one of the fastest growing product categories in the industry. The Company’s GlobalTech Leasing subsidiary is an equipment leasing firm that specializes in financing point-of-sale transaction systems.

Although the Company’s products and services address the needs of individual businesses that accept credit/debit cards and other electronic payments from their customers, the operations of both I.C.E. and GlobalTech Leasing are geared predominantly toward serving the needs of other service providers in the industry. The Company pursues this through a “*top-down / bottom-up*” approach: (a) *top-down*—the Company is allied with First Data Corporation, the largest processor in the industry (NYSE: “FDC”), and works closely with a division of First Data Corporation that is now marketing I.C.E.’s gift and loyalty card system nationwide; and, (b) *bottom-up*—the Company provides merchant account and leasing services to hundreds of independent agents and sales organizations throughout the U.S. that channel business to I.C.E. and GlobalTech Leasing from small to mid-size merchants in their local regions.

The Company also intends to acquire portfolios of existing merchant accounts to further build its base of recurring revenues. As a public company—OTCBB: ICRD—Management intends to use the strength of the Company’s stock as an added incentive in attracting opportunities to capture choice portfolios.

Corporate Data Summary:

Corporate Headquarters 300 Esplanade Drive, Suite 1950 (800) 400-0206
Address and Telephone: Oxnard, CA 93036

Internet Address: www.cardnetone.com

Employees: 30 full-time

Capitalization Summary: Shares Authorized: 100,000,000 shares Common, \$.0005 par value
Shares Outstanding: 17,600,000 shares Common
Stock Symbol: “ICRD” Market: OTCBB

Financial Projections Summary: ... 31-Dec.

	2003	2004	2005	2006	2007
Revenues	7,776,418	15,430,489	24,126,969	35,316,994	47,793,811
Net Income	(145,419)	1,633,278	3,986,557	7,358,149	11,481,595
Net Inc. Cash	5,631,549	516,017	17,480,856	3,930,784	10,019,887

Key Management: Chairman and President: Jonathan R. Severn
Executive VP and CEO: William J. Lopshire

International Card Establishment: Profiting in a Giant “Hidden” Industry

Since the time credit cards were first introduced over 30 years ago, the concept of “paying with plastic” has become so much a part of everyday life that most people never give it a second thought: *Just hand the card to the cashier, sign the credit slip, and head out the door with your purchase*—simple, quick, and routine. What many consumers never realize, however, is that an entire industry exists to make it that way—the electronic transaction processing industry.

While most people have heard of the Visa and MasterCard Associations, and most understand that a portion of the money they spend when they make a credit card purchase goes to one or the other of those organizations, or to one of the entities behind the Discover, American Express, and Diners Club cards. What they may not know is that these groups represent just the tip of the iceberg.

Consider, first, that when a consumer makes a \$100 purchase with a Visa or MasterCard, the merchant that sold them the goods or services typically receives only \$98. Now, consider the fact that of the remaining \$2, only \$0.08—*eight cents*—goes to the Visa or MasterCard Association, depending on which card was used.

What happens to the \$1.92 that is left over? It gets split between several other entities that played one role or another in facilitating the transaction. And, while \$1.92 doesn’t sound like a lot of money, consider the following: last year Americans pulled out their credit or debit cards 27 billion times to make nearly \$2 trillion worth of purchases. That 1.92% of expenditures adds up to a whopping \$39.8 billion in fees going to entities *other than Visa and MasterCard*.

Last year, U.S. consumers used credit cards and debit cards 27 billion times to purchase nearly \$2 trillion worth of goods and services

International Card Establishment, Inc. is one of those entities. Our I.C.E. subsidiary, through its Merchant Card Services division, establishes what the industry calls “merchant accounts” for businesses that enable those businesses to accept credit cards, debit cards, and other forms of electronic payments from their customers; supplies the necessary “card-readers” and other point-of-sale transaction systems; and, facilitates processing for the accounts. For merchants that don’t already have their own Web sites, the division also provides e-commerce solutions that enable them to economically begin accepting credit card sales over the Internet.

In addition, the I.C.E. subsidiary also markets a proprietary “Smart Card”-based system through its WorldWide Gift & Loyalty division that enables merchants to offer store-branded gift and loyalty cards to their customers—one of the fastest growing product categories in the industry.

The Company’s GlobalTech Leasing subsidiary is an equipment leasing firm that finances point-of-sale transaction systems for thousands of merchants around the country—whether or not our I.C.E. subsidiary set up the account.

Although our products and services address the needs of individual businesses that accept credit/debit cards and other forms of electronic payments, the operations of both I.C.E. and

GlobalTech Leasing are geared predominantly toward serving the needs of other service providers in the industry. To better understand who and what these other service

providers are, it helps to have an understanding of how the industry works overall. *The following section provides a brief overview.*

Anatomy of a Credit Card Transaction

The electronic transaction processing industry is highly efficient, but also highly compartmentalized; relying on the continuous interaction of numerous entities that perform a wide variety of interrelated functions.

Industry participants include, among others: thousands of independent agents and *Independent Sales Organizations* (ISOs) that develop relationships with local businesses, set up *Merchant Accounts* through banks to enable those businesses to accept electronic payments—an activity referred to as “merchant acquiring”—facilitate the processing for those accounts (often through third-party *Processors*—see below), and supply the point-of-sale systems needed to transmit transaction data; *Acquiring Banks* that, as members of the Visa and MasterCard Associations, sponsor ISOs that solicit *Merchant Account* applications from businesses (either directly or via independent agents that work with the ISOs), grant the approvals needed to set up the *Merchant Accounts*, maintain the accounts, and receive all electronic transactions for those accounts for processing; *Issuing Banks* that issue credit/debit cards to consumers; and, third-party *Processors* that authorize individual purchases by consumers and administer the resulting electronic funds transfers between *Issuing Banks* and *Acquiring Banks* to complete the transactions.

Each of the above types of entities earns a transaction fee based on a percentage of the price paid by a consumer for a given purchase, as illustrated in the following example:

1. A consumer selects a product that he or she wishes to purchase from a retailer that accepts credit cards—known in the industry as a “merchant”—and brings the item to the cash register;
2. The merchant calculates the total amount of the purchase, including sales tax if appropriate, and asks the consumer for payment;
3. The consumer hands the merchant a Visa or MasterCard credit card;

Glossary

Acquiring Bank: A bank that (a) maintains *Merchant Accounts* on behalf of businesses that have been approved to accept credit cards, (b) receives all credit card transactions related to the accounts, and (c) facilitates the electronic settlement of funds from such transactions. Acquiring Banks are generally members of the Visa and MasterCard *Associations*.

Agent: A person or entity that markets credit/debit card processing services to businesses while relying on *ISOs* or other service providers to set up the *Merchant Accounts* and provide the actual processing. Agents frequently work with more than one *ISO* or other service provider.

Authorization: The act of ensuring that a cardholder has adequate funds available against their line of credit. A positive authorization results in an authorization code being generated, and a hold being placed on those funds. A “hold” means that the cardholder’s available credit limit is reduced by the authorized amount.

Bank Card: A credit card issued by a bank. Visa and MasterCard are bank cards. American Express and Discover are not.

Capture: Converting the *Authorization* amount into a billable transaction record. Transactions cannot be captured unless previously authorized.

Card Present: A type of credit card transaction where the consumer and the *Merchant* are physically at the same location during the time of the transaction. Such transactions typically involve the credit card being swiped through a card reader (or physical point-of-sale terminal), and the consumer signs an authorization slip, or sales receipt.

Card Not Present: A type of credit card transaction where the consumer and the *Merchant* are not in the same physical location, and there is no card swiped or signature received. Card Not Present transactions include purchases made by mail, telephone, or via the Internet.

Chargeback: A credit card transaction that is billed back to the merchant that made the sale. A chargeback occurs when a credit cardholder disputes a charge, which may be based on a claim that a product was never delivered, or that a card had been used fraudulently; or, may result from a cardholder’s dissatisfaction with a product or service.

Discount: Also sometimes referred to as a “Merchant Discount”—The term is used in the credit card industry to refer to the percentage of a sale that is withheld by an *Acquiring Bank* when an electronic payment transaction is processed, representing a fee for enabling a *Merchant* to accept credit cards. The fee is divided between various entities, including the *Acquiring Bank*, the Visa or MasterCard *Associations*, the *Processor*, and the *ISO* (if applicable).

(Glossary continued on next page)

4. The merchant runs the credit card through a point-of-sale unit that reads the data contained on the magnetic stripe located on the back of the card. That data identifies, (a) the type of card, (b) the bank that issued the card to the consumer—i.e., the *Issuing Bank*—and, (c) the cardholder’s account number;
5. The amount of the sale is either hand-entered into the point-of-sale unit by the merchant using a touch pad, or is automatically transmitted to the unit by the cash register;
6. The point-of-sale unit transmits the credit card data, the amount of the sale, and a request for authorization of the transaction to the *Acquiring Bank* that maintains the *Merchant Account* for that merchant;
7. The *Acquiring Bank*, or a third-party *Processor* acting on behalf of the bank, routes the authorization request to the *Issuing Bank*;
8. If the consumer has enough credit in his/her credit card account to cover the sale, the *Issuing Bank* authorizes the transaction and generates an authorization code; if the account has insufficient credit, the *Issuing Bank* denies the transaction and generates a denial code. The authorization or denial code is then sent back to the *Acquiring Bank*;
9. If the transaction has been approved, the *Issuing Bank* puts a hold on the consumer’s credit card account for the amount of the sale;
10. Upon receipt of the authorization or denial code from the *Issuing Bank*, the *Acquiring Bank* or its *Processor* sends the code on to the merchant’s point-of-sale unit. (All point-of-sale units have a distinct terminal ID to enable credit card processors to route data back to a particular unit.);
11. If the merchant receives a denial code, he or she informs the consumer that the transaction has

Glossary continued

Interchange: The transaction that takes place between an *Acquiring Bank* and an *Issuing Bank*.

Interchange Fee: A fee that an *Acquiring Bank* pays to an *Issuing Bank* in order to process a credit card transaction involving a cardholder’s account. This fee is regulated by the Visa and MasterCard *Associations*, and is a percentage of the total transaction amount.

Issuing Bank: Also sometimes referred to as a “Card Issuing Bank”—The term refers to a bank or other financial institution that is a member of the Visa and MasterCard *Associations* and issues credit and debit cards to consumers. An *Issuing Bank* may also be an *Acquiring Bank*, and vice versa.

ISO: Independent Sales Organization—A third-party company that is registered with an *Acquiring Bank* or other authorized financial institution to act as an agent for the purpose of setting up and servicing *Merchant Accounts* with individual businesses. ISOs may also buy and sell portfolios of *Merchant Accounts*. The term was originally coined by Visa, while MasterCard referred to its agents as “Merchant Service Providers” (*MSPs*); however, today, the industry commonly uses the ISO term generically.

Merchant: A term used in the credit card industry to denote a business that has been authorized by an *Acquiring Bank*, *ISO*, or other financial institution to accept credit and debit cards.

Merchant Account: An account that is set up with an *Acquiring Bank* on behalf of a merchant whereby the merchant is able to accept credit and debit cards and receive payment through the bank. There are two types of *Merchant Accounts*: (1) “*Card Present*” accounts, covering in-person purchases by a consumer; and, (2) “*Card Not Present*” accounts, covering mail order, catalog/telephone sales, and Internet-based transactions.

Merchant Acquiring: The origination or acquisition of *Merchant Accounts*. Originating *Merchant Accounts* is a selling activity whereby an *Acquiring Bank* or *ISO* solicits new business from commercial establishments that want to accept credit cards, debit cards, and other forms of electronic payments. Acquiring *Merchant Accounts* is a financial transaction whereby an *Acquiring Bank* or *ISO* purchases a portfolio of existing accounts from another entity that previously originated or acquired the accounts.

Processor: Also sometimes referred to as a “Payment Processor”—The term refers to a bank or a third party corporation working on behalf of a bank that manages the process steps needed to execute an electronic payment transaction. The services provided by a *Processor* include *Authorization* of credit card purchases, settlement of funds through the Visa/MasterCard *Associations*, depositing of funds to checking accounts, *Merchant* billing, and account activity reporting.

Securitization: The process of creating a negotiable security by aggregating assets such as leases, loans, or mortgages that back the security, and then marketing the security to investors.

been declined. If an authorization code is received, the point-of-sale unit automatically prints out a sales draft, or slip. The merchant asks the consumer to sign the sales draft, which obligates the consumer to reimburse the *Issuing Bank* for the amount of the sale;

At this point, the sale is complete and the consumer is free to leave the store with his or her purchase. The transaction, however, is not yet complete as no money has actually changed hands.

12. At a later time, probably after store hours have ended, the merchant reviews all of the authorizations stored on the point-of-sale unit from credit card sales that took place that

Credit and debit card purchases by U.S. consumers generated \$40 billion in fees last year for the electronic transaction processing industry

day against the signed sales drafts. When all of the credit card authorizations have been verified to match the actual sales drafts, the merchant will “capture,” or transmit, the data from the authorized credit card transactions to the *Acquiring Bank* for deposit. This is in lieu of depositing the actual signed paper drafts with the bank. (The *Acquiring Bank* assumes responsibility for the merchant on all credit card transactions.);

13. The *Acquiring Bank* or its *Processor* performs what is called an “interchange” for each sales draft with the appropriate *Issuing Bank* (there could easily be a different *Issuing Bank* for each sales draft because individual customers are likely to have obtained their credit cards through different banks). An interchange for a particular sales draft is a transaction whereby an *Issuing Bank* transfers the amount

of money represented in the sales draft to the *Acquiring Bank*, minus a fee known as an “interchange fee” which the *Issuing Bank* keeps;

14. The *Acquiring Bank* then deposits the amount of all the sales drafts submitted by the merchant into the merchant’s account, minus what is called a “discount fee” which the *Acquiring Bank* keeps.

Due to the nature of the electronic transaction processing industry, the ISO that originally set up the Merchant Account for the merchant, as well as either the Visa or MasterCard Association would also earn fees from the transaction. If the consumer in the above illustration spent \$100, for example, the following typical fees would apply:

• <i>Acquiring Bank</i> receives:	\$ 0.02
• <i>Processor</i> receives:	\$ 0.04
• <i>Issuing Bank</i> receives:	\$ 1.46
• Visa / MasterCard Association receives:	\$ 0.08
• ISO that set up Merchant Acct. receives:	\$ 0.40
• The Merchant receives a net of:	<u>\$ 98.00</u>
	\$100.00

International Card Establishment’s I.C.E. subsidiary is an ISO that works with independent agents throughout the U.S. Those agents solicit credit/debit card account business from merchants in their local territories and forward that business to I.C.E.

Once the company’s Merchant Account Services division has set up a merchant account for a particular merchant, every time a consumer makes a credit or debit card purchase from that merchant, I.C.E. receives a percentage and sends a portion of that fee to the agent that brought in the account.

GlobalTech Leasing receives lease applications to finance point-of-sale equipment for individual merchants from the same agents that send business to I.C.E., as well as from I.C.E. itself and from numerous other ISOs around the country. Recurring revenues for GlobalTech Leasing come in the form of monthly lease payments by merchants for which the company has provided equipment financing.

Aggressively Capitalizing on Market Dynamics Created by Industry Consolidation

Paralleling much of the financial services sector in the U.S., the electronic transaction processing industry has undergone significant consolidation over the last several years. Whereas in 1990 the top ten merchant acquirers in the industry controlled about 50% of the market in the U.S., today ongoing consolidation has elevated the market share of the top ten acquirers to over 80%.

In short, the market has become dominated by a few giant companies, most of which now combine merchant acquiring operations with processing and a variety of other activities. Ironically, this has created a major opportunity for aggressive smaller companies such as I.C.E. and GlobalTech Leasing, for two reasons:

1. Larger providers have, by necessity, come to rely heavily on information technologies to manage their vast portfolios of merchant accounts—generally at the expense of customer service. As customer service has become less personal and less “hands-on,” large numbers of merchants have become alienated, most of which are in the smaller merchant segment of the market; and,
2. Consolidation often results in a higher level of attrition—i.e., the rate at which merchants cancel their service with a given service

provider to switch to another. This is attributable both to the decline in customer service, as well as to the fact that merchants often object when they find themselves dealing with a new company with which they have no prior relationship—i.e., a company other than the one that originally set up their account and provided ongoing services. A significant portion of these disaffected merchants are, again, in the smaller merchant segment.

The outgrowth of all this is, first, that the smaller merchant segment has become “in play”—ripe territory for attracting customers and gaining market share. And, second, the ability to provide efficient, attentive customer service has been elevated to the status of “competitive advantage.”

Does this matter? Are smaller merchants really worth pursuing? In a word, yes. Smaller merchants represent the largest and fastest growing segment of the market. Although the dollar volume per account is lower, smaller merchants as a group are responsible for a considerable amount of consumer spending. According to U.S. Census Bureau estimates, for example, there are approximately 20 million businesses in the U.S. with average revenues under \$1 million a year that collectively generate \$1.7 trillion in annual sales. Further, such merchants generally pay higher fees for processing, as well as for equipment leases.

Smaller merchants represent the largest and fastest growing segment of the market, and generally pay higher processing fees and lease charges

International Card Establishment has positioned itself to aggressively capitalize on this market condition through a “top-down / bottom-up” approach:

- *Top-Down.* The Company's Management has built a strong relationship with First Data Corporation, the largest processor in the industry (NYSE: "FDC"); as well as with First Data's subsidiary, Cardservice International, the largest merchant acquirer in the industry. Based on that relationship, the Company has become a registered ISO, uses Wells Fargo Bank as its Acquiring Bank, and has access to all of First Data's processing networks;
- *Bottom-Up.* Both I.C.E. and GlobalTech Leasing have established customer service operations emphasizing the personal attention, flexibility, and fast response capabilities that smaller merchants require. In combination with the top-rated processing capabilities that I.C.E. can offer via First Data Corporation—a major competitive advantage—the quality of both companies' customer service operations have been an important factor in attracting a growing base of agents and ISOs throughout the U.S. that channel new business to the Company.

I.C.E. currently manages merchant accounts for approximately 10,000 businesses. Of these businesses, approximately 1,500 also pay the company to maintain their Internet Web sites.

GlobalTech Leasing, meanwhile, presently does business with approximately 350 agents and ISOs throughout the U.S., and processes approximately 20 – 25 new equipment leases per day. In total, the company has originated in excess of 10,000 active leases.

Strategy: *Take advantage of market dynamics from the top-down and the bottom-up to aggressively build the Company's recurring revenue base.*

Seizing Numerous Additional Opportunities to Accelerate Growth

Merchant account services and point-of-sale equipment leasing are clearly the bread-and-butter of International Card Establishment's business. However, the Company's market position and strategic alliances have opened up a range of opportunities to create additional revenue streams. A few of these opportunities include the following:

WorldWide Gift & Loyalty

I.C.E.'s proprietary *WorldWide Gift & Loyalty* system enables merchants to economically offer their customers store-branded gift and loyalty cards. Gift cards replace paper gift certificates, and are often displayed at cash registers as an impulse purchase for birthday-, wedding-, and graduation presents.

Loyalty cards enable merchants to reward customers by storing bonus credits on the cards based on the customers' buying patterns.

I.C.E.'s system utilizes "Smart Card" technology combined with highly advanced, proprietary software that was developed by an affiliated company and licensed to I.C.E. on an exclusive worldwide basis. A smart card stores data digitally on an embedded chip, as opposed to older analog cards that rely on magnetic-stripes. The chip allows for rapid, economical point-of-sale processing because merchants are able to process debits and credits directly on the cards themselves rather than having to connect to a remote data center every time a transaction takes place.

Smart cards offer numerous additional benefits for merchants: (1) the cards are virtually impossible to counterfeit, compared to paper gift certificates; (2) retailers no longer have to refund cash for unspent balances, which contributes to additional repeat business; (3) business owners can use the information stored on smart cards to determine where and when the cards were purchased, where and when they were used, and how much the

card recipients spent; and, (4) through the use of custom graphics, the cards can serve as “miniature billboards” for the retailer—reminders to consumers to shop at the issuing store.

For agents and ISOs, the *WorldWide Gift & Loyalty* system is a high-value product that, (a) creates new revenue opportunities as an add-on product that can be sold to both new and existing customers, and (b) helps the agents and ISOs retain their existing merchant base and defend against fee erosion—i.e., merchants are less likely to be enticed by another provider offering lower rates for fear of alienating customers who still have stored value left on their cards.

Our I.C.E. subsidiary has already sold the system to approximately 300 of our own in-house accounts—a strong start for a brand-new system—while also signing up approximately 40 agents and other merchant acquirers that have begun marketing the system to their own customers. Importantly, one of those merchant acquirers is Cardservice International. Considering that Cardservice International presently has a merchant account base of over 185,000 separate merchants, the long-term potential is considerable.

Holding Equipment Leases

Since its inception in 1996, GlobalTech Leasing has generally sold the equipment leases that it develops to larger financial institutions in order to free up capital for additional lease originations. However, the company is now in the process of securing an additional credit facility that will enable GlobalTech Leasing to begin assembling a portion of the leases it originates into portfolios that may be held through term, securitized, and/or sold to financial institutions. This initiative is expected to increase margins and enable the company to capture significant recurring and back-end revenue streams.

Portfolio Acquisitions

Despite the years of consolidation that have taken place in the industry, the economics of acquiring existing merchant account portfolios for their predictable recurring revenue streams remain highly attractive. Indeed, new portfolios are being built everyday by agents and ISOs, often for the express purpose of eventually offering them to a larger acquirer.

The terms involved in a portfolio acquisition vary according to several factors, and may include one or a combination of provisions such as lump sum payments, payments over time, and/or loans against the residuals produced by a given portfolio over a period of time. Loans against residuals are an attractive inducement for many agents and ISOs that endeavor to accumulate merchant accounts with the intent of selling the portfolios but continuing in business. Such loans enable an agent or ISO to efficiently fund additional expansion.

As a public company, International Card Establishment is in a position to use stock and/or options as additional forms of payment in portfolio acquisitions. We believe that many of the agents and ISOs from which we may consider acquiring a merchant account portfolio would react very favorably to an opportunity to potentially benefit from any long-term success that their portfolios help to bring about.

Conventional portfolio acquisitions generally require converting the individual accounts in a portfolio to new software—a time consuming and expensive process that can be very inconvenient for the merchants. For that reason, I.C.E. intends to pursue what is known as *non-conversion* acquisitions. With a non-conversion acquisition, the transaction is invisible to the merchants: The existing software is left in place, and the selling entity is provided with incentives to become an agent for I.C.E. The strategy

Card Marketing magazine estimates that by 2005, plastic cards will represent 80% of the gift certificate market, with a total of about 850 million cards in circulation

is viewed as an effective way of producing stable recurring revenues at modest cost, while solidifying I.C.E.'s relationship with an active agent.

Strategy: *Use the Company's core operations in merchant account acquiring and equipment leasing as a springboard into complementary additional sources of long-term revenue growth.*

Management: A Solid Team of Industry Veterans

International Card Establishment is managed by a dedicated group of individuals that bring not only experience and expertise to the business, but the kind of entrepreneurial instincts and industry contacts for sustained, rapid growth.

Jonathan R. Severn, Chairman and President, also serves as President of the Company's I.C.E. subsidiary; and, Vice President, Chief Marketing Officer of the Company's GlobalTech Leasing subsidiary. Mr. Severn is a founder of both I.C.E. and GlobalTech Leasing, and has over 12 years of experience in the industry. Previously, Mr. Severn founded Cardservice Tri-Counties, LLC, a credit card merchant acquiring business that he built into one of the largest agent offices in the U.S. serving Cardservice International, Inc. Mr. Severn was directly responsible for Cardservice Tri-Counties' growth from start-up to approximately 20,000 merchant accounts and annual processing revenues in excess of \$10 million. Mr. Severn founded GlobalTech Leasing, Inc. in 1996, and has built that company to approximately \$8 million in annual revenues. Mr. Severn co-founded I.C.E. in 2002.

William J. Lopshire, Executive V.P., Chief Executive Officer, co-founded I.C.E. with Mr. Severn in 2002, bringing 15 years of diversified experience

in the fields of law, strategic planning, finance, securities, and technology. He was appointed to his present positions in January 2003. In 1989, Mr. Lopshire founded the law firm of Lopshire & Barkan (Woodland Hills, CA), specializing in corporate and securities law. He subsequently became a partner in the law firm of Manning, Marder, Kass, Ellrod & Rameriz (Los Angeles, CA), where he specialized in securities law, corporate finance, mergers and acquisitions, and international business transactions. In 1999, Mr. Lopshire became a principal in a private equity group that invested in, and provided managerial support to, several developing companies in the U.S. and abroad with diverse interests ranging from automotive parts to software programming.

Charles W. Salyer, Director, also serves as President and Chief Executive Officer of GlobalTech Leasing, Inc. Mr. Salyer joined GlobalTech Leasing in 2001, bringing over 28 years of management experience in the equipment leasing industry; most recently as Vice President, Sales & Strategic Initiatives for CIT Financial's Lease Finance Group, the largest leasing company in the point-of-sale equipment market. Mr. Salyer began his management career at Digital Equipment Corporation, where he rose to the position of Manager of Operations for that company's Customer Finance division. He subsequently worked at Philip Morris Capital Corporation; and later at Steelcase Corporation, where he launched a new customer finance operation. In early 1998, Mr. Salyer became President and Chief Operating Officer of Global Finance & Leasing, Inc., a micro-ticket point-of-sale leasing company that he built from \$8 million to approximately \$24 million in sales in under two years. Mr. Salyer negotiated the sale of Global Finance & Leasing on behalf of its parent company, Fidelity Financial, to CIT Financial in 2000.

Michael S. Fisher, Director. Mr. Fisher has over 15 years of sales and management experience in the electronic payment processing industry, including involvement in a variety of technology development initiatives and international sales programs. Mr. Fisher began working in the industry in 1987 as a

Sales Manager for Peripheral Resources, Inc. (Los Angeles, CA), a distributor of point-of-sale equipment; and rose to the position of President before leaving in 1995. From 1995 to 1998, he was a Regional Sales Manager for Cardservice International (Moorpark, CA). While at Cardservice International he was responsible for management and sales training of more than 30 ISOs; and, he more than doubled sales in a one-year period by establishing in excess of 18,000 new merchant accounts. In 1998, Mr. Fisher joined E-Commerce Exchange, Inc. (Irvine, CA), a provider of credit card processing services and e-commerce websites, where he rose to the position of Executive Vice President. While at E-Commerce Exchange, he increased sales from \$8.8 million to \$29.9 million within 18 months.

Strategy: *Build a solid team of highly motivated individuals with the experience, skills, and determination to build something great...and then let them do it.*

Public Capital Markets: The Ultimate Partner

International Card Establishment has built a strong foundation in the electronic processing industry with growing operations, major corporate allies, an excellent reputation among agents and ISOs, and an expanding roster of new business extension initiatives. Management expects these activities to generate combined revenues of approximately \$7.8 million.

In order to accelerate the implementation of several planned strategy steps—including the transition to holding lease originations, and certain targeted merchant account portfolio acquisitions—we made the decision some time ago to substantially enhance our access to capital by becoming a public company. Accordingly, on January 17, 2003 we achieved that goal by entering into an acquisition

agreement with iNetEvents, Inc., a public entity—an action that is typically referred to as a “reverse merger”—and we now trade under the symbol: OTCBB—“ICRD.”

We feel strongly that being a public company is and will continue to be highly advantageous.

The appeal of businesses that generate recurring revenues from transaction fees is certainly clear to us, but has also become something that Wall Street has come to recognize, as well. During 2002, the top publicly traded companies in the electronic transaction processing industry had a market cap of over \$48 billion and traded at Price/Earnings multiples that ranged between 19X and as high as 26X. This compares to P/E ratios for most of the Top 50 financial institutions falling in the range of 14X to 17X. First Data Corporation, with which International Card Establishment has a strong alliance, recorded net income of \$871 million on revenues of \$6.45 billion in 2002, and had a market cap of \$25.4 billion with a P/E ratio of 22.3.

We fully intend and expect our corporate performance over time to earn us the respect of the capital markets on a level that parallels what we presently enjoy from our customers and corporate allies. Indeed, we view the public capital markets as one of those allies—a long-term partner in growth.

Strategy: *Capitalize on our strong position in a dynamic market for the long-term benefit of our customers, our employees, and, above all, our shareholders.*
