
XYZ inc.

Financial Plan Model

13/03/2009
Version 1.0

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XYZ inc.

Executive Summary

Version 1.0

In Thousands of Dollars

Year-End December 31 st	2009	2010	2011	2012	2013
Demand	5	24	46	67	76
Home products - Units Sold (000)	4	20	34	49	54
Professional products - Units Sold (000)		3	9	13	14
SDK - Units Sold (000)	-	1	4	5	8
Revenues	703	4,569	10,997	16,022	19,047
Annual % growth		650%	241%	146%	119%
Gross Margin	92%	95%	96%	96%	96%
OPEX	1,754	3,533	6,781	8,881	10,158
R&D as % of total revenues (before taxes credits)	101%	25%	18%	18%	18%
S&M as a % of total revenues	101%	48%	39%	34%	33%
G&A as % of total revenues	72%	17%	12%	10%	9%
EBITDA	(1,109)	786	3,724	6,463	8,126
EBITDA as % of total revenues	-158%	17%	34%	40%	43%
Cumulative Free Cashflows	(1,276)	(1,228)	275	3,314	7,484
Headcount	21	34	58	75	85
Operations	1	1	2	2	2
Research & Development	9	15	26	36	40
Sales & Marketing	7	13	21	27	32
General & Administrative	4	5	9	10	11

Net Present Value (NPV)	15,982
Internal Rate of Return (IRR)	156%
Peak Free Cashflows Reqs	1,276
Peak Free Cashflows Reqs (timing)	2009

EBITDA & Cumulative Free Cashflows

Year	EBITDA (Thousands of \$)	Cumulative Free Cashflows (Thousands of \$)
2009	(1,109)	(1,276)
2010	786	(1,228)
2011	3,724	275
2012	6,463	3,314
2013	8,126	7,484

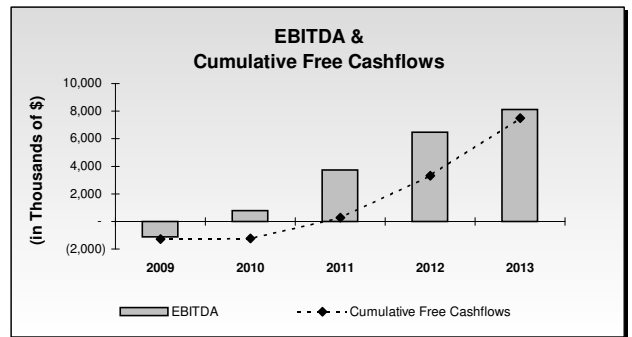
XYZ inc.

Graphs & Tables

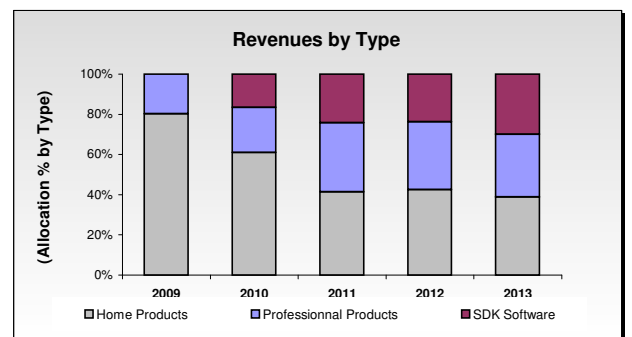
In Thousands of Dollars

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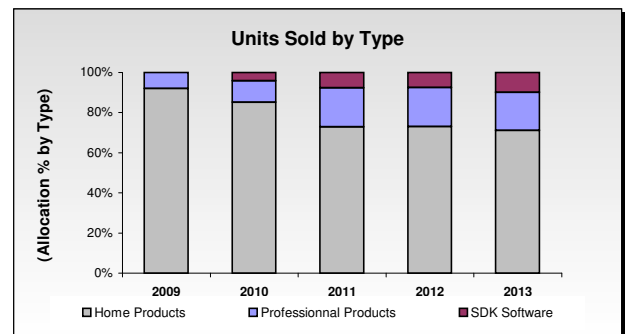
XYZ inc.	2009	2010	2011	2012	2013
EBITDA & Cumulative Reqs					
Total Revenues	703	4,569	10,997	16,022	19,047
Less: COGS	(58)	(250)	(492)	(678)	(763)
Less: OPEX	(1,754)	(3,533)	(6,781)	(8,881)	(10,158)
EBITDA	(1,109)	786	3,724	6,463	8,126
Less: Work Cap/Capex/Taxes	(167)	(738)	(2,220)	(3,424)	(3,957)
Free Cashflows	(1,276)	47	1,503	3,039	4,170
<i>Cumulative Free Cashflows</i>	<i>-1,276</i>	<i>-1,228</i>	<i>275</i>	<i>3,314</i>	<i>7,484</i>



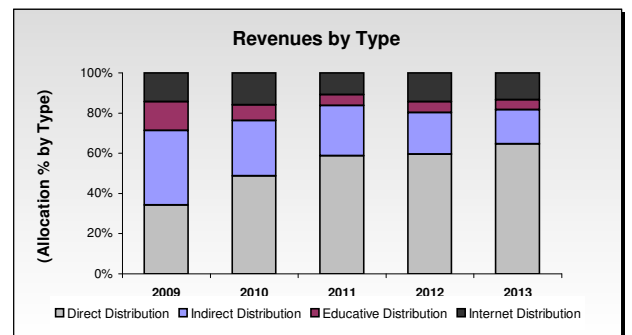
XYZ inc.	2009	2010	2011	2012	2013
Total Revenues by Type					
Home Products	564	2,789	4,548	6,809	7,394
as % of total revenues	80%	61%	41%	42%	39%
Professional Products	139	1,021	3,792	5,417	5,959
as % of total revenues	20%	22%	34%	34%	31%
SDK Software	-	759	2,657	3,796	5,694
as % of total revenues	0%	17%	24%	24%	30%
Total Revenues	703	4,569	10,997	16,022	19,047



XYZ inc.	2009	2010	2011	2012	2013
Total Units by Type					
Home Products	4	20	34	49	54
as % of total revenues	1%	0%	0%	0%	0%
Professional Products	0	3	9	13	14
as % of total revenues	0%	0%	0%	0%	0%
SDK Software	-	1	4	5	8
as % of total revenues	0%	0%	0%	0%	0%
Total Units Sold	5	24	46	67	76



XYZ inc.	2009	2010	2011	2012	2013
Total Revenues by Type					
Direct Distribution	241	2,216	6,455	9,546	12,304
as % of total revenues	34%	48%	59%	60%	65%
Indirect Distribution	261	1,255	2,739	3,302	3,252
as % of total revenues	37%	27%	25%	21%	17%
Educative Distribution	101	361	585	865	952
as % of total revenues	14%	8%	5%	5%	5%
Internet Distribution	101	722	1,194	2,308	2,539
as % of total revenues	14%	16%	11%	14%	13%
Total Revenues	703	4,554	10,973	16,022	19,047



XYZ inc.

Income Statement

Version 1.0

In Thousands of Dollars (Year-End December 31st)

	2009	2010	2011	2012	2013
Demand					
Home Products - Unit Sold	4,363	20,175	33,650	48,793	53,673
Professional Products - Unit Sold	375	2,500	9,000	13,050	14,355
SDK - Unit Sold	0	1,000	3,500	5,000	7,500
Total Units Sold	4,738	23,675	46,150	66,843	75,528
Revenues					
Home Products	564	2,789	4,548	6,809	7,394
% of total revenue	80%	61%	41%	42%	39%
Professional Products	139	1,021	3,792	5,417	5,959
% of total revenue	20%	22%	34%	34%	31%
SDK Software	-	759	2,657	3,796	5,694
% of total revenue	0%	17%	24%	24%	30%
Total Revenues	703	4,569	10,997	16,022	19,047
Costs of Sales					
Operations	58	250	492	678	763
% of total revenue	8%	5%	4%	4%	4%
Total Costs of Sales	58	250	492	678	763
Gross Margin	645	4,319	10,505	15,344	18,284
% of total revenue	92%	95%	96%	96%	96%
Operating Expenses					
Research & Development	711	1,164	2,015	2,941	3,391
% of total revenue	101%	25%	18%	18%	18%
Research & Development (Tax Credits)	(372)	(603)	(805)	(1,152)	(1,299)
% of total revenue	-53%	-13%	-7%	-7%	-7%
Sales & Marketing	907	2,206	4,283	5,507	6,348
% of total revenue	129%	48%	39%	34%	33%
General & Administration	508	767	1,288	1,585	1,718
% of total revenue	72%	17%	12%	10%	9%
Total Operating Expenses	1,754	3,533	6,781	8,881	10,158
EBITDA	(1,109)	786	3,724	6,463	8,126
% of total revenue	-158%	17%	34%	40%	43%
Depreciation	46	91	176	293	468
Amortization	-	-	-	-	-
Financial expenses	110	87	60	39	25
Income Taxes	-	-	990	2,146	2,672
Net Income	(1,265)	607	2,497	3,986	4,962
% of total revenue	-180%	13%	23%	25%	26%

XYZ inc.

Cash Flow Statement

Version 1.0

In Thousands of Dollars (Year-End December 31 st)	2009	2010	2011	2012	2013
Requirements					
Operations					
EBITDA	1,109	(786)	(3,724)	(6,463)	(8,126)
Taxes	-	-	990	2,146	2,672
Working Capital Requirements	(62)	512	804	696	410
	<u>1,047</u>	<u>(273)</u>	<u>(1,930)</u>	<u>(3,621)</u>	<u>(5,045)</u>
LT Investments					
Capital Expenditures	229	226	426	581	875
Deferred Development Costs	-	-	-	-	-
	<u>229</u>	<u>226</u>	<u>426</u>	<u>581</u>	<u>875</u>
Total Requirements	1,276	(47)	(1,503)	(3,039)	(4,170)
Funding					
Debt Outflows					
Financial Expenses	110	87	60	39	25
Long Term Debt Repayments	216	244	290	132	124
	<u>327</u>	<u>331</u>	<u>350</u>	<u>170</u>	<u>149</u>
Debt Inflows					
Long Term Debt Issues	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Funding	(327)	(331)	(350)	(170)	(149)
Excess Cash (Funding Gap)	(1,602)	(284)	1,153	2,869	4,020
Capital Injections	2,000	-	-	-	-
Dividend Payout	-	-	-	-	-
Net Cash Variation	398	(284)	1,153	2,869	4,020
Cash Beginning	10	408	124	1,277	4,146
Cash Ending	408	124	1,277	4,146	8,166
Total Requirements Unlevered	1,276	(47)	(1,503)	(3,039)	(4,170)
<i>Cumulative Requirements Unlevered</i>	<i>1,276</i>	<i>1,228</i>	<i>(275)</i>	<i>(3,314)</i>	<i>(7,484)</i>
Total Requirements Levered	1,602	284	(1,153)	(2,869)	(4,020)
<i>Cumulative Requirements Levered</i>	<i>1,602</i>	<i>1,886</i>	<i>733</i>	<i>(2,136)</i>	<i>(6,156)</i>

XYZ inc.

Balance Sheet

Version 1.0

In Thousands of Dollars (Year-End December 31st)

	2009	2010	2011	2012	2013
Assets					
Current Assets					
Cash	408	124	1,277	4,146	8,166
Accounts Receivable	116	751	1,808	2,634	3,131
Inventory	-	-	-	-	-
Tax Credits Receivable	372	603	805	1,152	1,299
	<u>895</u>	<u>1,478</u>	<u>3,890</u>	<u>7,932</u>	<u>12,596</u>
LT Investments					
Fixed Assets	207	342	592	881	1,289
Deferred Development Expenses	60	60	60	60	60
	<u>267</u>	<u>402</u>	<u>652</u>	<u>941</u>	<u>1,349</u>
Total Assets	<u>1,162</u>	<u>1,880</u>	<u>4,542</u>	<u>8,873</u>	<u>13,945</u>
Liabilities					
Current Liabilities					
Bank Loan	-	-	-	-	-
Accounts Payable	180	361	664	880	1,004
Tax Credits Financing	279	452	604	864	974
	<u>458</u>	<u>813</u>	<u>1,268</u>	<u>1,744</u>	<u>1,978</u>
Long Term Liabilities					
Long Term Debt	1,007	763	473	342	217
Other Financing	-	-	-	-	-
	<u>1,007</u>	<u>763</u>	<u>473</u>	<u>342</u>	<u>217</u>
Total Liabilities	<u>1,465</u>	<u>1,576</u>	<u>1,741</u>	<u>2,086</u>	<u>2,196</u>
Shareholders' Equity					
Share Capital	2,000	2,000	2,000	2,000	2,000
Retained Earnings (Deficit)	(2,303)	(1,695)	801	4,787	9,749
Total Shareholders' Equity	<u>(303)</u>	<u>305</u>	<u>2,802</u>	<u>6,787</u>	<u>11,749</u>
Total Liabilities & Equity	<u>1,163</u>	<u>1,881</u>	<u>4,543</u>	<u>8,873</u>	<u>13,945</u>

XYZ inc.

Valuation

Version 1.0

In Thousands of Dollars (Year-End December 31st)

2009 2010 2011 2012 2013

Enterprise Value

Free Cash Flows					
EBITDA	(1,109)	786	3,724	6,463	8,126
Working Capital Requirements	62	(512)	(804)	(696)	(410)
Long Term Investments	(229)	(226)	(426)	(581)	(875)
Taxes Paid (excluding interest impact)	-	-	(1,081)	(2,160)	(2,681)
	(1,276)	47	1,413	3,026	4,161
Residual Value ⁽¹⁾					32,506
Cash Flow To Be Discounted	(1,276)	47	1,413	3,026	36,666

(1) Terminal Value Multiple of EBITDA	4.0
Discount Rate	20.0%
Implied Perpetual Growth Rate of Free Cash Flow	6.4%
Growth Rate of 2005->2006 Free Cash Flow	37.5%

Enterprise NPV (at beginning of period) **15,982** 20,454 24,498 27,984 30,555

Enterprise IRR **156%**

Enterprise NPV Sensitivity (at beginning 2002)

		Terminal Value Multiple of EBITDA				
		1.0x	2.5x	4.0x	5.5x	7.0x
Discount rate	35%	3,307	6,025	8,743	11,462	14,180
	30%	4,059	7,342	10,625	13,908	17,191
	25%	4,999	8,993	12,987	16,982	20,976
	20%	6,185	11,083	15,982	20,881	25,780
	15%	7,695	13,755	19,815	25,876	31,936
Enterprise IRR Sensitivity		111%	137%	156%	171%	183%

Equity Value

Capital Injection	(2,000)	-	-	-	-
Residual Value ⁽¹⁾					32,506
Plus: Cash					8,166
Less: Debt					(217)
Cash Flow To Be Discounted	(2,000)	-	-	-	40,455

(1) Terminal Value Multiple of EBITDA	4.0
Discount Rate	25.0%

Equity NPV (at beginning of period) **11,656** 16,570 20,713 25,891 32,364

Equity IRR **112%**

Equity NPV Sensitivity (at beginning 2002)

		Terminal Value Multiple of EBITDA				
		1.0x	2.5x	4.0x	5.5x	7.0x
Discount rate	35%	2,104	4,822	7,540	10,259	12,977
	30%	2,791	6,074	9,357	12,640	15,923
	25%	3,668	7,662	11,656	15,650	19,645
	20%	4,794	9,692	14,591	19,490	24,389
	15%	6,253	12,314	18,374	24,434	30,495
Equity IRR Sensitivity		68%	94%	112%	127%	139%

XYZ inc.

Assumptions

In Dollars (Year-End December 31st)

Version 1.0

2009 2010 2011 2012 2013

1. DEMAND

1.1 Home Products Market

CAGR

1.1.0 General Market

Music Products	8,219,137,500	8,630,094,375	9,061,599,094	9,514,679,048	9,990,413,001
Other	-	-	-	-	-
Total Market USA	8,219,137,500	8,630,094,375	9,061,599,094	9,514,679,048	9,990,413,001

5.00%

1.1.1 Addressable Market

Music Software	238,837,760	267,498,291	299,598,086	335,549,856	375,815,839
Other	-	-	-	-	-
Total Addressable Market USA	238,837,760	267,498,291	299,598,086	335,549,856	375,815,839

12.00%

1.1.2 Addressable Base (units)

Home Products Systems	5,500,000	6,050,000	6,655,000	7,320,500	8,052,550
Educative Institutions	45,000	45,000	45,000	45,000	45,000
Cumulative Addressable Base USA	5,545,000	6,095,000	6,700,000	7,365,500	8,097,550

9.93%

1.1.3 Units Sold

Product A

Units	1,000	3,000	4,500	6,525	7,178
Upgrade - from Pre-Patched	113	675	1,150	1,668	1,835
Product Light - OEM	1,000	3,000	5,000	7,250	7,975

% unit upgrade 5.00%

Pre-Patched

Pre-Patched 19\$	750	3,000	5,000	7,250	7,975
Pre-Patched 99\$	750	6,000	10,000	14,500	15,950
Pre-Patched 149\$ (Lounge Lizard, etc.)	750	3,000	5,000	7,250	7,975
Pre-Patched Bundle	-	1,500	3,000	4,350	4,785
Total Units Sold	4,363	20,175	33,650	48,793	53,673
		462%	167%	145%	110%

1.2 Professional market

CAGR

1.2.0 General Market

Audio PP Systems	364,700,000	388,405,500	413,651,858	440,539,228	469,174,278
Other	-	-	-	-	-
Total Market USA	364,700,000	388,405,500	413,651,858	440,539,228	469,174,278

6.57%

1.2.1 Addressable Market

Audio PP Software	73,800,000	81,180,000	89,298,000	98,227,800	108,050,580
Audio FX Software	75,600,000	82,404,000	89,820,360	97,904,192	106,715,570
Total Market USA	149,400,000	163,584,000	179,118,360	196,131,992	214,766,150

9.70%

1.2.2 Addressable Base (units)

New Audio PP System	13,400	14,472	15,630	16,880	18,231
Sound Engineer	37,000	37,000	37,000	37,000	37,000
Cumulative Addressable Base	155,700	207,172	259,802	313,682	368,912

28.50%

1.2.3 Units Sold

Product B	125	500	3,500	5,075	5,583
Pre-Patched 399\$	250	1,500	4,000	5,800	6,380
FX Package	-	500	1,500	2,175	2,393
Other	-	-	-	-	-
Total Units Sold	375	2,500	9,000	13,050	14,355
		667%	360%	145%	110%

1.3 SDK Software Market

CAGR

1.3.1 Addressable Market

Product C - United States	-	-	-	-	-
Product C - ROW	-	-	-	-	-
Total Market	382,200,000	413,800,000	486,215,000	571,302,625	671,280,584

14.04%

1.3.2 Addressable Base (units)

New Product C - United States	19,432	21,376	23,514	25,864	28,450
NewProduct D - ROW	29,148	32,064	35,271	38,796	42,676
Cumulative Addressable Base	494,245	547,685	606,470	671,130	742,256

10.74%

1.3.3 Units Sold

Game SDK	-	1,000	3,500	5,000	7,500
Other	-	-	-	-	-
Total Units Sold	-	1,000	3,500	5,000	7,500

1.4 Summary Demand

Home Products- units sold	4,363	20,175	33,650	48,793	53,673
Professional Products - units sold	375	2,500	9,000	13,050	14,355
SDK - units sold	-	1,000	3,500	5,000	7,500

XYZ inc.

Assumptions

In Dollars (Year-End December 31st)

Version 1.0

2009 2010 2011 2012 2013

2. REVENUES

2.1 Home Product Revenues

2.1.1 Units Sold

Units	1,000	3,000	4,500	6,525	7,178
Upgrade - from Pre-Patched	113	675	1,150	1,668	1,835
Product Light - OEM	1,000	3,000	5,000	7,250	7,975
Pre-Patched 19\$	750	3,000	5,000	7,250	7,975
Pre-Patched 99\$	750	6,000	10,000	14,500	15,950
Pre-Patched 149\$ (Lounge Lizard, etc.)	750	3,000	5,000	7,250	7,975
Pre-Patched Bundle	-	1,500	3,000	4,350	4,785
Total Unit Sold	4,363	20,175	33,650	48,793	53,673

2.1.2 Selling Retail Price

US Dollars

Units	349.00	349.00	349.00	349.00	349.00
Upgrade - from Pre-Patched	229.00	229.00	229.00	229.00	229.00
Product Light - OEM	5.00	5.00	5.00	5.00	5.00
Pre-Patched 19\$	29.00	29.00	29.00	29.00	29.00
Pre-Patched 99\$	149.00	149.00	149.00	149.00	149.00
Pre-Patched 149\$ (Lounge Lizard, etc.)	199.00	199.00	199.00	199.00	199.00
Pre-Patched Bundle	249.00	249.00	249.00	249.00	249.00

CA Dollars

Units	530.48	530.48	530.48	530.48	530.48
Upgrade - from Pre-Patched	348.08	348.08	348.08	348.08	348.08
Product Light - OEM	7.60	7.60	7.60	7.60	7.60
Pre-Patched 19\$	44.08	44.08	44.08	44.08	44.08
Pre-Patched 99\$	226.48	226.48	226.48	226.48	226.48
Pre-Patched 149\$ (Lounge Lizard, etc.)	302.48	302.48	302.48	302.48	302.48
Pre-Patched Bundle	378.48	378.48	378.48	378.48	378.48
Average SRP	230.85	238.69	236.51	236.51	236.51

2.1.3 Distribution Channel

Indirect Distribution	55%
Direct Distribution	40%
Educative	50%
Internet	0%

Discount Rate

55%
40%
50%
0%

40%	45%	50%	50%	55%
30%	25%	20%	15%	10%
20%	15%	15%	15%	15%
10%	15%	15%	20%	20%
44%	42%	43%	41%	42%

Average Discount Rate

2.1.4 Total Revenues

Revenues before discount	1,007,193	4,815,474	7,958,492	11,539,987	12,694,056
Less: Distribution Discount	(443,165)	(2,026,291)	(3,410,448)	(4,731,395)	(5,299,768)
Total Home Product Revenues	564,028	2,789,183	4,548,044	6,808,593	7,394,288

2.2 Professional Product Revenues

2.2.1 Units Sold

Product B	125	500	3,500	5,075	5,583
Pre-Patched 399\$	250	1,500	4,000	5,800	6,380
FX Package	-	500	1,500	2,175	2,393
Other	-	-	-	-	-
Total Unit Sold	375	2,500	9,000	13,050	14,355

2.2.2 Selling Retail Price

US Dollars

Product B	599.00	599.00	599.00	599.00	599.00
Pre-Patched 399\$	399.00	399.00	399.00	399.00	399.00
FX Package	799.00	799.00	799.00	799.00	799.00
Other	-	-	-	-	-

CA Dollars

Product B	910.48	910.48	910.48	910.48	910.48
Pre-Patched 399\$	606.48	606.48	606.48	606.48	606.48
FX Package	1,214.48	1,214.48	1,214.48	1,214.48	1,214.48
Other	-	-	-	-	-
Average SRP	707.81	788.88	826.04	826.04	826.04

2.2.3 Distribution Channel

Indirect Distribution	55%
Direct Distribution	40%
Educative	50%
Internet	0%

Discount Rate

55%
40%
50%
0%

50%	55%	60%	65%	65%
50%	45%	40%	35%	35%
0%	0%	0%	0%	0%
0%	0%	0%	0%	0%
48%	48%	49%	50%	50%

Average Discount Rate

2.2.4 Total Revenues

Revenues before discount	265,430	1,972,200	7,434,320	10,779,764	11,857,740
Less: Distribution Discount	(126,079)	(951,587)	(3,642,817)	(5,362,933)	(5,899,226)
Total Licensing Revenues	139,351	1,020,614	3,791,503	5,416,831	5,958,515

XYZ inc.

Assumptions

In Dollars (Year-End December 31st)

Version 1.0

2009 2010 2011 2012 2013

2.3 SDK Software Revenues

2.3.1 Units Sold

Game SDK	-	1,000	3,500	5,000	7,500
Other	-	-	-	-	-
Total Unit Sold	-	1,000	3,500	5,000	7,500

2.3.2 Selling Retail Price

US Dollars

Game SDK	999.00	999.00	999.00	999.00	999.00
Other	-	-	-	-	-

CA Dollars

Game SDK	1,518.48	1,518.48	1,518.48	1,518.48	1,518.48
Other	-	-	-	-	-

Average SRP

#DIV/0!	1,518.48	1,518.48	1,518.48	1,518.48	1,518.48
----------------	-----------------	-----------------	-----------------	-----------------	-----------------

2.3.3 Distribution Channel

Indirect Distribution

Discount Rate

Direct Distribution

Educative

Internet

Average Discount Rate

50%
0%
0%
0%

100%	100%	100%	100%	100%
0%	0%	0%	0%	0%
0%	0%	0%	0%	0%
0%	0%	0%	0%	0%
50%	50%	50%	50%	50%

2.3.4 Total Revenues

Revenues before discount

Less: Distribution Discount

Total Maintenance Revenues

-	1,518,480	5,314,680	7,592,400	11,388,600
-	(759,240)	(2,657,340)	(3,796,200)	(5,694,300)
-	759,240	2,657,340	3,796,200	5,694,300

2.4 Other Revenues

Other

Other

Total Other Revenues

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

2.5 Summary Revenues

Home Products Revenues

Professional Products Revenues

SDK Software Revenues

Other Revenues

Total Revenues

Indirect Distribution

Direct Distribution

Educative

Internet

Total Revenues

564,028	2,789,183	4,548,044	6,808,593	7,394,288
139,351	1,020,614	3,791,503	5,416,831	5,958,515
-	759,240	2,657,340	3,796,200	5,694,300
-	-	-	-	-
703,379	4,569,036	10,996,887	16,021,624	19,047,102
241,016	2,215,746	6,455,267	9,545,778	12,304,468
260,924	1,254,815	2,739,256	3,302,349	3,251,769
100,719	361,161	585,183	865,499	952,054
100,719	722,321	1,193,774	2,307,997	2,538,811
703,379	4,554,043	10,973,480	16,021,624	19,047,102

XYZ inc.

Assumptions

In Dollars (Year-End December 31st)

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2009 2010 2011 2012 2013

3. COST OF SALES

3.1 Employee & Consultant Expenses

Headcount

Ratios - Headcount

Shipper	Fixed	0.5	1.0	1.5	2.0	2.0
Employee 2	Fixed	0.0	0.0	0.0	0.0	0.0
Employee 3	Fixed	0.0	0.0	0.0	0.0	0.0
Consultant	Fixed	0.0	0.0	0.0	0.0	0.0

Total - Headcount

Shipper	0.5	1.0	1.5	2.0	2.0
Employee 2	0.0	0.0	0.0	0.0	0.0
Employee 3	0.0	0.0	0.0	0.0	0.0
Consultant	0.0	0.0	0.0	0.0	0.0
Total Headcount	0.5	1.0	1.5	2.0	2.0
Total Employees	0.5	1.0	1.5	2.0	2.0
Total Consultants	-	-	-	-	-

Employee & Consultant Expenses

Ratios - Salary

Shipper	30,000	30,600	31,212	31,836	32,473
Employee 2	-	-	-	-	-
Employee 3	-	-	-	-	-
Consultant	-	-	-	-	-

Ratios - Related expenses

Employee - Bonus as a % of salary	5.0%	5.0%	5.0%	5.0%	5.0%
Employee - Fringe benefits as a % of salary	12.0%	12.0%	12.0%	12.0%	12.0%
Employee - Travel & Entertainment as a % of salary	5.0%	5.0%	5.0%	5.0%	5.0%
Employee - Communication expenses in dollars	-	-	-	-	-
Employee - Miscellaneous expenses in dollars	1,000	1,020	1,040	1,061	1,082
Consultant - Miscellaneous expenses in dollars	-	-	-	-	-

Total - Expenses

Employee salaries	15,000	30,600	46,818	63,672	64,946
Employee related expenses	3,800	7,752	11,861	16,130	16,453
Consultant fees	-	-	-	-	-
Consultant related expenses	-	-	-	-	-
Total Employee & Consultant Expenses	18,800	38,352	58,679	79,803	81,399
Total Employee Expenses	18,800	38,352	58,679	79,803	81,399
Total Consultant Expenses	-	-	-	-	-

3.2 General Expenses

Packaging

price per unit (excl. Internet/OEM)

Other

Total General Expenses

Packaging	39,620	211,785	433,230	598,013	681,816
Other	-	-	-	-	-
Total General Expenses	39,620	211,785	433,230	598,013	681,816

3.3 Summary Cost of Sales

Employee Expenses	18,800	38,352	58,679	79,803	81,399
Consultant Expenses	-	-	-	-	-
General Expenses	39,620	211,785	433,230	598,013	681,816
Total Cost of Sales	58,420	250,137	491,909	677,816	763,215

XYZ inc.

Assumptions

In Dollars (Year-End December 31st)

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2009 2010 2011 2012 2013

4. RESEARCH & DEVELOPMENT

4.1 Employee & Consultant Expenses

Headcount

Ratios - Headcount

	Fixed	2009	2010	2011	2012	2013
CTO		1.0	1.0	1.0	1.0	1.0
Programmer SR	SR per JR FTE	0.2	0.2	0.2	0.2	0.2
Programmer JR	Revenues per FTE	400,000	800,000	800,000	800,000	800,000
Stagiaire	Fixed	1.0	2.0	2.0	2.0	2.0
Specialist	Fixed	1.0	2.0	3.0	4.0	5.0
Test & Documentation	Fixed	2.0	2.0	3.0	3.0	3.0
Consultant	Fixed	0.0	0.0	0.0	0.0	0.0

Total - Headcount

CTO	1.0	1.0	1.0	1.0	1.0
Programmer SR	2.0	2.0	3.0	5.0	5.0
Programmer JR	2.0	6.0	14.0	21.0	24.0
Stagiaire	1.0	2.0	2.0	2.0	2.0
Specialist	1.0	2.0	3.0	4.0	5.0
Test & Documentation	2.0	2.0	3.0	3.0	3.0
Consultant	0.0	0.0	0.0	0.0	0.0
Total Headcount	9.0	15.0	26.0	36.0	40.0
Total Employees	9.0	15.0	26.0	36.0	40.0
Total Consultants	-	-	-	-	-

Employee & Consultant Expenses

Ratios - Salary

CTO	90,000	125,000	127,500	130,050	132,651
Programmer SR	90,000	91,800	93,636	95,509	97,419
Programmer JR	50,000	51,000	52,020	53,060	54,122
Stagiaire	25,000	25,500	26,010	26,530	27,061
Specialist	70,000	71,400	72,828	74,285	75,770
Test & Documentation	45,000	45,900	46,818	47,754	48,709
Consultant	-	-	-	-	-

Ratios - Related expenses

Employee - Bonus as a % of salary	5.0%	5.0%	5.0%	5.0%	5.0%
Employee - Fringe benefits as a % of salary	12.0%	12.0%	12.0%	12.0%	12.0%
Employee - Travel & Entertainment as a % of salary	5.0%	5.0%	5.0%	5.0%	5.0%
Employee - Communication expenses in dollars	-	-	-	-	-
Employee - Miscellaneous expenses in dollars	1,000	1,020	1,040	1,061	1,082
Consultant - Miscellaneous expenses in dollars	-	-	-	-	-

Total - Expenses

Employee salaries	555,000	900,200	1,547,646	2,215,324	2,497,765
Employee related expenses	131,100	213,344	367,533	525,575	592,806
Consultant fees	-	-	-	-	-
Consultant related expenses	-	-	-	-	-
Total Employee & Consultant Expenses	686,100	1,113,544	1,915,179	2,740,898	3,090,571
Total Employee Expenses	686,100	1,113,544	1,915,179	2,740,898	3,090,571
Total Consultant Expenses	-	-	-	-	-

4.2 R&D Tax Credits

Provincial Tax Credits

Total Salaries	555,000	900,200	1,547,646	2,215,324	2,497,765
Eligible Salaries	444,000	720,160	1,238,117	1,772,259	1,998,212
Rate of Tax Credits	40%	40%	40%	40%	40%
Total Provincial Tax Credits	177,600	288,064	495,247	708,904	799,285

Federal Tax Credits

Eligible salaries	444,000	720,160	1,238,117	1,772,259	1,998,212
Overestimation of Salaries	65%	65%	65%	65%	65%
	732,600	1,188,264	2,042,893	2,924,227	3,297,050
Provincial Tax Credits	177,600	288,064	495,247	708,904	799,285
Rate of Tax Credits	35%	35%	20%	20%	20%
Federal Tax Credits	194,250	315,070	309,529	443,065	499,553

Total Tax Credits

371,850	603,134	804,776	1,151,968	1,298,838
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4.3 General Expenses

Development Environment (Hw/Sw)	25,000	50,000	100,000	200,000	300,000
Other	-	-	-	-	-
Total General Expenses	25,000	50,000	100,000	200,000	300,000

XYZ inc.

Assumptions

In Dollars (Year-End December 31st)

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4.4 Deferred Development Costs

Capitalized Expenses (use minus sign)
Other (use minus sign)
Total Deferred Development Costs

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

4.4 Summary R&D Expenses

Employee Expenses
Consultant Expenses
Less: Tax Credits
General Expenses
Less: Deferred Development Costs
Total R&D Expenses

686,100	1,113,544	1,915,179	2,740,898	3,090,571
-	-	-	-	-
(371,850)	(603,134)	(804,776)	(1,151,968)	(1,298,838)
25,000	50,000	100,000	200,000	300,000
-	-	-	-	-
339,250	560,410	1,210,403	1,788,930	2,091,733

XYZ inc.

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5. SALES & MARKETING

5.1 Employee & Consultant Expenses

Headcount

Ratios - Headcount

	Fixed	2009	2010	2011	2012	2013
Director Sales	Fixed	1.0	1.0	1.0	1.0	1.0
Director Marketing	Fixed	0.0	1.0	1.0	1.0	1.0
Manager Marketing	Fixed	1.0	1.0	2.0	2.0	2.0
Salespeople - Indirect Distr.	Indirect Dist. Revenues per FTE	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Salespeople - Direct Dist.	Direct Dist. Revenues per FTE	500,000	500,000	500,000	500,000	500,000
Salespeople - Educative	Educative Revenues per FTE	500,000	500,000	500,000	500,000	500,000
Web Coordinator	Internet Revenues per FTE	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Business Development SDK	SDK Revenues per FTE	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Customer Support	Cumulative Units per FTE	10,000	20,000	30,000	30,000	30,000
Consultant	Fixed	0.0	0.0	0.0	0.0	0.0

Total - Headcount

Director Sales	1.0	1.0	1.0	1.0	1.0
Director Marketing	0.0	1.0	1.0	1.0	1.0
Manager Marketing	1.0	1.0	2.0	2.0	2.0
Salespeople - Indirect Distr.	1.0	2.0	4.0	5.0	7.0
Salespeople - Direct Dist.	1.0	3.0	6.0	7.0	7.0
Salespeople - Educative	1.0	1.0	2.0	2.0	2.0
Web Coordinator	1.0	1.0	1.0	2.0	2.0
Business Development SDK	0.0	1.0	1.0	2.0	2.0
Customer Support	1.0	2.0	3.0	5.0	8.0
Consultant	0.0	0.0	0.0	0.0	0.0
Total Headcount	7.0	13.0	21.0	27.0	32.0
Total Employees	7.0	13.0	21.0	27.0	32.0
Total Consultants	-	-	-	-	-

Employee & Consultant Expenses

Ratios - Salary

Director Sales	90,000	91,800	93,636	95,509	97,419
Director Marketing	75,000	76,500	78,030	79,591	81,182
Manager Marketing	50,000	51,000	52,020	53,060	54,122
Salespeople - Indirect Distr.	50,000	51,000	52,020	53,060	54,122
Salespeople - Direct Dist.	50,000	51,000	52,020	53,060	54,122
Salespeople - Educative	50,000	51,000	52,020	53,060	54,122
Web Coordinator	45,000	45,900	46,818	47,754	48,709
Business Development SDK	80,000	81,600	83,232	84,897	86,595
Customer Support	40,000	40,800	41,616	42,448	43,297
Consultant	-	-	-	-	-

Ratios - Related expenses

Employee - Commission as a % of total revenues	10.0%	10.0%	10.0%	10.0%	10.0%
Employee - Bonus as a % of salary	5.0%	5.0%	5.0%	5.0%	5.0%
Employee - Fringe benefits as a % of salary	12.0%	12.0%	12.0%	12.0%	12.0%
Employee - Travel & Entertainment as a % of salary	50.0%	50.0%	50.0%	50.0%	50.0%
Employee - Communication expenses in dollars	1,500	1,530	1,561	1,592	1,624
Employee - Miscellaneous expenses in dollars	1,000	1,020	1,040	1,061	1,082
Consultant - Miscellaneous expenses in dollars	-	-	-	-	-

Total - Expenses

Employee salaries	375,000	734,400	1,154,844	1,501,609	1,769,777
Employee related expenses	339,088	982,102	1,928,055	2,679,872	3,177,055
Consultant fees	-	-	-	-	-
Consultant related expenses	-	-	-	-	-
Total Employee & Consultant Expenses	714,088	1,716,502	3,082,899	4,181,482	4,946,832
Total Employee Expenses	714,088	1,716,502	3,082,899	4,181,482	4,946,832
Total Consultant Expenses	-	-	-	-	-

5.2 General Expenses

Public Relations	50,000	75,000	125,000	125,000	125,000
Tradeshows	100,000	250,000	750,000	750,000	750,000
Advertising & Promotion	17,584	114,226	274,922	400,541	476,178
Other	25,000	50,000	50,000	50,000	50,000
Total General Expenses	192,584	489,226	1,199,922	1,325,541	1,401,178

% of sales

5.3 Summary S&M Expenses

Employee Expenses	714,088	1,716,502	3,082,899	4,181,482	4,946,832
Consultant Expenses	-	-	-	-	-
General Expenses	192,584	489,226	1,199,922	1,325,541	1,401,178
Total Sales & Marketing Expenses	906,672	2,205,728	4,282,821	5,507,022	6,348,009

XYZ inc.

Assumptions

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6. GENERAL & ADMINISTRATIVE

6.1 Employee & Consultant Expenses

Headcount

Ratios - Headcount

President	Fixed	1.0	1.0	1.0	1.0	1.0
Director Finance	Fixed	1.0	1.0	1.0	1.0	1.0
Accounting Clerk	Revenues per Clerk	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
IS Support	Employee per FTE	25	25	25	25	25
Admin Assistant	Fixed	1.0	1.0	2.0	2.0	2.0
Other	Fixed	0.0	0.0	0.0	0.0	0.0
Consultant	Fixed	0.0	0.0	0.0	0.0	0.0

Total - Headcount

President	1.0	1.0	1.0	1.0	1.0
Director Finance	1.0	1.0	1.0	1.0	1.0
Accounting Clerk	0.0	0.0	2.0	3.0	3.0
IS Support	1.0	2.0	3.0	3.0	4.0
Admin Assistant	1.0	1.0	2.0	2.0	2.0
Other	0.0	0.0	0.0	0.0	0.0
Consultant	0.0	0.0	0.0	0.0	0.0
Total Headcount	4.0	5.0	9.0	10.0	11.0
Total Employees	4.0	5.0	9.0	10.0	11.0
Total Consultants	-	-	-	-	-

Employee & Consultant Expenses

Ratios - Salary

President	90,000	125,000	127,500	130,050	132,651
Director Finance	70,000	71,400	72,828	74,285	75,770
Accounting Clerk	30,000	30,600	31,212	31,836	32,473
IS Support	40,000	40,800	41,616	42,448	43,297
Admin Assistant	30,000	30,600	31,212	31,836	32,473
Other	-	-	-	-	-
Consultant	-	-	-	-	-

Ratios - Related expenses

Employee - Bonus as a % of salary	5.0%	5.0%	5.0%	5.0%	5.0%
Employee - Fringe benefits as a % of salary	12.0%	12.0%	12.0%	12.0%	12.0%
Employee - Travel & Entertainment as a % of salary	10.0%	10.0%	10.0%	10.0%	10.0%
Employee - Communication expenses in dollars	500	510	520	531	541
Employee - Miscellaneous expenses in dollars	1,000	1,020	1,040	1,061	1,082
Consultant - Miscellaneous expenses in dollars	-	-	-	-	-

Total - Expenses

Employee salaries	230,000	308,600	450,024	490,861	543,975
Employee related expenses	68,100	90,972	135,552	148,451	164,733
Consultant fees	-	-	-	-	-
Consultant related expenses	-	-	-	-	-
Total Employee & Consultant Expenses	298,100	399,572	585,576	639,311	708,709
Total Employee Expenses	298,100	399,572	585,576	639,311	708,709
Total Consultant Expenses	-	-	-	-	-

6.2 Rent Expenses

Total headcount (Employee + Consultant)	21	34	58	75	85
Sq.ft requirement per employee	100.0	125.0	125.0	125.0	125.0
Sq.ft. minimum requirement	-	5,000	5,000	5,000	5,000
Total space required	2,050	5,000	7,188	9,375	10,625
Costs per sq.ft.	12.00	20.00	20.40	20.81	21.22
Total Rent Expenses	24,600	100,000	146,625	195,075	225,507

6.3 Recruiting Expenses

Total headcount (Employee)	21	34	58	75	85
Number of new employee	21	14	24	18	10
Average salary of new employee	57,317	58,053	55,641	56,953	57,370
Recruiting fees as of % of average salary	10.0%	10.0%	10.0%	10.0%	10.0%
Total Recruiting Expenses	117,500	78,371	130,755	99,668	57,370

6.4 Bad Debt Expenses

Total revenues	703,379	4,569,036	10,996,887	16,021,624	19,047,102
Bad debt as % of total revenues	2.5%	2.5%	2.5%	2.5%	2.5%
Total Bad Debt Expenses	17,584	114,226	274,922	400,541	476,178

6.5 General Expenses

Professional fees	50,000	75,000	150,000	250,000	250,000
Fixed Communication / Connectivity	-	-	-	-	-
Other	-	-	-	-	-
Total General Expenses	50,000	75,000	150,000	250,000	250,000

XYZ inc.

Assumptions

In Dollars (Year-End December 31st)

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	2009	2010	2011	2012	2013
6.6 Summary Expenses					
Employee Expenses	298,100	399,572	585,576	639,311	708,709
Consultant Expenses	-	-	-	-	-
Rent Expenses	24,600	100,000	146,625	195,075	225,507
Recruiting Expenses	117,500	78,371	130,755	99,668	57,370
Bad Debt Expenses	17,584	114,226	274,922	400,541	476,178
General Expenses	50,000	75,000	150,000	250,000	250,000
Total G&A Expenses	507,784	767,169	1,287,878	1,584,594	1,717,763

XYZ inc.

Assumptions

In Dollars (Year-End December 31st)

2009

2010

2011

2012

Version 1.0

2013

7. OTHER OPERATING RATIOS

7.1 Operating Ratios

Cost inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%
Income tax rate	35.0%	35.0%	35.0%	35.0%	35.0%
Account receivables as a number of days	60 days	60 days	60 days	60 days	60 days
Account payable as a number of days	30 days	30 days	30 days	30 days	30 days
Inventory as a number of days	0 days	0 days	0 days	0 days	0 days
Tax credit financing as a % of tax credit receivable	75.0%	75.0%	75.0%	75.0%	75.0%
Exchange rate \$US:\$CA	1.52	1.52	1.52	1.52	1.52

XYZ inc.

Assumptions

In Dollars (Year-End December 31st)

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8. INVESTMENTS

8.1 Invesments

Capital Expenditures

New employee capex

per new employee 7,500

Leasehold improvement

per new 2,500pi 50,000

R&D Lab

Total Capital Expenditures

1 1 2 2 3

153,750	101,250	176,250	131,250	75,000
50,000	50,000	50,000	50,000	50,000
25,000	75,000	200,000	400,000	750,000
228,750	226,250	426,250	581,250	875,000

Deferred Development Costs

Capitalized R&D

Other

Total Deferred Costs

-	-	-	-	-
-	-	-	-	-

Total Investments

Cumulative Investments

228,750	226,250	426,250	581,250	875,000
228,750	455,000	881,250	1,462,500	2,337,500

8.2 Depreciation & Amortization

Depreciation: Capital Expenditures

5 years

Amortization: Deferred Development Costs

5 years

Total Depreciation & Amortization

45,750	91,000	176,250	292,500	467,500
-	-	-	-	-
45,750	91,000	176,250	292,500	467,500

8.3 Summary Investment & Depreciation

Capital Expenditures

Deferred Development Costs

Depreciation

Amortization

228,750	226,250	426,250	581,250	875,000
-	-	-	-	-
45,750	91,000	176,250	292,500	467,500
-	-	-	-	-

XYZ inc.

Assumptions

In Dollars (Year-End December 31st)

Version 1.0

2009 2010 2011 2012 2013

9. FINANCING

9.1 LT Financing

LT Debt 1 :

Opening Balance	482,000	402,056	330,056	291,656	253,256
Financing issues during period	-	-	-	-	-
Debt repayment during period (use minus sign)	(79,944)	(72,000)	(38,400)	(38,400)	(38,400)
Ending Balance	402,056	330,056	291,656	253,256	214,856

converted to equity

LT Debt 2:

Opening Balance	432,000	346,080	260,160	174,240	88,320
Financing issues during period	-	-	-	-	-
Debt repayment during period (use minus sign)	(85,920)	(85,920)	(85,920)	(85,920)	(85,920)
Ending Balance	346,080	260,160	174,240	88,320	2,400

LT Debt 3:

Opening Balance	36,226	23,182	10,138	-	-
Financing issues during period	-	-	-	-	-
Debt repayment during period (use minus sign)	(13,044)	(13,044)	(10,138)	-	-
Ending Balance	23,182	10,138	-	-	-

LT Debt 4:

Opening Balance	45,000	32,508	20,016	7,524	-
Financing issues during period	-	-	-	-	-
Debt repayment during period (use minus sign)	(12,492)	(12,492)	(12,492)	(7,524)	-
Ending Balance	32,508	20,016	7,524	-	-

LT Debt 5:

Opening Balance	75,000	50,000	25,000	-	-
Financing issues during period	-	-	-	-	-
Debt repayment during period (use minus sign)	(25,000)	(25,000)	(25,000)	-	-
Ending Balance	50,000	25,000	-	-	-

LT Debt 6:

Opening Balance	153,000	153,000	117,831	-	-
Financing issues during period	-	-	-	-	-
Debt repayment during period (use minus sign)	-	(35,169)	(117,831)	-	-
Ending Balance	153,000	117,831	-	-	-

Total LT Financing

Opening Balance	1,223,226	1,006,826	763,201	473,420	341,576
Financing issues during period	-	-	-	-	-
Debt repayment during period (use minus sign)	(216,400)	(243,625)	(289,781)	(131,844)	(124,320)
Ending Balance	771,318	600,354	465,896	341,576	217,256

9.2 Financing Costs

Interests on LT Debt

Interest on LT Debt 1	8.5%	37,572	31,115	26,423	23,159	19,895
Interest on LT Debt 2	11.6%	45,129	35,162	25,195	15,228	5,262
Interest on LT Debt 3	11.0%	3,267	1,833	558	-	-
Interest on LT Debt 4	7.0%	2,713	1,838	964	263	-
Interest on LT Debt 5	10.0%	6,250	3,750	1,250	-	-
Interest on LT Debt 6	10.0%	15,300	13,542	5,892	-	-
Financing Costs		110,231	87,239	60,281	38,651	25,157

Interests on ST Debt

Interest on Bank Loan	7.5%	-	-	-	-	-
Financing Costs		-	-	-	-	-

Financial Expenses

Banking fees	-	-	-	-	-
Other expenses	-	-	-	-	-
Financing Costs	-	-	-	-	-

Total Financing Costs

110,231 87,239 60,281 38,651 25,157

9.3 Equity Injection

Capital Injection

Capital injection 1	2,000,000	-	-	-	-
Capital injection 2	-	-	-	-	-
Total Equity Injection	2,000,000	-	-	-	-

Dividend

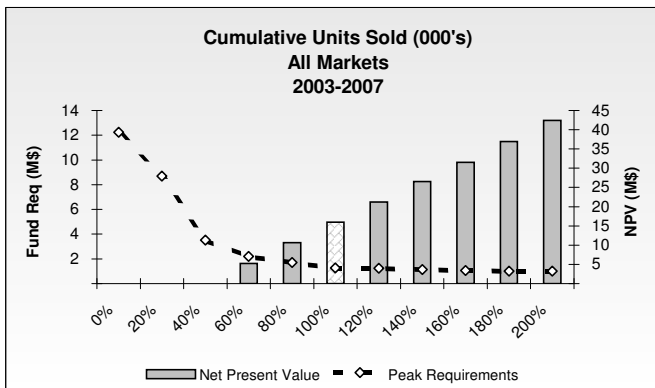
Dividend payment (use minus sign)	-	-	-	-	-
Other (use minus sign)	-	-	-	-	-
Dividend Payment	-	-	-	-	-

9.4 Summary Financing

LT Debt Issues	-	-	-	-	-
Lt Debt Repayment	(216,400)	(243,625)	(289,781)	(131,844)	(124,320)
Financing Costs	110,231	87,239	60,281	38,651	25,157
Equity Injection	2,000,000	-	-	-	-
Dividend Payment	-	-	-	-	-

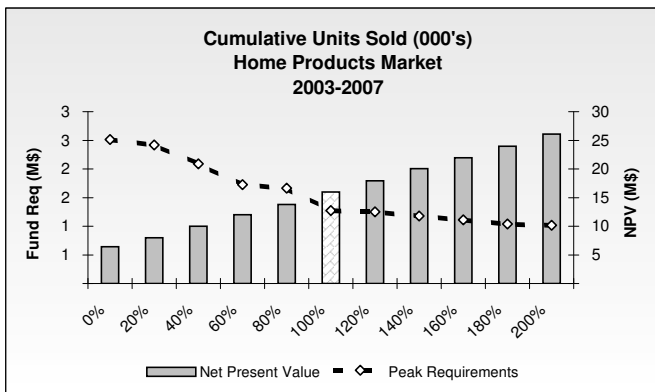
Cumulative Units Sold (000's) - All Markets

XYZ inc.						
	Cumulative Units Sold 2009-2013	Total Revenues 2009-2013	Peak Funding Requirement	Peak Funding Year	NPV	IRR
200%	434	102,676	1,014	2009	42,388	308%
180%	390	92,408	1,011	2009	36,943	284%
160%	347	82,141	1,054	2009	31,541	253%
140%	304	71,873	1,143	2009	26,500	221%
120%	260	61,606	1,232	2009	21,236	188%
100%	217	51,338	1,276	2009	15,982	156%
80%	174	41,070	1,720	2010	10,657	120%
60%	130	30,803	2,207	2010	5,252	78%
40%	87	20,535	3,517	2011	16	20%
20%	43	10,268	8,684	2013	-6,638	#NUM!
0%	0	0	12,250	2013	-11,267	#NUM!



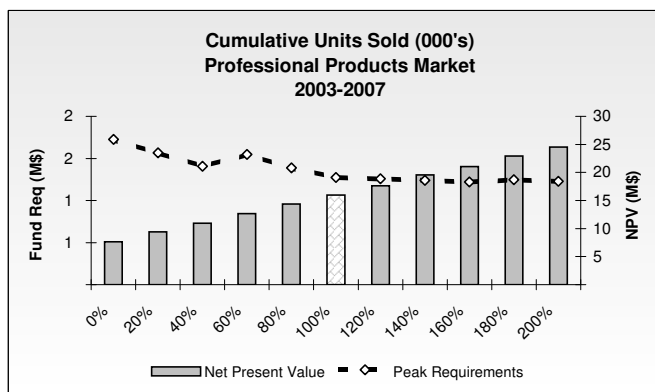
Cumulative Units Sold (000's) - Home Products Market

XYZ inc.						
	Cumulative Units Sold 2009-2013	Total Revenues 2009-2013	Peak Funding Requirement	Peak Funding Year	NPV	IRR
200%	321	73,442	1,015	2009	26,064	240%
180%	289	69,021	1,040	2009	23,960	222%
160%	257	64,601	1,110	2009	21,936	205%
140%	225	60,180	1,180	2009	20,046	186%
120%	193	55,759	1,250	2009	17,939	172%
100%	161	51,338	1,276	2009	15,982	156%
80%	129	46,917	1,666	2010	13,790	137%
60%	96	42,496	1,725	2010	12,002	126%
40%	64	38,076	2,088	2010	10,011	110%
20%	32	33,655	2,420	2010	7,973	93%
0%	0	29,234	2,515	2010	6,441	83%



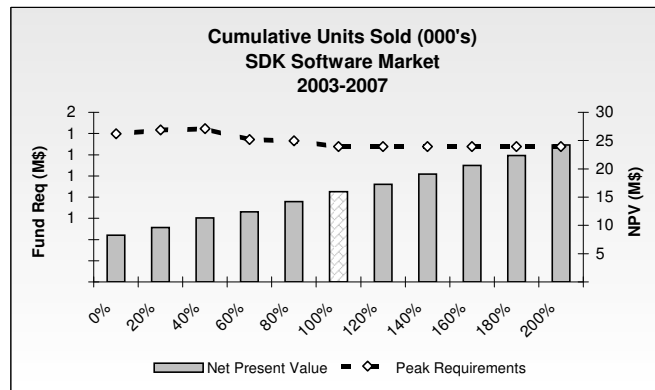
Cumulative Units Sold (000's) - Professional Products Market

XYZ inc.						
	Cumulative Units Sold 2009-2013	Total Revenues 2009-2013	Peak Funding Requirement	Peak Funding Year	NPV	IRR
200%	79	67,665	1,227	2009	24,535	202%
180%	71	64,399	1,246	2009	22,915	193%
160%	63	61,134	1,220	2009	21,031	185%
140%	55	57,869	1,238	2009	19,552	177%
120%	47	54,603	1,257	2009	17,607	167%
100%	39	51,338	1,276	2009	15,982	156%
80%	31	48,073	1,388	2010	14,367	145%
60%	24	44,807	1,548	2010	12,655	133%
40%	16	41,542	1,405	2010	10,977	126%
20%	8	38,277	1,565	2010	9,413	114%
0%	0	35,011	1,725	2010	7,632	101%



Cumulative Units Sold (000's) - SDK Software Market

XYZ inc.						
	Cumulative Units Sold 2009-2013	Total Revenues 2009-2013	Peak Funding Requirement	Peak Funding Year	NPV	IRR
200%	34	64,245	1,276	2009	24,216	194%
180%	31	61,664	1,276	2009	22,382	186%
160%	27	59,082	1,276	2009	20,591	178%
140%	24	56,501	1,276	2009	19,055	171%
120%	20	53,919	1,276	2009	17,287	163%
100%	17	51,338	1,276	2009	15,982	156%
80%	14	48,757	1,332	2010	14,201	146%
60%	10	46,175	1,343	2010	12,392	137%
40%	7	43,594	1,447	2010	11,334	129%
20%	3	41,012	1,434	2010	9,645	120%
0%	0	38,431	1,397	2010	8,259	113%



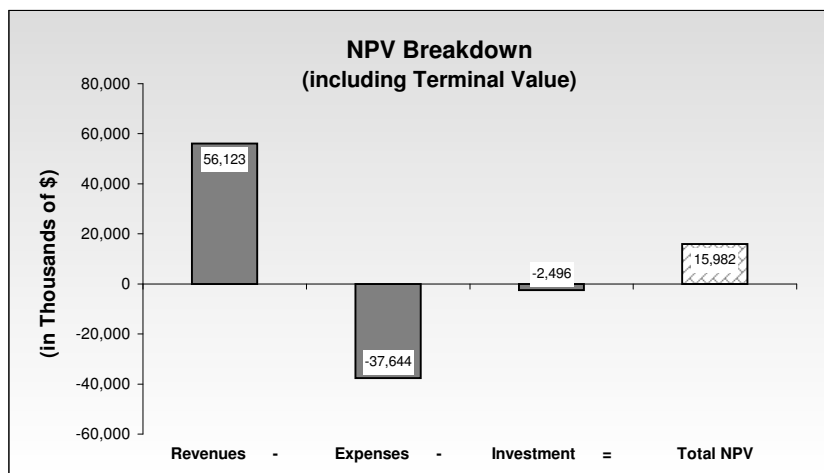
XYZ inc.

NPV Analysis

In Thousands of Dollars

Version 1.0

	Discounted 5-Year Free Cash Flows	Discounted Terminal Value	Total Net Present Value	Allocation %
Revenues				
Home Products	11,294	11,886	23,180	145%
Professional Products	8,026	9,578	17,604	110%
SDK Software	6,184	9,154	15,338	96%
Other Revenues	-	-	-	0%
	<u>25,504</u>	<u>30,618</u>	<u>56,123</u>	<u>351%</u>
Expenses				
Cost of Sales (Operations)	(1,141)	(1,227)	(2,368)	-15%
Research & Development	(5,348)	(5,450)	(10,798)	-68%
Research & Development (Tax credits)	2,272	2,088	4,360	27%
Sales & Marketing	(9,973)	(10,204)	(20,177)	-126%
General & Administration	(3,156)	(2,761)	(5,917)	-37%
Taxes Paid (excluding interest impact)	(2,744)	N.A.	(2,744)	-17%
	<u>(20,089)</u>	<u>(17,555)</u>	<u>(37,644)</u>	<u>-236%</u>
Investments				
Capital Expenditures	(1,226)	N.A.	(1,226)	-8%
Deferred Development Costs	-	N.A.	-	0%
Working Capital	(1,270)	N.A.	(1,270)	-8%
	<u>(2,496)</u>	<u>-</u>	<u>(2,496)</u>	<u>-16%</u>
Total NPV	<u>2,919</u>	<u>13,063</u>	<u>15,982</u>	<u>100%</u>



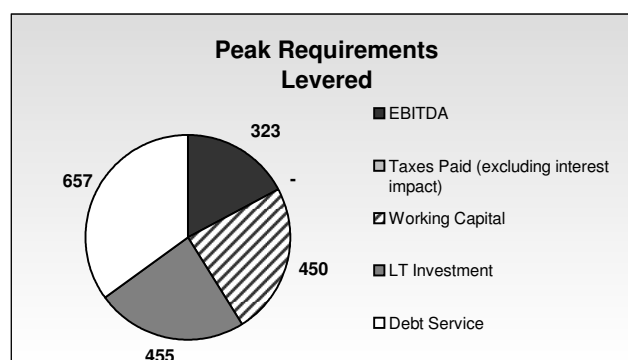
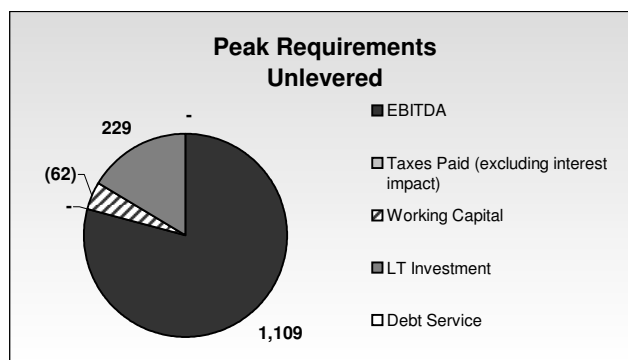
XYZ inc.

Requirements Analysis

In Thousands of Dollars

Version 1.0

Peak Year	Peak Requirements Unlevered		Peak Requirements Levered	
	Unlevered	Allocation %	Levered	Allocation %
		< 2009 >		< 2010 >
Funding Requirements				
EBITDA	1,109	87%	323	17%
Taxes Paid (excluding interest impact)	-	0%	-	0%
Working Capital	(62)	-5%	450	24%
LT Investment	229	18%	455	24%
Debt Service	N.A.	N.A.	657	35%
Total Requirements	1,276	100%	1,886	100%



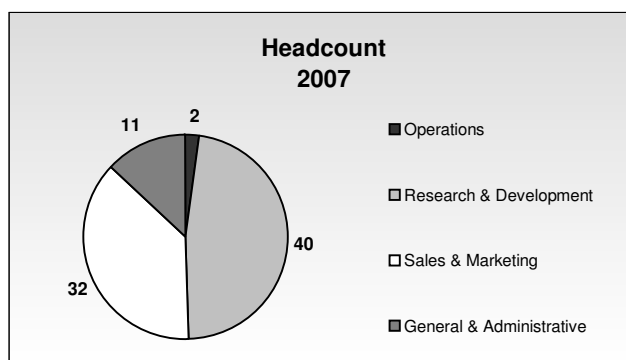
XYZ inc.

Headcount

Version 1.0

Average FTE During Period

	2009	2010	2011	2012	2013
Employees					
Operations	1	1	2	2	2
% of total headcount	2%	3%	3%	3%	2%
Research & Development	9	15	26	36	40
% of total headcount	44%	44%	45%	48%	47%
Sales & Marketing	7	13	21	27	32
% of total headcount	34%	38%	37%	36%	38%
General & Administrative	4	5	9	10	11
% of total headcount	20%	15%	16%	13%	13%
Total Headcount	21	34	58	75	85
External Consultants					
Operations	0	0	0	0	0
% of total headcount	0%	0%	0%	0%	0%
Research & Development	0	0	0	0	0
% of total headcount	0%	0%	0%	0%	0%
Sales & Marketing	0	0	0	0	0
% of total headcount	0%	0%	0%	0%	0%
General & Administrative	0	0	0	0	0
% of total headcount	0%	0%	0%	0%	0%
Total Headcount	0	0	0	0	0
Total Headcount					
Operations	1	1	2	2	2
% of total headcount	2%	3%	3%	3%	2%
Research & Development	9	15	26	36	40
% of total headcount	44%	44%	45%	48%	47%
Sales & Marketing	7	13	21	27	32
% of total headcount	34%	38%	37%	36%	38%
General & Administrative	4	5	9	10	11
% of total headcount	20%	15%	16%	13%	13%
Total Headcount	21	34	58	75	85
<i>Revenue per FTE</i>	<i>34,311</i>	<i>134,383</i>	<i>191,250</i>	<i>213,622</i>	<i>224,084</i>
<i>Revenue per sales & marketing FTE</i>	<i>100,483</i>	<i>351,464</i>	<i>523,661</i>	<i>593,393</i>	<i>595,222</i>
<i>Revenue per research & development FTE</i>	<i>78,153</i>	<i>304,602</i>	<i>422,957</i>	<i>445,045</i>	<i>476,178</i>



XYZ inc.

Benchmarks

In Thousand of US Dollars

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

OPERATION BENCHMARKS

Revenues (000\$)

Company	Group	Analyst	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sonic Foundry	Software	10K - 2000 / H.C. Wainwright			3,100	7,470	14,830	27,378	53,700	90,500					
Media 100	Software	10K - 2000 / H.C. Wainwright	141,116	77,810	57,351	64,832	72,866	97,100							
Sonic Solutions	Hardware / Soft.	10K - 2000		15,911	19,881	21,899	20,827	16,519							
AVID Technology	Hardware / Soft.	10K - 2001 / MorganStanley				482,377	452,555	476,090	434,600	448,900					
Bitstream	Software	10K - 2000			13,102	8,900	8,900	9,000							
Document Sciences	Software	10K - 2000	10,500	15,300	19,700	20,100	24,300	22,600							
MGI Software	Software	10K - 2001		500	5,100	13,300	16,000	30,800	47,100						
Minimum			10,500	500	3,100	7,470	8,900	9,000	16,519	90,500					
Maximum			10,500	141,116	77,810	482,377	452,555	476,090	434,600	448,900					
Simple average			10,500	52,305	22,454	87,054	86,188	94,223	129,804	269,700					
Median			10,500	15,300	14,507	19,881	21,899	27,378	53,700	269,700					
XYZ inc.											463	3,006	7,235	10,541	

Gross Margin (% of Revenues)

Company	Group	Analyst	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sonic Foundry	Software	10K - 2000 / H.C. Wainwright			81.0%	72.9%	77.0%	61.0%	80.0%	79.0%					
Media 100	Software	10K - 2000 / H.C. Wainwright	30.4%	35.5%	52.5%	62.3%	56.0%	61.5%							
Sonic Solutions	Hardware / Soft.	10K - 2000			53.3%	48.6%	56.4%	56.8%	64.3%						
AVID Technology	Hardware / Soft.	10K - 2001 / MorganStanley				60.6%	54.5%	50.8%	50.9%	50.4%					
Bitstream	Software	10K - 2000													
Document Sciences	Software	10K - 2000			88.4%	95.5%	94.4%	96.7%							
MGI Software	Software	10K - 2001				67.3%	81.1%	84.1%							
Minimum			30.4%	35.5%	48.6%	54.5%	50.8%	50.9%	50.4%						
Maximum			30.4%	88.4%	95.5%	94.4%	96.7%	85.9%	79.0%						
Simple average			30.4%	64.6%	66.2%	71.9%	70.0%	68.5%	64.7%						
Median			30.4%	67.2%	64.0%	77.0%	61.0%	64.3%	64.7%						
XYZ inc.											91.7%	94.5%	95.5%	95.8%	

Research & Development (% of Revenues)

Company	Group	Analyst	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sonic Foundry	Software	10K - 2000 / H.C. Wainwright			15.0%	14.0%	19.4%	28.7%	23.0%	21.0%					
Media 100	Software	10K - 2000 / H.C. Wainwright	9.7%	17.4%	33.5%	24.3%	22.0%	18.5%							
Sonic Solutions	Hardware / Soft.	10K - 2000			36.1%	30.4%	23.5%	29.6%	31.2%						
AVID Technology	Hardware / Soft.	10K - 2001 / MorganStanley					18.4%	19.7%	17.4%	19.8%	20.1%				
Bitstream	#REF!	10K - 2000					21.6%	49.7%	56.5%	55.1%					
Document Sciences	#REF!	10K - 2000						21.6%	19.3%	18.4%					
MGI Software	#REF!	10K - 2001							40.5%	42.7%					
Minimum			9.7%	15.0%	14.0%	19.3%	17.4%	18.5%	20.1%						
Maximum			9.7%	36.1%	49.7%	56.5%	55.1%	42.7%	21.0%						
Simple average			9.7%	22.5%	27.9%	27.1%	30.2%	27.0%	20.6%						
Median			9.7%	19.5%	26.0%	21.6%	28.7%	23.0%	20.6%						
XYZ inc.											101.1%	25.5%	18.3%	18.4%	

XYZ inc.

Benchmarks

In Thousand of US Dollars

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

Selling & Marketing (% of Revenues)

Company	Group	Analyst	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sonic Foundry	Software	10K - 2000 / H.C. Wainwright			58.0%	72.6%	70.7%	43.2%	42.0%	35.0%					
Media 100	Software	10K - 2000 / H.C. Wainwright	23.8%	31.0%	31.5%	28.2%	28.6%	25.0%							
Sonic Solutions	Hardware / Soft	10K - 2000		37.7%	36.5%	33.0%	42.8%	52.7%							
AVID Technology	Hardware / Soft	10K - 2001 / MorganStanley			26.0%	28.7%	25.1%	26.0%	22.7%						
Bitstream	Software	10K - 2000		49.1%	59.7%	48.8%	41.4%								
Document Sciences	Software	10K - 2000			56.5%	31.6%	37.0%								
MGI Software	Software	10K - 2001					57.5%	64.7%							
Minimum			23.8%	31.0%	26.0%	28.2%	25.1%	25.0%	22.7%						
Maximum			23.8%	58.0%	72.6%	70.7%	57.5%	64.7%	35.0%						
Simple average			23.8%	44.0%	47.1%	40.2%	39.4%	42.1%	28.9%						
Median			23.8%	43.4%	46.5%	32.3%	41.4%	42.0%	28.9%						
XYZ inc.												128.9%	48.3%	38.9%	34.4%

General & Administrative (% of Revenues)

Company	Group	Analyst	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sonic Foundry	Software	10K - 2000 / H.C. Wainwright			35.0%	36.5%	28.7%	25.1%	16.0%	13.0%					
Media 100	Software	10K - 2000 / H.C. Wainwright	8.3%	21.5%	11.7%	11.3%	11.4%	8.9%							
Sonic Solutions	Hardware / Soft	10K - 2000		11.5%	8.1%	7.0%	11.0%	15.2%							
AVID Technology	Hardware / Soft	10K - 2001 / MorganStanley			5.9%	6.2%	5.8%	5.4%	5.3%						
Bitstream	Software	10K - 2000		17.4%	24.2%	18.8%	27.1%								
Document Sciences	Software	10K - 2000			30.9%	19.0%	22.3%								
MGI Software	Software	10K - 2001					13.7%	14.9%							
Minimum			8.3%	11.5%	5.9%	6.2%	5.8%	5.4%	5.3%						
Maximum			8.3%	35.0%	36.5%	28.7%	27.1%	16.0%	13.0%						
Simple average			8.3%	21.4%	19.6%	15.2%	16.6%	12.1%	9.2%						
Median			8.3%	19.5%	18.0%	15.1%	13.7%	14.9%	9.2%						
XYZ inc.												72.2%	16.8%	11.7%	9.9%

Selling, Marketing, General & Administrative (% of Revenues)

Company	Group	Analyst	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sonic Foundry	Software	10K - 2000 / H.C. Wainwright			93.0%	109.1%	99.4%	68.3%	58.0%	48.0%					
Media 100	Software	10K - 2000 / H.C. Wainwright	32.1%	52.5%	43.2%	39.5%	40.0%	33.9%							
Sonic Solutions	Hardware / Soft	10K - 2000		49.2%	44.6%	40.0%	53.8%	67.9%							
AVID Technology	Hardware / Soft	10K - 2001 / MorganStanley			31.9%	34.9%	30.9%	31.4%	28.0%						
Bitstream	Software	10K - 2000		66.5%	83.9%	67.6%	68.5%								
Document Sciences	Software	10K - 2000			87.4%	50.6%	59.3%								
MGI Software	Software	10K - 2001					71.2%	79.6%							
Minimum			32.1%	49.2%	31.9%	34.9%	30.9%	31.4%	28.0%						
Maximum			32.1%	93.0%	109.1%	99.4%	71.2%	79.6%	48.0%						
Simple average			32.1%	65.3%	66.7%	55.3%	56.0%	54.2%	38.0%						
Median			32.1%	59.5%	64.3%	45.3%	59.3%	58.0%	38.0%						
XYZ inc.												201.1%	65.1%	50.7%	44.3%

XYZ inc.

Benchmarks

In Thousand of US Dollars

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

EBITDA (% of Revenues)

Company	Group	Analyst	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sonic Foundry	Software	10K - 2000 / H.C. Wainwright				-3.7%	-35.8%	-100.4%							
Media 100	Software	10K - 2000 / H.C. Wainwright	-32.3%	-19.2%	4.5%	10.1%	14.9%								
Sonic Solutions	Hardware / Soft	10K - 2000				4.9%	-12.4%	-22.5%							
AVID Technology	Hardware / Soft	10K - 2001 / MorganStanley				21.9%	22.7%	20.2%							
Bitstream	Software	10K - 2000				-38.3%	-29.2%	26.1%							
Document Sciences	Software	10K - 2000				-38.6%	7.8%	1.1%							
MGI Software	Software	10K - 2001													
Minimum			-32.3%	-38.6%	-35.8%	-100.4%	-22.5%								
Maximum			-32.3%	21.9%	22.7%	26.1%	14.9%								
Simple average			-32.3%	-15.6%	-4.2%	-9.2%	-3.8%								
Median			-32.3%	-19.2%	4.7%	5.6%	-3.8%								
XYZ inc.												-157.6%	17.2%	33.9%	40.3%

CAPEX (% of Revenues)

Company	Group	Analyst	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sonic Foundry	Software	10K - 2000 / H.C. Wainwright	33.5%	19.6%	9.2%	26.3%									
Media 100	Software	10K - 2000 / H.C. Wainwright	9.4%	5.6%	2.5%	3.7%	5.1%								
Sonic Solutions	Hardware / Soft	10K - 2000				4.2%	4.1%	2.5%							
AVID Technology	Hardware / Soft	10K - 2001 / MorganStanley				2.9%	5.0%	1.6%							
Bitstream	Software	10K - 2000				24.8%	5.6%	3.3%							
Document Sciences	Software	10K - 2000				3.7%	2.9%	4.0%							
MGI Software	Software	10K - 2001													
Minimum			9.4%	2.9%	2.5%	1.6%	2.5%								
Maximum			33.5%	24.8%	9.2%	26.3%	5.1%								
Simple average			21.5%	11.3%	4.9%	7.2%	3.8%								
Median			21.5%	5.6%	4.6%	3.9%	3.8%								
XYZ inc.												32.5%	5.0%	3.9%	3.6%

XYZ inc.

Benchmarks

In Thousand of US Dollars

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

VALUATION BENCHMARKS

Market Capitalization as of: 02/11/02

Company	Ticker	Market Capitalization (M\$)
Sonic Foundry	SOFO	\$ 56.3
Media 100	MDEA	\$ 37.0
Sonic Solutions	SNIC	\$ 88.3
AVID Technology	MIPS	\$ 331.7
Bitstream	BITS	\$ 38.3
Document Sciences	DOCX	\$ 11.8
MGI Software	MGI	\$ 57.0

Sales Multiple

Company	Group	Analyst							
Sonic Foundry	Software	10K - 2000 / H.C. Wainwright						1.05x	0.62x
Media 100	Software	10K - 2000 / H.C. Wainwright						0.38x	
Sonic Solutions	Hardware / Soft.	10K - 2000						5.35x	
AVID Technology	Hardware / Soft.	10K - 2001 / MorganStanley						0.76x	0.74x
Bitstream									
Document Sciences									
MGI Software								1.21x	
Minimum			0.0x	0.0x	0.0x	0.0x	0.0x	0.4x	0.6x
Maximum			0.0x	0.0x	0.0x	0.0x	0.0x	5.4x	0.7x
Simple average			0.0x	0.0x	0.0x	0.0x	0.0x	1.8x	0.7x
Median			0.0x	0.0x	0.0x	0.0x	0.0x	1.1x	0.7x

EBITDA Multiple

Company	Group	Analyst							
Sonic Foundry	Software	10K - 2000 / H.C. Wainwright		(202.4x)	(10.6x)	(2.0x)			
Media 100	Software	10K - 2000 / H.C. Wainwright	(1.5x)	(3.4x)	12.7x	5.0x	2.6x		
Sonic Solutions	Hardware / Soft.	10K - 2000			82.3x	(34.2x)	(23.8x)		
AVID Technology	Hardware / Soft.	10K - 2001 / MorganStanley			3.1x	3.4x			
Bitstream				(11.2x)	(14.7x)	16.3x			
Document Sciences				(1.5x)	6.2x	47.4x			
MGI Software									
Minimum			(1.5x)	(202.4x)	(14.7x)	(34.2x)	(23.8x)		
Maximum			(1.5x)	3.1x	82.3x	47.4x	2.6x		
Simple average			(1.5x)	(43.1x)	13.2x	6.0x	(10.6x)		
Median			(1.5x)	(3.4x)	4.7x	4.2x	(10.6x)		

XYZ inc.

Benchmarks

In Thousand of US Dollars

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

DESCRIPTION

Revenues

Sonic Foundry :	Revenues from license fees consist of fees charged for the licensing of Windows based software products. They represented 82.3% of total revenues in 2000. Revenues from media services include tape duplication for broadcast distribution, audio and video encoding, webcasting, hosting, streaming and fees for consulting services. They represented 17.7% of total revenues in 2000.
Media 100 :	Revenues from license fees for the streaming and content creation software, services, encoding and hosting services.
Sonic Solutions:	Sales of audio and video systems
AVID Technology:	Sales of computer-based digital, non-linear media editing systems, licensing of related software, and sales of related software maintenance contracts.
Document Sciences:	Revenues are divided into three categories based upon the sources from which they are derived: initial license fees, annual renewal license and support fees, and services and other revenues.

Cost of Revenues

Sonic Foundry:	Cost of software license fees include product material costs, assembly labor, freight, royalties on third party technology and amortization of previously capitalized product development costs. Cost of media services include compensation and benefits for direct labor, depreciation on production equipment, and other general expenses associated with production personnel
Media 100 :	Royalties paid to third parties for their software that has been integrated into the streaming or content creation software. Cost of building PCI hardware boards. Cost of manuals, shipping costs Salaries and related expense.
Sonic Solutions:	n.a.
AVID Technology:	Cost of revenues consists primarily of costs associated with the procurement of components; the assembly, test, and distribution of finished products; warehousing; post-sales customer support costs; and provisions for inventory obsolescence.
Document Sciences:	Cost of initial license fees includes documentation, reproduction costs, product packaging and media, employment costs for installation and distribution personnel, the cost of third party software and amortization of previously capitalized software development costs.

Selling & Marketing

Sonic Foundry:	Development and distribution of a catalog, tradeshow participation, media advertising, sales promotions and rebate programs.
Media 100 :	Salaries and related benefits, travel, commissions and marketing costs.
Sonic Solutions:	Salary expenses, advertising and marketing costs
AVID Technology:	n.a.
Document Sciences:	Selling and marketing expenses consist primarily of salaries, commissions, marketing programs and related costs for pre- and post-sales activity.

Enterprises Description

Sonic Foundry :	Sonic Foundry Media Software develops sophisticated software tools for the creation, editing and publishing of digital multimedia.
Media 100:	Media 100 is a leading provider of digital media systems for creating and delivering high quality video and audio on the Internet, DVD, CD-ROM and broadcast media.
Sonic Solutions :	Sonic develops, markets and supports workstations used by professionals to edit and process digital audio and digital video information. The workstations product always include applications software and often include plug-in hardware installed on a personal computer.
AVID Technology :	AVID develops, markets and supports software and systems for digital media production, management and distribution.
Bitstream:	The company develops software that creates and manages typefaces. It has a library of more than 1,000 fonts and develops technology for delivering typographic capabilities to hardware, software, and Web applications.
Document Sciences:	The company's Autograph family of document automation software allows companies involved in high volume printing and electronic publishing to create and manage personalized documents that can be printed, emailed, or distributed over the Web.
MGI Software:	The company provides a variety of visual media software and services for individuals and businesses, including its flagship PhotoSuite digital imaging software. MGI also offers image server and Web tools for commercial Web sites, as well as applications for PC video creation, DVD viewing, and graphic Web authoring.