



('kat-^ə-l-ist)

We are
an agent that provokes and speeds significant change or action
for our clients.

PREPARING YOUR EXECUTIVE SUMMARY

Introduction

These guidelines are to help you prepare the Executive Summary of your Business Plan. The Executive Summary should be inserted into your Business Plan and also be kept as a stand-alone document that can and should be handed out separately.

Objectives

The objective is to make sure that the Executive Summary covers all of the material elements of the Business Plan and that it is the correct length (no more than three to four pages, maximum five pages).

Caveat

Please note that the securities laws of certain jurisdictions may prohibit you from providing your Executive Summary to certain potential investors. You should consult with your Catalyst lawyer first to determine whether or not it would be permissible to provide your Executive Summary to a particular potential investor before doing so.

General Guidelines

The general guidelines that should be followed in preparing an Executive Summary are as follows.

The Executive Summary should be short – no more than three to four pages, maximum five pages in length.

The Executive Summary should cover the following topics in the following order:

- Mission Statement.
- Corporate Information.
- The Business of the Company.
- The Market Opportunity.
- The Marketing Plan.
- Management.
- Financial Results.

- Strategic Relationships.
- Competition.
- Funding Requirements.
- Business Objectives and Milestones
- Capital Structure.
- Contact Information.

Where statistics are quoted, research information referred to or comparisons made to other companies, make sure that a full proper citation for the source of those statistics is provided, or a cross-reference to the information source or company is provided. Include, wherever possible, web-sites, links and trade symbols (i.e. NASDAQ:MSFT). The recipient of the Executive Summary should be able to use that citation, web-site, link or trade symbol to easily verify the information presented. This is very important as you should try to make it easy for the recipient to conduct due diligence.

Be factual, do not exaggerate and do not bad mouth the competition or discount it. Do not make any statements that cannot be backed up. Avoid absolute statements such as "We are the best software product in the market" or "We will dominate the market". These kinds of statements result in a loss of credibility. You can accomplish the same thing by simply saying "We believe that we have the best software product because of the following features ..." or "If everything goes well, we hope to be able to establish a strong presence in the market".

Read it to make sure it reads well and that there are no grammatical or typographical errors. Make sure the format and spacing looks good. Make sure that terminology is used consistently and that spacing, paragraph numbering and headings are consistent. A professional looking and written Executive Summary reflects well on the Company, and vice-versa with a poorly written or presented one. Ask any prospective employer how they feel when they receive a resume with spelling mistakes in it or that is poorly laid out.

As a general comment, it is always more powerful to lead a reader to the desired conclusion rather than spell it out. It is much more "sticky", and much more convincing, when the reader reaches the conclusion on his or her own. This is a simple teaching principle that is easier said than done. As an example, if you tell someone your product is the best product out there people will be skeptical even if you explain why. If instead you recite the features and identify which of them are unique to your product and missing from your competitors, the reader will see for himself or herself that your product is superior without you having to try and drive that point home. Similarly, if you explain everything your product does and the reader immediately can see who would want to buy it, this is much more powerful than trying to convince them who will buy it.

Each section of the Executive Summary should contain a cross-reference to the page number in the Business Plan where the more detailed discussion of that topic appears to make it easy for the reader.

Specific Guidelines

More specifically, the Executive Summary should contain the following information in the following order (the bold caption below is the suggested caption for the Executive Summary):

Mission Statement. If the Company has a Mission Statement, provide it.

Corporate Information. This section should be quite short, possibly only two to three sentences long. It should provide the full proper legal name of the Company, its jurisdiction of incorporation and date. If private, say so. If public, say so and identify which stock exchange it is listed on together with its trade symbol and listings classification. Identify which jurisdictions it is "reporting" in, distinguishing between the U.S. and each

Province of Canada. **Note that it is illegal to make a representation that the Company is going to go public and list on a stock exchange.** Cross-reference the page number in the Business Plan for the more detailed discussion.

The Business of the Company. This section should be a full paragraph or two. It should clearly identify what your products or services are, their stage of development (concept, prototype, beta or in sales) and the business/revenue model. It is not uncommon to hear people say that they've read a company's Business Plan several times and still can't understand what it is they do. This is a major failure on the part of the writer. Identify what distinguishes your products or services by describing the features as opposed to providing unsubstantiated statements like "it is the best product hands down". The latter should be provided through independent testimonials. Keep the description on a non-technical level and avoid buzzwords. Remember that the reader is probably not the technical analyst and the technical analyst will want more detail than an Executive Summary can provide. Instead, focus on clearly identifying what the product or service does in such a way that it leads the reader to understand who will buy it. If you can lead the reader to identify, on his own, who will buy the product, this is much more powerful than telling them who will buy it. Cross-reference the page number in the Business Plan for the more detailed discussion.

The Market Opportunity. This section should clearly identify the market opportunity and the revenue model for the Company. This is the **sizzle** section and you really need to catch the reader's attention here to ensure that she wants to know more. If you are in a business where the revenue model is not easily identifiable (such as for many dot-coms), make sure to carefully explain it. No matter how much the reader might like your management team or be impressed by your product, if she doesn't believe that there is a viable market for it and revenue model for your Company, she won't invest. Cross-reference the page number in the Business Plan for the more detailed discussion.

The Marketing Plan. This section should describe your marketing plan. Young companies are often short on marketing expertise. If this is the case, say so and indicate what is contemplated to address it. Show the interesting marketing ploys that you have developed – especially those designed to leverage your marketing dollars (as marketing is often a financial black hole for young companies). Cross-reference the page number in the Business Plan for the more detailed discussion.

Management. With start-ups it is often said that investors are not investing in the product or service as much as they are in the people. This section should provide the full name, age and title (all titles including identifying if the individual is on the Board and which officer titles he or she holds) of each of the senior managers. Following each name should be a short two to three line summary of their resume. Indicate post-secondary degrees and relevant job experience. Avoid too general of descriptions such as "15 years with Nortel". Relevant business experience in the business sector in question is very important – especially where the company is an internet company. Cross-reference the page number in the Business Plan for the more detailed discussion.

Financial Results. This section should contain a summary of the financial results for the Company for its past two fiscal years and for its most recently completed fiscal quarter to the extent that such data is available. The Company's year end should be identified. A two-year, conservatively prepared, financial projection should be provided with the appropriate cautionary language. If the information is audited, such should be noted and same if it is not audited. A public Company should have audited information. This will not always be the case for a private company. The financial information should be presented in tabular form and should include gross revenues, cost of sales, gross margin, EBITDA, expenses and net income. Working capital should also be provided. Cross-reference the page number in the Business Plan for the more detailed discussion.

Strategic Relationships. If you have signed strategic relationships with recognizable names, then this is chance to sell more sizzle. Be careful to state exactly where you are in the process. If you have signed up parties, make sure you can discuss them. If you are only talking, say so. If you haven't signed any but you have identified whom you would like to talk to, say so and explain why. Cross-reference the page number in the Business Plan for the more detailed discussion.

Competition. Identify them. Don't dismiss them or discount them. This reduces your credibility. Cross-reference the page number in the Business Plan for the more detailed discussion.

Funding Requirements. This section should provide a full and clear breakdown of what funding you are looking for, what will be done with it and when it is needed. Whenever possible, the breakdown should be more detailed than just generic categories such as "marketing", "admin" and "R&D" unless including all the descriptions would make the summary too long, in which case use the general categories and have a separate one-page detailed breakdown to hand out. As a rule of thumb, break them down to the \$25,000 level if the total use of proceeds is below \$500,000; \$50,000 if the use of proceeds is between \$500,000 to \$1,500,000 and \$100,000 if above that. If the desired proceeds are greater than \$500,000, try to get the first tranche into the \$500,000 range if possible. It is okay to have as many as three tranches. Cross-reference the page number in the Business Plan for the more detailed discussion.

Business Objectives and Milestones. This section should tag to the funding requirements section and should clearly identify what business objectives you hope to meet with the proceeds and what the milestones are. The dates by which these milestones are to be met should be identified as well. This is a very important section because people who are going to provide money want to know not only what you are going to do with it (i.e. the use of proceeds) but also what you are going to accomplish with it and when (i.e. your business objectives and milestones). Cross-reference the page number in the Business Plan for the more detailed discussion.

Capital Structure. This section should clearly identify the share structure of the Company. For a private Company, it should identify each round of shares issued, the month and year when they were issued, the price at which they were issued and the proceeds of that issue. Shares that are held by the founder's group should be identified as well as the percentage that constitutes of the total issued share capital. If there are existing dilutive securities, the particulars of those should be provided. If the Company is public, start with the issued and outstanding share capital (there is no reason to breakdown the past issuances) and break it down between the principals and the public float. Identify which, if any, shares are held in escrow or subject to unexpired hold periods. Immediately following this table, provide the fully-diluted numbers identifying stock options, warrants, convertible securities and agreements to issue securities. Identify the number of shares that may be issued pursuant to each, their exercise price or prices, their expiry dates and how many people hold them. Following this table, identify the holdings of the control group differentiating between the types (escrow, free-trading etc.) shares and indicating their holdings (in numbers and percentages of the issued share capital) both undiluted and fully diluted. Cross-reference the page number in the Business Plan for the more detailed discussion.

Contact Information. This section should provide the full proper legal name of the company and of the contact person including that person's title, the company's full address including postal code, its switchboard, direct line (of the contact person) and fax numbers together with area code, its web-site address (URL) and the email address of the contact person. Include the same information for the company's auditors, legal counsel and, if public, registrar and transfer agent. Cross-reference the page number in the Business Plan for the more detailed discussion.

After preparing the first draft of the Executive Summary, you should review it against these guidelines to see if meets all of these requirements. If not, rewrite it to do so.

Once you are satisfied that the content is there, then you should see how it might be edited down (whether by deleting sections or tightening up the language), to get it as short as possible.

Caveat

As a client of Catalyst, you are entitled to freely avail yourselves of all the documents and materials that comprise our "Launchpad Program". These materials consist of a series of guides on business matters relevant to young technology companies. Please be advised that these materials do not constitute, and are not to be construed as, legal advice. If you choose to undertake the business activities, adopt the policies or create the documents referred to in these guides, you should consult with a lawyer at Catalyst to ensure that any legal matters relating to such have been considered and that you receive legal advice which is particular to you and

your company and to your and the company's circumstances. By design, the guides are very general in scope and their application to a given person or company may be affected by many factors including, without limitation, the business you or the company undertake and the jurisdictions in which such business is undertaken and the corporate, securities, intellectual property, tax and stock exchange rules, policies, laws and regulations that might be applicable to you and your company. Unless you specifically request Catalyst to provide you with legal advice in respect of the matters dealt with in these guides, you acknowledge and agree, by using the materials, that Catalyst assumes no liability to you of any kind whatsoever in respect of any matter arising out of your use of the Launchpad Program.

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C A T A L Y S T
SAMPLE EXECUTIVE SUMMARIES
Corporate Finance Lawyers

SAMPLE EXECUTIVE SUMMARY – PRIVATE COMPANY

NOTE TO READER: ALL OF THE INFORMATION, INCLUDING THE WEBSITES, IS FICTITIOUS.

Mission Statement

[Insert the Company's Mission Statement].

For additional particulars, see page ___ of the Business Plan.

Corporate Information

[Full name] was incorporated on [Date] in British Columbia. The Company is a private company.

For additional particulars, see page ___ of the Business Plan.

The Business of the Company

The Company is a service provider providing an internet based ecommerce platform that allows bricks and mortar ("BAM") manufacturers of products to distribute their products through the internet. The Company's platform, which is fully operational and generating revenue, appears as a private label web-site for the manufacturer but is operated on a turn key basis by the Company for the manufacturer. The service is scalable to the manufacturer allowing the manufacturer to add and delete products with ease. It is also scalable to the Company by allowing the Company to offer it to manufacturers of different products with minimal customization. The Company does not charge any fee to set up the manufacturer so there is no entry cost to the manufacturer other than the personnel time dedicated to work with the Company's staff.

The Company's clients are manufacturers who supply businesses and are looking for an ecommerce solution and would prefer not to build or operate their own. The Company makes its revenue by charging a percentage (the traditional BAM distributors "mark-up") of all products sold by the manufacturer through the Company's platform. The Company's ecommerce solution allows the manufacturer to collapse its traditional BAM distribution channels from as many as three to four distributors in a series to one, being the Company. The manufacturer can now deliver direct to the end user at a reduced price and improve its profit margin at the same time by paying one mark-up only.

For additional particulars, see page ___ of the Business Plan.

The Market Opportunity

While customers for the Company's service may be new manufacturers whose mission is to build and distribute product solely over the internet, the far bigger market is existing manufacturers of business to business ("B2B") products that are looking for an ecommerce solution. Jupiter Communications (March 1999 www.jup.com) estimates the market for ecommerce distribution solutions for traditional B2B manufacturers as U.S.\$2B in 2001.

Unlike many internet companies, the Company's revenue model is simple and already proven in the BAM world. The Company does not look to any advertising revenue – quite the opposite. In the Company's opinion, one of the selling features is that each manufacturer will be provided with its own private label web-site. The customer can then pursue advertising revenue, links and other ecommerce revenue generating opportunities to its own account. The Company's revenue model is simply the mark-up on the cost of the products sold. To compete with real world distributors, the Company is able to offer a lower mark-up because its infrastructure costs are lower.

For additional particulars, see page ___ of the Business Plan.

The Marketing Plan

The Company will not market by traditional internet methods. It sees its customers as companies that are currently not web based, or that have low functioning web-sites. It expects instead to market through the traditional channels that BAM distributors market through – trade journals, trade shows etc. The Company has not begun a full fledged marketing program as it requires funding for securing a Vice-President of Marketing to develop and oversee the marketing plan.

For additional particulars, see page ___ of the Business Plan.

Management

The principal members of the management team are as follows:

[Name] – President and Director. Mr. X, age ___, is the President, Director and one of the co-founders of the Company. Mr. X has a Bachelor's degree in Computer Science from U.B.C. (1995). After graduation, Mr. X worked as a software programmer for Pivotal Software in Vancouver, B.C. until 1998 when he left to form the Company with Ms. Y.

[Name] – Chief Technical Officer and Director. Ms. Y, age ___, is the CTO, Director and one of the co-founders of the Company. Ms. Y has a Bachelor's degree in Computer Science/Engineering from Waterloo University (1996). After graduation, Ms. Y worked as a software engineer for Pivotal Software in Vancouver, B.C. until 1998 when she left to form the Company with Mr. X.

[Name] – Chief Financial Officer and Director. Mr. Z, age ___, is the CFO and a Director of the Company. Mr. Z has a Bachelor's degree in Business Administration from S.F.U. (1992). After graduation, Mr. Z articulated at KPMG and subsequently joined the audit group. Mr. Z remained with KPMG until 1999 when he joined the Company.

The Company has two more Board members, [Name] and [Name]. Mr. A is a partner of Catalyst Corporate Finance Lawyers, the premier corporate finance law firm for technology companies in Western Canada. Ms. B is the founder and President of Shake-n-Bake Software, a NASDAQ listed software company that places hi-tech personnel. Shake-n-Bake was founded in B.C. and is now headquartered in Seattle, Washington.

For additional particulars, see page ___ of the Business Plan.

Financial Results

The Company has not been audited in the past. It appointed [Name] as auditor in [Date – month and year]. Its year end ends on December 31 of each year. Commencing with fiscal 2000, the Company will be audited annually, and produce unaudited interim financial statements for each fiscal quarter.

The Company was formed in October of 1998 and as such has completed its initial (abbreviated) fiscal year ended Dec. 31, 1998 and its first full fiscal year ended Dec. 31, 1999. The Company began earning nominal revenues in September of 1999 as it rolled out its first customer on a beta test basis (the customer was selling some product through the beta test site). As at the end of 1999, the Company had a total of five customers all operating on a beta test basis (each selling some product), with two scheduled to go fully live on January 1, 2000 (this milestone was met) and the remaining three to go fully live in Q1 2000. As such, revenues to date are nominal and the reader should be careful to extrapolate from them as all five customers were in beta test mode.

The Company's financial results to date and its projections for the next two fiscal years are as follows:

	Audited (Fiscal Year ended Dec. 31)		Unaudited (Quarter ended March) 2000)	Projected (Fiscal year ended Dec. 31)	
	1998 ⁽¹⁾	1999		2000	2001
Working capital (deficiency):	\$	\$	\$	n/a	n/a
Revenues:	\$	\$	\$	\$	\$
Gross profit (loss):	\$	\$	\$	\$	\$
EBITDA (loss):	\$	\$	\$	\$	\$
Net earnings (loss):	\$	\$	\$	\$	\$
Share capital:	\$	\$	\$	n/a	n/a
Number of shares:	●	●	●	n/a	n/a
Retained earnings (deficit):	\$	\$	\$	n/a	n/a

(1) The Company was incorporated in October 1998, so this period represents the first fiscal year which was less than three months long.

Readers are cautioned that projections are merely a *possible financial outcome* and should not be construed as a likely financial outcome. They are not audited. They are typically prepared for budgeting and planning purposes. They are *not* to be construed as a representation as to the future financial performance of the Company as they are dependent upon many factors outside of the control of the Company.

The foregoing projections assume that the Company signs on two new manufacturers per quarter over the eight fiscal quarters making up the two fiscal years in question.

For additional particulars, see page ___ of the Business Plan.

Strategic Relationships

The Company has not signed any strategic relationships to date. It as targeted a number of trade associations which accumulate small manufacturers for the sake of achieving critical competitive mass. The Company's objective would be to try and sign up these trade associations to secure a larger number of customers with less marketing effort.

For additional particulars, see page ___ of the Business Plan.

Competition

The Company's competition falls into three categories: traditional BAM distributors who can be expected to defend their turf aggressively and who already have the majority of the market share; companies offering exactly the same service as the Company; and net based distributors who offer B2B shopping malls and distribution centers. With respect to the former, if they choose not to enter into internet realm then the internet is sure to take away at least some their business. If they choose to enter into this realm, the barrier to entry is quite low and they could become significant competitors as they already have the existing relationships with the manufacturers. For this reason, being "first to market" is critical to the Company.

With respect to the second category, the Company is aware of three companies offering a service similar to its service. Of these, two (idistribute.com and products-r-us.com) charge significant upfront fees to put manufacturers on their platforms (see www.idistribute.com and www.products-r-us.com) and the other only operates in the lumber sector (www.woodproducts.com). If the former choose to drop their upfront fees, they would be significant competition as they are already established in the marketplace. If woodproducts.com

chooses to make its product scalable to other industries, it could be a significant competitor in that it has successfully operated in the lumber sector.

For additional particulars, see page ___ of the Business Plan.

Funding Requirements

In order to proceed with its business plan, the Company requires a first tranche of \$400,000 by the end of the second quarter of this year, and a second tranche of \$1,000,000 by the end of the fiscal year. The principal purposes for which these funds will be used is as follows:

<u>Tranche 1⁽¹⁾</u>		<u>Tranche 2⁽¹⁾</u>	
Marketing Program:	\$100,000	Marketing Program:	\$200,000
R&D:	\$100,000	Starting-Up:	\$400,000
General & Admin:	\$100,000	R&D:	\$200,000
Working Capital:	<u>\$100,000</u>	Working Capital:	<u>\$200,000</u>
	\$400,000		\$1,000,000

(1) Detailed breakdown of each of these categories is available upon request.

For additional particulars, see page ___ of the Business Plan.

Business Objectives and Milestones

With the funds, the Company hopes to meet the following milestones by the following dates:

To set up the website within 30 days.

To develop the prototype by day 90.

To secure five beta-test clients by day 120.

To secure a VP Sales and Marketing by day 120.

To have a Marketing Plan by day 150.

To have secured a distribution channel in the U.S. by day 180.

These dates assume that the Company secures its funding in the amounts and within the time periods noted under "Funding Requirements" above.

For additional particulars, see page ___ of the Business Plan.

Capital Structure

The Company is a private company. Its current capital structure is as follows:

Type	Month & Year	Number	Price	Consideration
Founder's ⁽¹⁾	Sept. 1998	4,000,000	\$ 0.0001	\$ 400
Seed Round ⁽²⁾	Dec. 1998	400,000	\$ 0.25	\$ 100,000
Angel Round ⁽³⁾	June 1999	<u>600,000</u>	\$ 0.50	<u>\$ 300,000</u>
		5,000,000		\$ 400,400
Employee Stock Option Plan ⁽⁴⁾	n/a ⁽⁴⁾	<u>500,000</u>	n/a ⁽⁴⁾	n/a ⁽⁴⁾
Fully-Diluted:		5,500,000		

- (1) Split evenly amongst four principals.
- (2) Split amongst 12 close friends, relatives and business associates of the principals.
- (3) Three individuals, one of whom is now a director.
- (4) The options have not yet been granted. The shares have been reserved but not issued yet.

The control positions are:

	<u>Undiluted</u>	<u>Fully-Diluted</u>
Founder's:	80%	77% ⁽¹⁾
Float:	<u>20%</u>	<u>23%</u> ⁽¹⁾
	100%	100% ⁽¹⁾

- (1) Assumes Founders take 50% of the 500,000 options once allotted.

For additional particulars, see page ___ of the Business Plan.

Contact Information

The contact information for the Company is as follows:

[Full proper legal name of Company]	[Contact name]
[Full proper address with postal code]	[Contact's direct line]
	[Contact's email address]
[Telephone number with area code]	
[Fax number]	
[web-site URL]	

The Company's legal counsel and auditors are:

[Name of Lawyer]	[Name of Auditor]
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For additional particulars, see page ___ of the Business Plan.

SAMPLE EXECUTIVE SUMMARY – PUBLIC COMPANY

NOTE TO READER: ALL OF THE INFORMATION, INCLUDING THE WEBSITES, IS FICTITIOUS.

Mission Statement

[Insert the Company's Mission Statement].

For additional particulars, see page ___ of the Business Plan.

Corporate Information

[Full name] was incorporated on [Date] in British Columbia. The Company is a public company listed on CDNX (CDNX:ING). The Company is currently trades between 120,000 and 150,000 shares per day in the \$1.50 to \$1.70 range.

For additional particulars, see page ___ of the Business Plan.

The Business of the Company

The Company is a service provider providing an internet based ecommerce platform that allows bricks and mortar ("BAM") manufacturers of products to distribute their products through the internet. The Company's platform, which is fully operational and generating revenue, appears as a private label web-site for the manufacturer but is operated on a turn key basis by the Company for the manufacturer. The service is scalable to the manufacturer allowing the manufacturer to add and delete products with ease. It is also scalable to the Company by allowing the Company to offer it to manufacturers of different products with minimal customization. The Company does not charge any fee to set up the manufacturer so there is no entry cost to the manufacturer other than the personnel time dedicated to work with the Company's staff.

The Company's clients are manufacturers who supply businesses and are looking for an ecommerce solution and would prefer not to build or operate their own. The Company makes its revenue by charging a percentage (the traditional BAM distributors "mark-up") of all products sold by the manufacturer through the Company's platform. The Company's ecommerce solution allows the manufacturer to collapse its traditional BAM distribution channels from as many as three to four distributors in a series to one, being the Company. The manufacturer can now deliver direct to the end user at a reduced price and improve its profit margin at the same time by paying one mark-up only.

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The Market Opportunity

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For additional particulars, see page ___ of the Business Plan.

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For additional particulars, see page ___ of the Business Plan.

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[Name] – Chief Technical Officer and Director. Ms. Y, age ___, is the CTO, Director and one of the co-founders of the Company. Ms. Y has a Bachelor's degree in Computer Science/Engineering from Waterloo University (1996). After graduation, Ms. Y worked as a software engineer for Pivotal Software in Vancouver, B.C. until 1998 when she left to form the Company with Mr. X.

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For additional particulars, see page ___ of the Business Plan.

Financial Results

The Company's fiscal year ends on Dec. 31 [insert appropriate date] of each year. The Company produces audited annual financial statements within 120 days of its year end, and unaudited interim financial statements for each of its fiscal quarters (ended March 31, June 30 and Sept. 30) within 60 days of the end of those quarters.

The Company's financial results to date and its projections for the next two fiscal years are as follows:

	Audited (Fiscal Year ended Dec. 31)		Unaudited (Quarter ended March)	Projected (Fiscal year ended Dec. 31)	
	1998	1999	2000)	2000	2001
Working capital (deficiency):	\$	\$	\$	n/a	n/a
Revenues:	\$	\$	\$	\$	\$
Gross profit (loss):	\$	\$	\$	\$	\$
EBITDA (loss):	\$	\$	\$	\$	\$
Net earnings (loss):	\$	\$	\$	\$	\$
Earnings (loss) per share:	\$	\$	\$	\$	\$
Share capital:	\$	\$	\$	n/a	n/a
Number of shares:	●	●	●	n/a	n/a
Retained earnings (deficit):	\$	\$	\$	n/a	n/a

Readers are cautioned that projections are merely a *possible financial outcome* and should not be construed as a likely financial outcome. They are not audited. They are typically prepared for budgeting and planning purposes. They are *not* to be construed as a representation as to the future financial performance of the Company as they are dependent upon many factors outside of the control of the Company.

The foregoing projections assume that the Company signs on two new manufacturers per quarter over the eight fiscal quarters making up the two fiscal years in question.

For additional particulars, see page ___ of the Business Plan.

Strategic Relationships

The Company has not signed any strategic relationships to date. It as targeted a number of trade associations which accumulate small manufacturers for the sake of achieving critical competitive mass. The Company's objective would be to try and sign up these trade associations to secure a larger number of customers with less marketing effort.

For additional particulars, see page ___ of the Business Plan.

Competition

The Company's competition falls into three categories: traditional BAM distributors who can be expected to defend their turf aggressively and who already have the majority of the market share; companies offering exactly the same service as the Company; and net based distributors who offer B2B shopping malls and distribution centers. With respect to the former, if they choose not to enter into internet realm then the internet is sure to take away at least some their business. If they choose to enter into this realm, the barrier to entry is quite low and they could become significant competitors as they already have the existing relationships with the manufacturers. For this reason, being "first to market" is critical to the Company.

With respect to the second category, the Company is aware of three companies offering a service similar to its service. Of these, two (idistribute.com and products-r-us.com) charge significant upfront fees to put manufacturers on their platforms (see www.idistribute.com and www.products-r-us.com) and the other only operates in the lumber sector (www.woodproducts.com). If the former choose to drop their upfront fees, they would be significant competition as they are already established in the marketplace. If woodproducts.com

chooses to make its product scalable to other industries, it could be a significant competitor in that it has successfully operated in the lumber sector.

For additional particulars, see page ___ of the Business Plan.

Funding Requirements

In order to proceed with its business plan, the Company requires a first tranche of \$400,000 by the end of the second quarter of this year, and a second tranche of \$1,000,000 by the end of the fiscal year. The principal purposes for which these funds will be used is as follows:

<u>Tranche 1⁽¹⁾</u>		<u>Tranche 2⁽¹⁾</u>	
Marketing Program:	\$100,000	Marketing Program:	\$200,000
R&D:	\$100,000	Starting-Up:	\$400,000
General & Admin:	\$100,000	R&D:	\$200,000
Working Capital:	<u>\$100,000</u>	Working Capital:	<u>\$200,000</u>
	\$400,000		\$1,000,000

(1) Detailed breakdown of each of these categories is available upon request.

For additional particulars, see page ___ of the Business Plan.

Business Objectives and Milestones

With the funds, the Company hopes to meet the following milestones by the following dates:

To set up the website within 30 days.

To develop the prototype by day 90.

To secure five beta-test clients by day 120.

To secure a VP Sales and Marketing by day 120.

To have a Marketing Plan by day 150.

To have secured a distribution channel in the U.S. by day 180.

These dates assume that the Company secures its funding in the amounts and within the time periods noted under "Funding Requirements" above.

For additional particulars, see page ___ of the Business Plan.

Capital Structure

The Company is a public company. Its current un-diluted and fully-diluted capital structure is as follows:

Securities		Number	Share Capital
Issued & Outstanding	Control Group Escrow: Control Group Free-Trading: Public Float:	2,000,000 1,000,000 <u>1,200,000</u> 4,200,000	4,200,000 \$3,400,000
Stock Options:	200,000 @ \$1.00 <u>100,000 @ \$1.25</u> 300,000	300,000	\$ 325,000
Warrants:	300,000 @ \$1.50	300,000	\$ 450,000
Licence Agreement: (Royalty)	1,000,000 @ \$1.00	<u>1,000,000</u>	<u>\$1,000,000</u>
Fully Diluted:		5,800,000	\$5,175,000

The control positions are as follows:

	Control Group	Public (or non- Control Group)	Total
Escrow:	2,000,000	nil	2,000,000
Free-Trading:	<u>1,000,000</u>	<u>1,200,000</u>	<u>2,200,000</u>
Undiluted:	3,000,000 71.5%	1,200,000 28.5%	4,200,000 100%
Options:	200,000	100,000	300,000
Warrants:	100,000	200,000	300,000
Licence:	<u>nil</u>	<u>1,000,000</u>	<u>1,000,000</u>
Fully-Diluted:	3,300,000 56.9%	2,500,000 43.1%	5,800,000 100%

For additional particulars, see page ___ of the Business Plan.

Contact Information

The contact information for the Company is as follows:

[Full proper legal name of Company]
[Full proper address with postal code]

[Contact name]
[Contact's direct line]
[Contact's email address]

[Telephone number with area code]
[Fax number]
[web-site URL]

The Company's legal counsel and auditors are:

[Name of Lawyer]

[Name of Auditor]

For additional particulars, see page ___ of the Business Plan.

CATALYST
Corporate Finance Lawyers