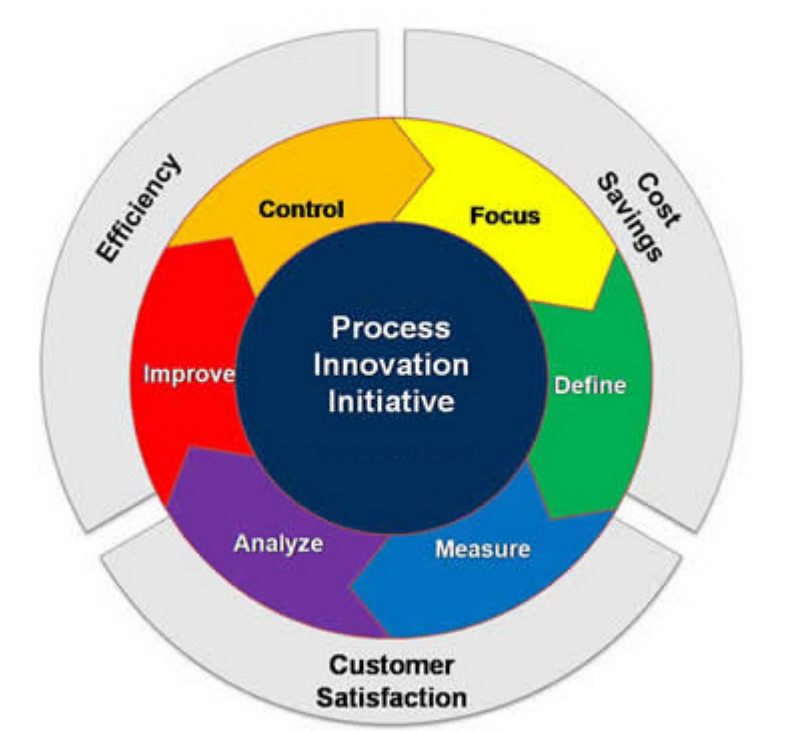
MANUFACTURING TECHNOLOGY



PROCESS CONTROL INNOVATION

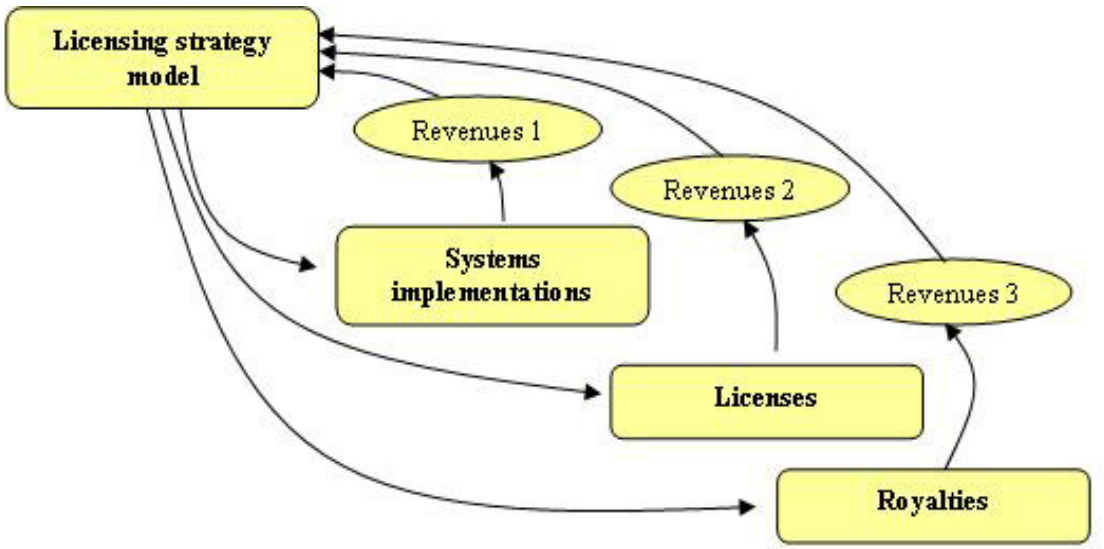
publications
MICHEL ENGLISH

Executive Summary

New process technology is essential for millions of businesses worldwide allowing hundreds of tasks and processes to be performed with less materials, time and costs. Globally, the market is composed of nearly 100 million manufacturing, transformation and production businesses applying current technology valued at 275 B$ USD. Market demand expands at an average rate of 4% per annum and is estimated to reach 320 B$ USD by 2015. DOC (Department of Commerce) and ITA (Industry and Trade Administration) are eager to uncover solutions to improve productivity, reduce escalating industrial material costs, increase commercial and industrial process performance and help the industry regain its competitiveness.

The market is ready and favorable to the implementation of new solutions that will improve efficiency and reduce costs. **Newco inc.** created by john smith, successful business man, discovered an innovative new technology which improves performance of commercial and industrial processes by 40%. The new breakthrough process coined ***Newtech®*** is engineered as a system to be sold to all production consultants and process engineers applying the new technology within the commercial and industrial sectors. Already, ***Newtech®*** has received approval by regulation authorities in USA, Canada and Europe and is expecting to be awarded 3 patents by year end.

The management team has conceived a business model that ensures early revenues in the form of license fees, planned system deliveries, scheduled royalties and first call on production volume for protected markets. This four level business model will generate revenues growing at 200% per year for the first five years.



Business model

The team involved in the deployment of ***Newtech®*** was built by John Smith former CEO of Polestar Technology which he led from 1M$ sales and token profits to a 100M$ sales multinational delivering above average dividends in just five years. John Smith will lead the company and also take on the challenges of implementing the ***Newtech®*** systems at customer sites and supervising initial operations. The technology aspects will be handled by Albert Stein member of the brilliant engineers association and enjoying a solid reputation among his peers. The finance management aspects of the company will be handled by Joseph Money, a veteran finance manager and controller at Tour international. He led two businesses to their initial public offering (IPO) on the NASDAQ stock market. The association between Mr. Smith, CEO, Joseph Money, CFO and Albert Stein, CTO goes a long way combining 75 years of successes.

Based on approvals and test results, NEWCO has received 2.5 M$ worth of contracts in the last month to supply ***Newtech®*** and targets 4 M$ sales for 2014. Because the company owns the full rights and patents the new process technology, sales will grow exponentially as more and more manufacturers switch to ***Newtech®*****.** As a result NEWCO foresees a highly profitable start of its operations with the following results;

		FY 2012	**FY 2013**	**FY 2014**
Sales	M $	1,0	2,0	4,0
Gross margin	%	42%	42%	41%
EBITDA	k $	180	360	730
ROI	%	15%	29%	59%

These forecasted results are based on the availability of a 2 M$ investment needed to implement the necessary operations and to fuel the company's growth. Exit strategies for investors are planned for 2015 to 2017 and include two possible buy back options at proposed multiple values triggered at one of the two following events;

1. Second round expansion venture investment.
2. Initial public offering.

A cumulative rate of return of 30% is estimated and calculated after conservative cash reserves have been set aside for new equipments, process expansions and implementation of investor exit strategies.

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1.0 BUSINESS DESCRIPTION

1.1 OVERVIEW

Newco Inc. immerged from a concept introduced by Albert Stein. After developing the idea further, Stein consulted experts at rapid prototyping whom demonstrated the technical feasibility of producing the production technology at competitive costs.

The innovative solution was developed and presented at business matchmaking where Albert Stein met with John Smith and Joseph Money, two veteran and serial entrepreneurs. The new team decided to form NEWCO and to further develop the technical and operational aspects of the potential business and to seek funding at one of the VC networking events held on the US east coast.

The founding team rapidly established the superiority and uniqueness of the process technology and decided to file for international patents on the concepts, algorithms and software. Numerous system applications were made and demonstrated to customers in trade shows. The new business is now ready to implement its operations and seeks an investment of 2M$ for its startup. The plant location will likely be in the area of Albany New York which is an ideal location for all three founders, upcoming workforce and product logistics.

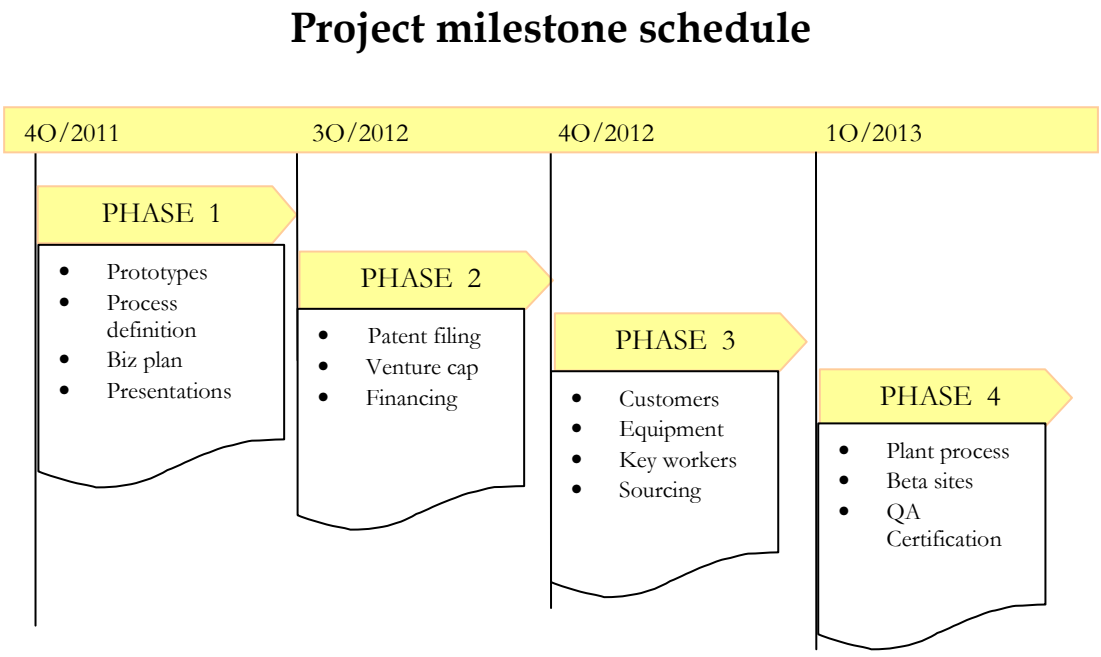


Figure 1, Project Schedule

The founders have produced a solid business plan and financial projections highlighting each and every step of the startup and its first 3 years of operations. To conceive their business plan and develop market development strategies, the founders hired English-Pare, a private consulting firm specializing in high tech businesses plans.

Upon completion of the business plan, the founders will be presenting the technology in front of venture capitalist during a matchmaking events held in Boston, New York, Philadelphia and San Jose.

During the financial analysis and due diligence, the founders will focus on preparing the startup which involves numerous tasks as depicted by the milestone schedule above.

Potential customers will be visited with the goals to sign 5 beta sites and sell 3 licensing agreements for equipment and materials. Potential customers will be found mostly in the construction sector and prefabricated construction panels.

Beta sites consist in highly supervised applications requiring constant monitoring by technicians in order to fine tune and finalize the product implementation. Five beta sites are sought within the north east so that proximity to the plant will allow the optimization of the technical labor involved.

Implementing the supply chain management is time intensive and requires a fair amount of preparation. Materials suppliers and equipment needed for processes must be identified, evaluated and certified. This period is critical to the success of the business.

Upon identifying all the equipment and processes involved throughout the operations, process sheets will be prepared and corresponding labor will be sought.

Once the investment is secured, equipment will be ordered, install and tested to ensure proper throughput. At that stage, the QA procedures will be implemented and the plant will prepare for audit and certification. This phase is critical as every task and multiple milestones culminate at one point for initial startup.

1.2 BUSINESS GOALS

1.2.1 MISSION

The company's mission is to lead its industry technologically maintaining superior customer satisfaction delivered by innovative quality products.

1.2.2 MANAGEMENT OBJECTIVES

The management team elaborated an efficient management plan applying control in key functions such as:

Project management

- Responsible project teams
- Planned reporting
- Milestone schedules implementation

Finance

- Cost control
- Improved margins
- Lower inventories
- Faster collection
- Tighter rules with subcontractors

Technology

- Implement sustainable development innovations
- Target high efficiency goals
- Introduce an upstream application think tank

1.2.3 BUSINESS MODEL

The business model was optimized to deliver revenues by providing services, licensing the technology and collecting royalties on controlled raw materials. The business model is illustrated below.

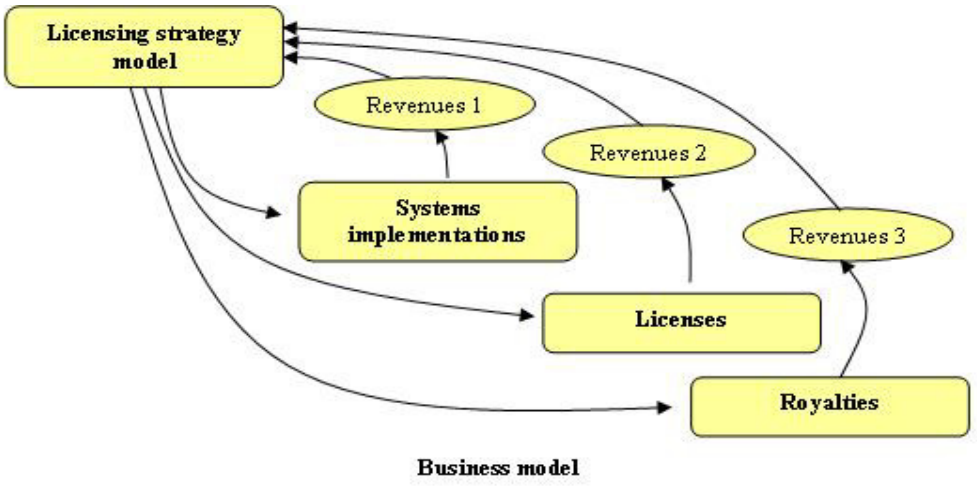


Figure 2, Business model

1.3 RESOURCES

The human resources required to produce and implement the production technology include numerous trades. Most of the labor has been identified and are ready to join the action. To allow for growth, a training plan will be developed that will ensure each critical position is filled with multiple candidates.

These include:

- Process engineers
- Field technicians
- Software programmers
- Process technicians
- Project engineers

70 new jobs will be created over the 3 years of this business plan. The salaries & wages plan shows salaries and wages after 3 years will be totaling 20M$ and nearly 8M$ of source income taxes and employer contributions.

1.4 PRODUCT/SOLUTION

The process technology developed by NEWCO to achieve the targeted efficiency is based on new concepts applied to processes and their properties. Contrary to traditional process analytics that require huge amounts of functionalities, the NEWCO process analytics uses a two variable system applied to multiple elements. The technology can be adapted to multiple types of processes and uses a building bloc's approach to produce the expected outcome.

Here you have to present the features of the new technology as well as advantages and its disadvantages compared to competitors.

Key product advantages
• Patented • Range of functionalities • Superior elemental approach • Demonstrated efficiency • Straightforward to implement • Measurable results

The patents held by the company will contribute to secure a share of the market and guarantee our licensees that their market will be protected. No part of the technology or its documentation will be reproduced without the prior consent of the company's management.

The operation principle has a major impact on every businesses involved in product transformation processes. The technology looks at every step of the process and its materials to enhance its performance.

Businesses involved in process engineering will be able to acquire a license, attend training and proceed with implementation of the system at their customer sites.

The secret of Newco's innovation is in the design model, its versatility and mostly in the approach taken to each element being treated as a functional pattern with inputs and outputs while assessing the performance of each elements and the sum of the elements.

1.4.1 INNOVATION

This new technology yields unprecedented productivity compared to traditional process design systems. NEWCO developed a high throughput system that can be used in most manufacturing processes to increase efficiency, performance and productivity. The outcome is safe for the environment and meets all sustainability best practices. The system is totally modular and can be implemented by regularly trained MRP controllers.

The system helps create goals to obtain the wanted process outcome and formulations while remaining within specifications and quality requirements. The efficiency at given parameters can be monitored and compared for different mapping of outcome as a function of set parameters and boundaries. Initial feedback from customers and test labs indicate improvements in production throughput of 11-17% and materials reductions of 5-9% relative to the industry it is applied to.

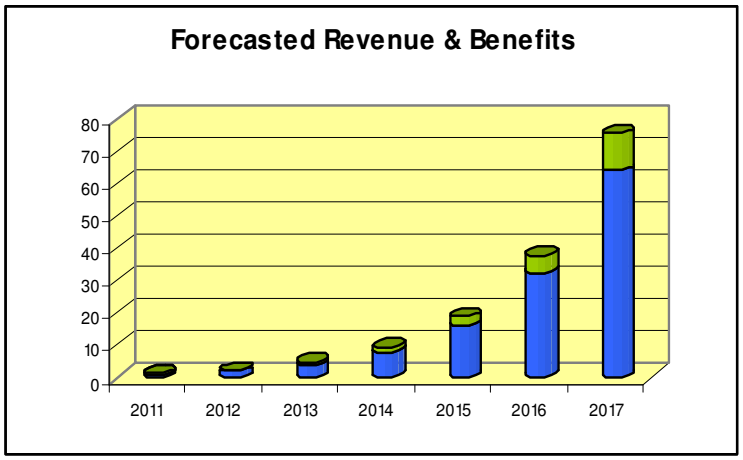
The company's innovation process follows a methodology developed by the Massachusetts Institute of Technology (MIT). This innovation process pictured above generates marketable goal oriented ideas that are in line with customer objectives and industry needs. Management has introduced this process at the early stages of Newtech® development and it paid off because Newtech ® rapidly gained customer acceptance, certification and will be easily integrated to the marketplace.

Efficiency wise, the innovation took care of a huge problem within the industrial market, that of accountability. With a reduction of materials cost by 5-9%, customer acceptance will be easily gained. Not to mention, the increase in efficiency.

1.4.2 INTELLECTUAL PROPERTY

NEWCO has filed two initial international patents and trademarks in Canada and the US. It is currently developing an IP strategy with a patent attorney. The company will complete the filing of its IP portfolio upon closing of the initial venture capital investment. All the IP was created by the founders and has been assigned to NEWCO pursuant to a conditional license. Further licenses will be awarded to specific territories and include conditional rights and cost. Typical license cost will be 100K$ per territory.

1.4.3 VALUATION



The valuation of the intellectual property was performed on the basis of the actual value of future benefits generated by the process technology over the period of 7 years. The intellectual property value was estimated for the purpose of negotiating the participation of a venture capital firm. An estimated 22M$ USD net profits will be generated by the technology over the selected period.

1.5 PROJECT COSTS

Use of funds

Equipment assets	300 000.
Development equipment[1]	250 000.
Beta projects	250 000.
Market Development	1 200 000.
Total cost	**2 000 000. $**

Sources of funds

Founders[2]	200 000.
Venture capital[3]	1 200 000.
Licensees[4]	300 000.
Small Business Loan[5]	300 000.
Total funds	**2 000 000. $**

Other cashflow (collected during initial 3 years)

Research and development tax credits	1 400 000 $
Labor tax credits	400 000 $
Assets investment tax credits	30 000 $
Total future cashflow	1 830 000 $

[1] The development equipment is eligible to RS&DE investment tax credits.

[2] The founders have invested 400K$ to date in cash and another 600K$ in-kind investment. The new capital injection will bring their total investment to 1,2M$.

[3] The venture capitalist is expected to invest 1,2 M$ for a participation of 20% in ordinary voting shares.

[4] Three licencees will be recruited at 100K$ each prior to startup.

[5] The company will file a bank loan application on the small business loan program to support its initial equipment. The SBA is guaranteed by the government at 90%.

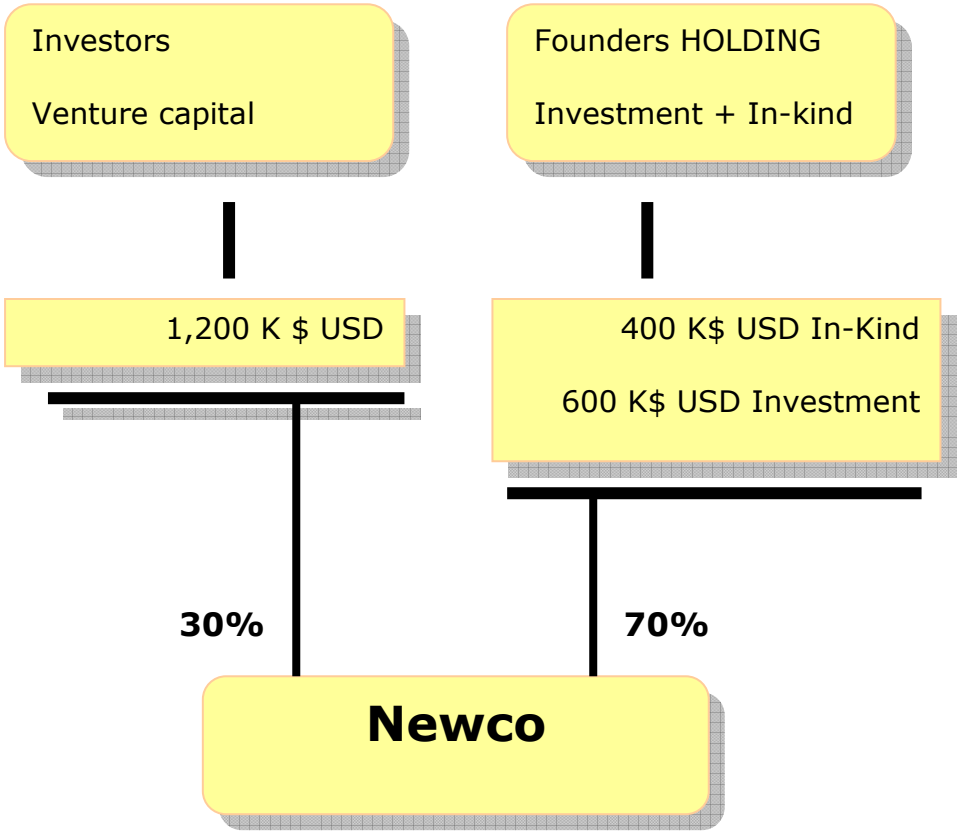
1.6 OWNERSHIP

The founders are the company shareholders listed below. All shareholders have agreed to a shareholders agreement which is held at the company lawyer's office.

The shares issued are ordinary voting and participating.

Shareholders	voting participation
John Smith	33 %
Albert Stein	33 %
Joseph Money	33 %

The proposed investment plan will modify ownership as follows:



2.0 MANAGEMENT TEAM

2.1 ORGANIZATION

John Smith directs the company and provides the necessary leadership assisted by a team of engineers and scientist. Outside consultants provide expertise in finance, accounting, strategic management, IP and information technology.

The founders: John Smith, CEO
Albert Stein, VP Technology
Joseph Money, VP Finance

The founders and the development team form a highly concentrated core competent team providing in-depth expertise needed to deliver the project. They are familiar with the numerous manufacturing sectors and technology market segments and have previously delivered successful products targeting high demand market opportunity.

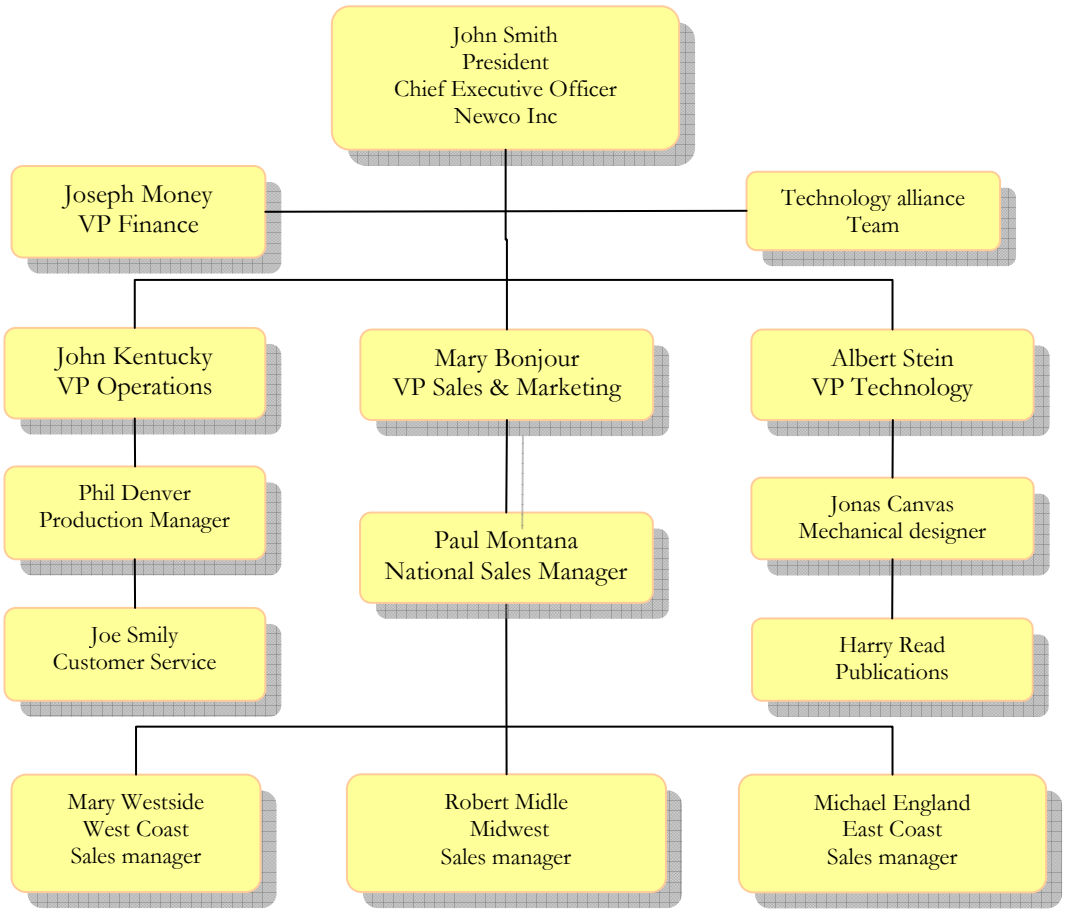


Figure 3, Organization chart

2.2 RESPONSIBILITIES

John Smith, President & CEO
John Smith will manage and lead the company to its objectives with a team of veteran he recruited during the project planning phase. John is a graduate from Harvard University in business administration and possesses a strong 30 + years of market, design and production experience. He was involved in previous business successes and contributed to lead businesses to their initial public offering. John is a result oriented person and a strong leader. His ability to integrate all aspects of business makes him a highly performing executive and trustworthy individual.

Joseph Money, Vice-president Finance
Newco's finance and administration responsibilities are handled by Joseph Money, a professional accountant with over 20 years experience as controller. Joseph will implement in-house cost controls and operations monitoring capabilities which will play a major role in ensuring that job costing improves furthermore with larger scale production. Joseph's expertise can lead NEWCO to advantageous product costs and increase net value.

Albert Stein, Vice-president Technology
Albert is an engineer, a member of engineers association and enjoys 30 years of experience in leading technology roles. He developed the Newtech technology and patented it. He also owns several other patents in related applications and will lead the technical team in the company's development challenges as well as beta site performance. The acceptance of the new technology by users is crucial and on high priority. Beta sites have been targeted and will play a major role in demonstrating the new technology performance.

John Kentucky, Vice-president operations
Newco's operations are handled by John Kentucky, a veteran of 30 years within the construction materials industry. John has joined NEWCO on day one, participated to the process development and the implementation of production operations capabilities. He is experienced in material requirement and production planning in multiple plant organizations which will be a strong asset in managing the future production operations at Newco. He is responsible for implementing the various aspects of the supply chain and most importantly the quality system audit and certification.

2.3 CORE COMPETENCIES

The founding team possesses the experience and key competencies to lead **NEWCO** to its goals successfully. In addition to having the vital spheres of business well covered, that is; market, finance and technology, the three founders were involved in similar technology startups previously. In all previous endeavors, they have succeeded in meeting their respective goals.

The figure below illustrates the unique competencies of each founder and the common or core competencies of the team.

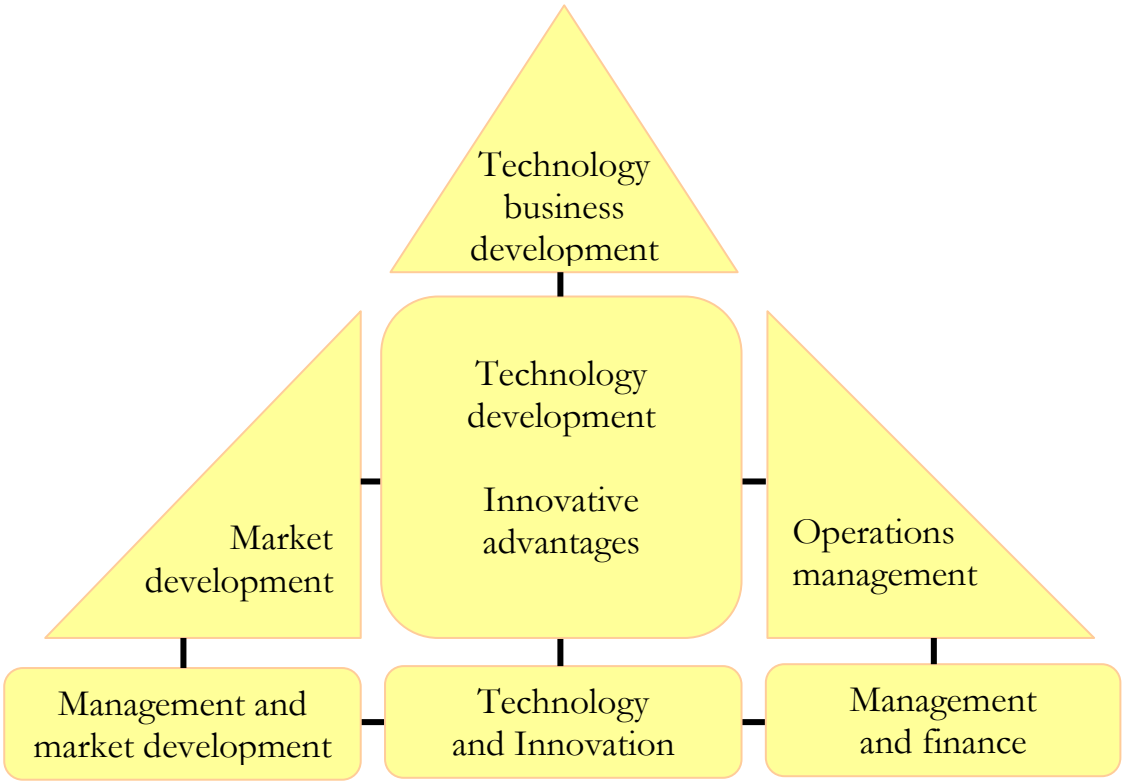
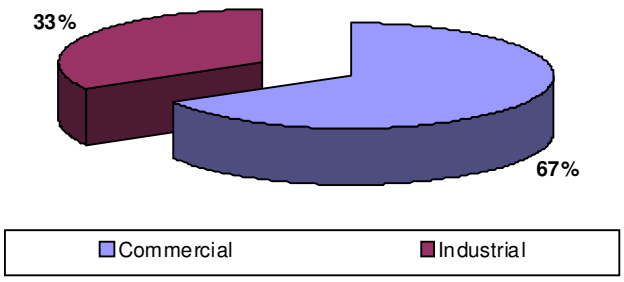


Figure 4, Core competencies analysis

Emphasis can be put on specific core competencies that differentiate the company and provide a net advantage with regards to immediate competitors. Reference is made to the founding team and their resumes included in appendix B.

3.0 MARKET

3.1 NORTH AMERICAN MARKET OVERVIEW



Process technology is included in most product we use, food we eat, medical treatment we receive and home we live in. Global markets for process technology reached 250 B$ worldwide while in North America the technology market was valued at 110 B$[6] in 2008. It struggled since then as the US housing market and consequently manufacturing went through one of its worst period ever. In 2009, the weakening of the housing market had repercussions on the sales of technology everywhere, declining by as much as 50B$ in yearly revenue to 250 B$ at the end of 2009. The North American process technology market was expected to rebound in 2010 and witness an accelerated increase led by the industrial and manufacturing sectors.

In recent years, process technology has not grown as it did ten years ago in most industrial sectors. Entrepreneurs have had difficulty tying up their budgets and reinvested little into new equipment. New technology slowed down but the market is expected to grow again starting 2011. Consumer spending is what drives the economy and people will start spending as soon as unemployment declines for two to three months consecutive.

Technology markets depend on industries that are based mostly in the US and Asia. Often, USA and Canadian manufacturers of technology control the Asian assembly plants. Therefore, factors affecting the North American markets have repercussions almost worldwide.

Technology spending accounts for 7% in industry. Future growth will come from greater use of production technology and replacement of past technology.

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[6] According to the Department of Commerce.

Experts believe that in the next decade or two, China and India will create an economic powerhouse that will rival the United States in terms of manufacturing and industrial strength and effectiveness. High-tech industries account for more than a fair share of this strong economic performance, China is second only to the U.S. with regard to consumer products, has 75 million people having access to the Internet, and is the world's biggest producer of personal computers. India is among the leading software countries in the world, attracting foreign direct investment not only in manufacturing, but also for research and development, from high-tech leaders around the globe including the United States.

3.2 EUROPEAN MARKET OVERVIEW

Europe is intensively involved in research and development and characterized as a knowledge industry while Asia combines both knowledge and manufacturing capabilities.

Internationally comparable data show resurgence in service-sector R&D in several industrialized countries. In 2000, service-sector industries, such as those involved in computer software development, accounted for 30 percent of all R&D performed by industry in the United States. Large increases in service-sector R&D are also apparent in many European Union (EU) countries, especially Italy, the United Kingdom, and France.

In many industrialized countries, aerospace, motor vehicle, electronic equipment, and chemical industries conduct the largest amounts of R&D. In the United States, industries that provide computer services and manufacture electronic equipment and industrial chemicals led the nation in R&D. In Japan, the electronic equipment industry conducted the most R&D throughout the period reviewed, followed by the chemical and motor vehicle industries. Manufacturers of industrial chemicals, motor vehicles, and electronic equipment were consistently among the top five performers of R&D in the EU.

3.3 TARGET MARKETS

3.3.1 INDUSTRIAL MARKET

There are substantial opportunities for growth in the industrial equipment industry, fueled by a raft of macroeconomic trends. For instance, demand for durable and capital goods has soared, especially in Asia, where population growth is generating unprecedented requirements for electrical power and infrastructure.

Yet despite this expansion, profitable growth remains difficult for many industrial equipment companies. There are skills shortages in both developed and rapidly developing economies. And as the world becomes more environmentally conscious, new regulatory pressures are emerging. Rising interest rates and exchange rate uncertainties are also taking their toll. At the same time, the convergence of limited extracting and manufacturing capacity and mounting demand for raw materials especially from Asia is pressuring prices and squeezing margins.

The collective economic dominance of the United States, Europe, and Japan is giving way to a more dispersed arrangement as developing economies contribute an ever increasing share of the world's output, trade, investment and demand.

Soaring steel prices, for example, are fueled largely by demand from China, and China's huge import needs are driving hefty increases in global freight rates. Contrary to popular opinion, the bulk of Asia's growth 66 percent has been domestically driven. Real growth in consumer spending in Asia has averaged 6.3 percent annually in the past two years, and in the past five years, the region's 21 percent contribution to world gross domestic product has exceeded that of the United States at 19 percent.

Although the United States remains the most active economy in terms of R&D spending, China's contribution already is very significant. New and highly competitive R&D clusters also are developing in India, Poland, Mexico, and Brazil all countries whose traditional neglect of R&D spending is rapidly becoming a thing of the past. Most industrial equipment makers in developed countries are still failing to rise to these challenges let alone to fully recognize that the new circumstances represent more opportunity than threat. However, all five of the high performers in industrial equipment identified in our research have met the challenges head on, and achieved striking successes. What's more, they have correctly positioned themselves to capture the opportunities that lie ahead.

3.3.2 COMMERCIAL MARKET

The commercial technology sector is characterized by highly intellectualized customers. Here we talk about engineers, accountant, consultants of all kinds and numerous other service providers and businesses involved with software development, product design, and marketing and resource planners. These customers are very creative and require tools that are provided by technology firms. Some of them are technology firms. This sector uses 40% of all computer hardware and software sold worldwide, amounting to an estimated 1.1 Trillion $ USD.

The main products sold to the commercial sector includes software for security, accounting, engineering, 3D design, simulation, add design, databases and many more. Top competitors in this segment include Microsoft, Cisco Systems, IBM, Oracle, DELL and HP.

3.4 MARKET CHALLENGES

The factors that may influence the market and the projected results of NEWCO are related to efficiency and the discovery or development of competitive technologies. New competing technologies will emerge in a far future estimated to 24 to 48 months leaving NEWCO a comfortable market lead.

New technologies are likely to explore new materials and processes, modifications of the NEWCO system as explored by competitors in their 5 year plans.

Other factors affecting the industry globally are:

1. The much needed support of governments to encourage industry research could lead to productioning technologies and enhance competitiveness.

2. Government incentives and programs to promote valuable resources for projects that propose immediate solutions.

3. The facilitation of the intellectual property filing and protection and implementation of controls in developing countries like China.

4. The availability of venture capital and private equity from early stage to beta and implementation phases.

5. The implementation of new economic incentives to accelerate industry and consumers confidence.

6. The implementation of new tax incentives to stimulate investment in small & medium size businesses.

Other factors rest with government policies, budgets and initiatives to restore the economy and our ability to secure some of the incentives.

3.5 COMPETITORS

The key leading competitors in this market are Hewlett Packard, Phillips, Siemens, General Electric, Dell, IBM, Oracle, Cisco Systems and Microsoft. However, the company's immediate competition is composed of smaller private businesses that we compete with daily but under the influence of leaders whom acquired small but key leading competitors.

Hewlett-Packard

Hewlett-Packard Company (HP) is a provider of products, technologies, software, solutions and services to individual consumers, small- and medium-sized businesses (SMBs) and large enterprises, including customers in the government, health and education sectors. Its operations are organized into seven segments: Services, Enterprise Storage and Servers (ESS), HP Software, the Personal Systems Group (PSG), the Imaging and Printing Group (IPG), HP Financial Services (HPFS), and Corporate Investments. Services, ESS and HP Software are reported collectively as a broader HP Enterprise Business. In April 2010, the Company completed its acquisition of 3Com Corporation. In July 2010, the Company completed the acquisition of Palm, Inc. (Palm), In September 2010, the Company acquired Fortify Software. In September 2010, the Company acquired 3PAR Inc., a global provider of utility storage. In October 2010, the Company acquired ArcSight, Inc., a security and compliance management company.

Phillips

Koninklijke Philips Electronics N.V. (Royal Philips Electronics) is the parent company of the Philips Group (Philips). Philips' activities in the field of health and well-being are organized on a sector basis, which includes Healthcare, Consumer Lifestyle and Lighting. The Group Management & Services sector provides the operating sectors with support through shared service centers. During the year ended December 31, 2009, the activities related to Innovation & Emerging Businesses were reported under Group Management & Services. As of December 31, 2009, Philips had 127 production sites in 29 countries, and sales and service outlets in approximately 100 countries. During 2009, the Company acquired the companies, Saeco International Group S.p.A., Dynalite and Traxtal. In July 2010, it announced the acquisition of the street lighting business of Amplex A/S. In July 2010, it acquired Shanghai Apex Electronics Technology. In August 2010, it acquired CDP Medical Ltd.

Siemens

Siemens AG is engaged in electronics and electrical engineering. The Company is an integrated technology company with activities in the fields of

industry, energy and healthcare. Siemens operates in six segments: Industry, Energy, Healthcare, Equity Investments, Siemens IT Solutions and Services and Siemens Financial Services (SFS). Industry, Energy and Healthcare are reported along with 14 divisions, which comprise the divisions, Industry Automation, Drive Technologies, Building Technologies, OSRAM, Industry Solutions and Mobility, belonging to the Industry Sector, the Divisions, Fossil Power Generation, Renewable Energy, Oil and Gas, Power Transmission and Power Distribution, belonging to the Energy Sector and the Divisions, Imaging and Information Technology (IT), Workflow and Solutions and Diagnostics, belonging to the Healthcare Sector. In November 2009, Siemens acquired a controlling interest of 100 % in Solel Solar Systems Ltd., Beit Shemesh/Israel (Solel).

General Electric

General Electric Company (GE) is a diversified technology, media and financial services company. The Company's products and services include aircraft engines, power generation, water processing, security technology, medical imaging, business and consumer financing, media content and industrial products. The Company serves customers in more than 100 countries. The Company operates through five segments: Energy Infrastructure, Technology Infrastructure, NBC Universal (NBCU), Capital Finance and Consumer & Industrial. In September 2009, the Company sold its 81% interest in Homeland Protection business to Safran SA. In September 2009, the Company acquired ScanWind. In September 2009, Moog Inc. completed the acquisition of the Company's GE Aviation Systems' flight control actuation business. In November 2009, GE Aviation acquired Naverus, Inc. In October 2010, the Company acquired Opal Software.

Dell

Dell Inc. (Dell) is a holding company, which conducts its business globally, through its subsidiaries. It offers a range of product categories, including mobility products, desktop personal computers (PCs), software and peripherals, servers and networking, and storage. The services include a range of configurable information technology (IT) and business related services, including infrastructure technology, consulting and applications, and business process services. The Company operates in four global business segments: Large Enterprise, Public, Small and Medium Business, and Consumer. On November 3, 2009, Dell completed the acquisition of Perot Systems Corporation (Perot Systems). In fiscal 2009, the Company completed the acquisition of The Networked Storage Company, MessageOne, Inc. and Allin Corporation.

ORACLE CORP

Oracle Corporation is an enterprise software company. The Company develops, manufactures, markets, distributes and services database and middleware software, applications software and hardware systems, consisting

primarily of computer server and storage products. It operates in three segments: software, hardware systems and services. Its software business is consisted of two operating segments: new software licenses and software license updates and product support. Its hardware systems business consists of two operating segments: hardware systems products and hardware systems support. Its services business is consisted of three operating segments: consulting, On Demand and education. In January 2010, the Company acquired Sun Microsystems, Inc. and Silver Creek Systems, Inc. In January 2011, the Company completed the acquisition of Art Technology Group (ATG), Inc.

Cisco Systems

Cisco Systems, Inc. designs, manufactures, and sells Internet protocol (IP)-based networking and other products related to the communications and information technology (IT) industry and provide services associated with these products and their use. The Company provides a line of products for transporting data, voice, and video within buildings, across campuses, and around the world. Its products are designed to transform how people connect, communicate, and collaborate. Its products are installed at enterprise businesses, public institutions, telecommunications companies, commercial businesses, and personal residences. The Company has five segments: United States and Canada, European Markets, Emerging Markets, Asia Pacific, and Japan. The Emerging Markets theater consists of Eastern Europe, Latin America, the Middle East and Africa, and Russia and the Commonwealth of Independent States. In September 2010, the Company acquired Arch Rock Corporation.

Microsoft Corporation

Microsoft Corporation is engaged in developing, manufacturing, licensing and supporting a range of software products and services for different types of computing devices. Its software products and services include operating systems for personal computers, servers and intelligent devices; server applications for distributed computing environments; information worker productivity applications; business solutions applications; computing applications; software development tools, and video games. It operates in five segments: Windows & Windows Live Division (Windows Division), Server and Tools, Online Services Division, Microsoft Business Division, and Entertainment and Devices Division. It also designs and sells hardware, including the Xbox 360 gaming and entertainment console and accessories, the Zune digital music and entertainment device and accessories, and Microsoft personal computer (PC) hardware products. In December 2009, it acquired Opalis Software Inc.

3.6 COMPARATIVE ANALYSIS

With the growing interest for new technologies by consumers, doctors, entrepreneurs and service providers, performance, development and research will continue to play a greater role and force businesses to compete among each other on costs, efficiency, features and more.

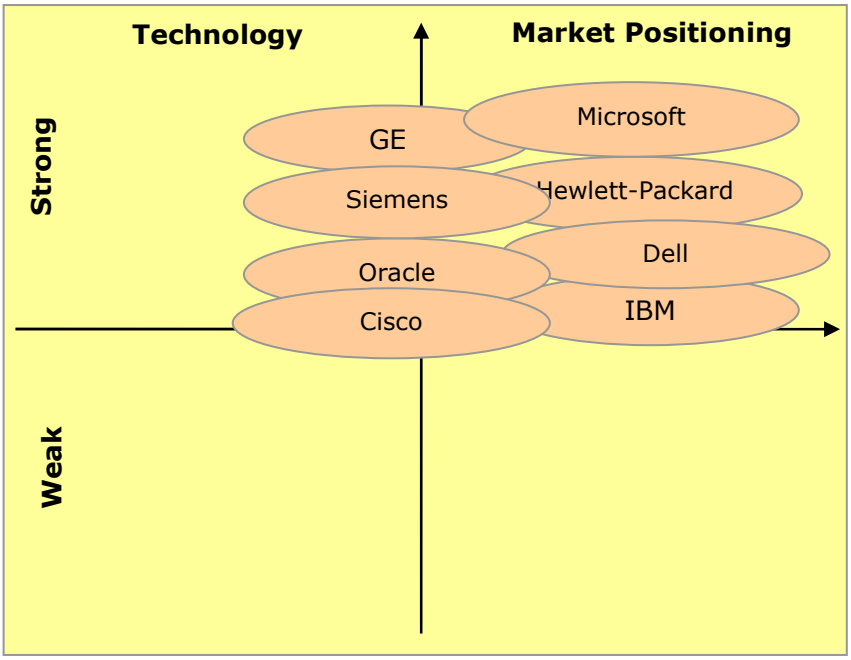


Figure 5, Comparative analysis

The comparative analysis was performed using 10 comparative factors related to quality, perception, performance, innovation, cost, ease of installation, durability, service and delivery. The resulting score gave a positioning rating that is shown by the above graphic.

3.7 SWOT ANALYSIS

The SWOT analysis tells us that NEWCO masters the technology and has a very good understanding and strategy to capture the opportunity. It also shows a weakness in finance and capital availability to fuel its strategies and action plans. As a result it must attract new investors. Since the company identified a very unique opportunity derived from a patented technology, it should look for investors in the technology field. Moreover, it should develop a funding strategy where it will attract its customers and chip in some capital.

STRENGTH	WEAKNESSES
• Patent protection • Patent strategy • Technological competencies • Core competencies • Product advantages • Proven innovation process	• Start-up • Limited capital availability • Economic climate • Raw material access
OPPORTUNITIES	**THREATS**
• Upcoming high demand • Market trends • Potential licensing	• Financial market • Government regulation

Figure 6, SWOT analysis

4.0 STRATEGIC PLAN

4.1 SALES OBJECTIVES

The company's objectives are to secure constantly growing revenue from its multiple license strategy while contributing to the protection of the environment.

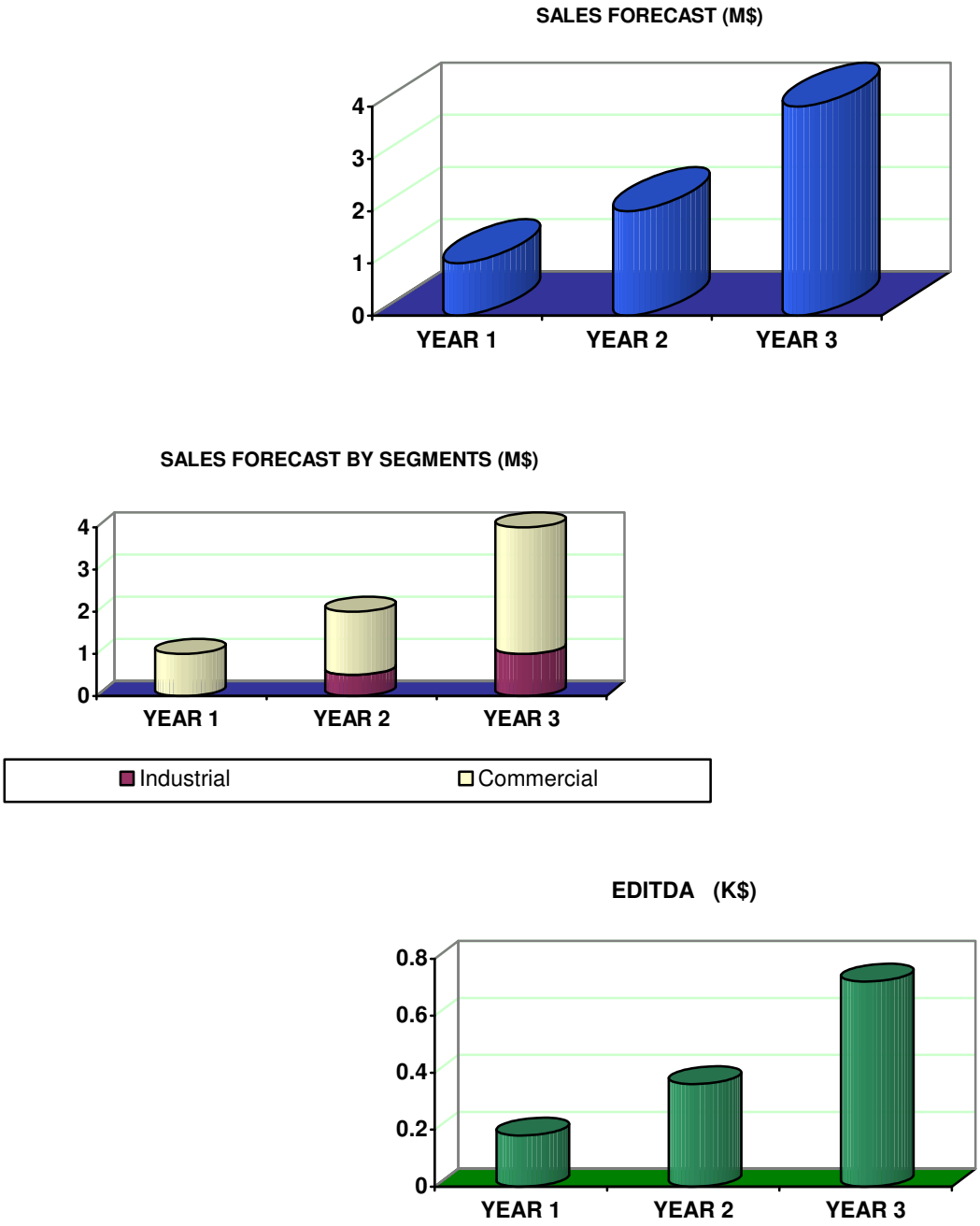


Figure 7, Financial objectives

4.2 VALUE PROPOSITION

A strong value proposition will be developed that demonstrate key elements of performance within each targeted sectors and customers. The value proposition will be specific to the target customer and take its business process into consideration.

The key part of the value proposition strategy will be;

1. Demonstrate using customer parameters.
2. Propose achievable goals.
3. Deliver a one-year payback system.

In each proposition, we will;

1. Evaluate and analyze the customer's needs and report.
2. Identify clearly feasible achievements.
3. Propose a plan of action.

Finally, having delivered a high level of comfort, we will sell a shared analysis and proposal cost approach. The methodology will be straight forward so each representative follows the same procedure and reaches the highest level of success. Such selling process will follow the steps below;

1. Identify target customers on the basis of business results.
2. Meet customer and obtain information in exchange to proposed solutions report.
3. Present report while underlining the customers situation and known expectations.
4. Expose the potential benefits of implementing the solution with respect to cost of solution distributed over useful life. Show payback calculation details.
5. Demonstrate the process by which the solution will be implemented.
6. Present a realistic milestone schedule.
7. Obtain customer commitment.

4.3 MARKET DEVELOPMENT STRATEGIES

A licensing strategy will be used to market the process technology solution, allowing licensees to acquire the rights to execute technology contracts within the consumer, industrial and medical segments, commercial and public markets progressively. Management will create alliances with large OEM and large contractors, technology project financing firms, VCs and engineering firms to best position its technology solution.

4.3.1 POSITIONING

The market development plan is based on licensing the technology solution at a cost allowing the licensee to recuperate his initial license investment within one single year. The licensees will be able to sell their services at a competitive rate to ensure the profitability of their operations.

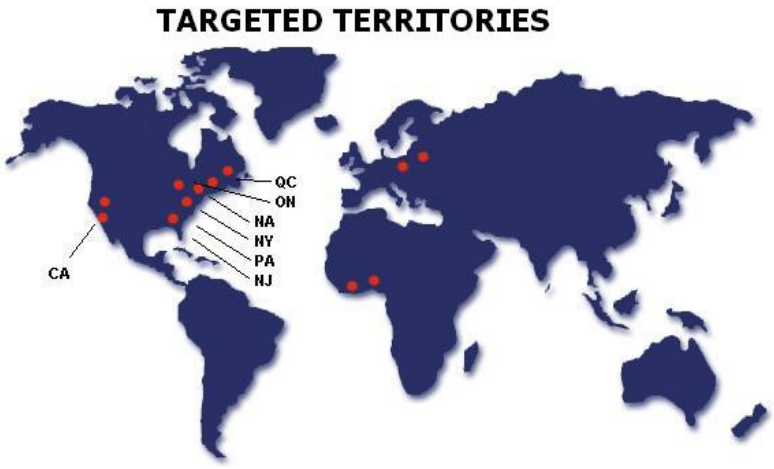


Figure 8, Initial licensing territories

Below is the number of licenses that we plan to hire in the first years of the project. The initial licenses will be targeted on the east coast to minimize representation, delivery, installation and training costs.

Number of licenses	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
United states	3	3	5	5	5
Canada			2	2	2
Europe				1	2

Figure 9, Licensees agreements projected

We plan to instate solid representation in key territories. Initial markets targeted by NEWCO are those of East coast New England, Mid Atlantic, the Mid West, Canada and Europe. As licensees get settled in the numerous urban areas of these key territories, the company will expand to other lucrative areas.

A licensing strategy was chosen by management because of its revenue potential and rapid growth potential. It will also ease control and support. **NEWCO** will position its market development force on the Canada-US east coast, which constitute 55% of the North American population. This strategy ensures lower technical and training costs.

Initial licenses will be awarded in the New-England and Mid Atlantic areas to firms already involved in proposing technology based solutions.

4.3.2 PRICING

The pricing strategy has been established as follows:

Licenses will be sold and transferred for an amount of 250 000$.

- An initial amount of 100 000$ constitute the license fee paid at signature.

- A second amount of 150 000$ constitute the software, data items and training cost paid upon delivery.

This strategy allows margins of 44% to be reached from year one.

Resources needed to develop customer technology applications are composed of the licensee staff and Newco's training staff. Delivered software and data items can be reproduced on site and only represent 1,5% of the applications cost.

4.3.3 PROMOTION

The company's promotional plan consists in focusing publicity, promotion, brochures and publications toward its local market in order to raise the impact and efficiency.

Among the actions that are planned are:

1. A major update of the web site.
2. The placement of adds in the technology magazines.
3. The placement of adds in the Northeast magazines.
4. The preparation of an innovation brochure showing tangible results as a function of customer size, location and technology.
5. Brochure mailings
6. Participation to trade shows within the local community in order to leverage market development effort rather than industry association.

The costs of the promotional campaign are outlined in section 4.4.

4.3.4 PRODUCT

The product strategy consists in enhancing the solutions performance and process technology in order to optimize its efficiency, performance and maintain our lead.

The performance savings strategy is supported by proven cases. The industry requirement calling for higher level efficiencies require that we deploy all the potential of the Newco technology solution which is superior to all competitive products.

The company will produce a process efficiency publication which it will instate as a reference with customers, representatives and service technicians. When people think of efficiency they will think of Newco.

In addition, the product strategy calls for renewed research and development initiatives in order to maintain our lead and to include new attractive features that help serve customers better by adding ease of application.

Newco's investment in R&D amounts to approximately 2% and is eligible to investment tax credits amounting to approximately 60% of eligible expenses. As part of its strategy, NEWCO will develop an alliance with a leading university.

4.4 WEB STRATEGY

A web strategy will be implemented to achieve multiple simultaneous goals:

1. Display a corporate and business image.
2. Deliver product information.
3. Attract new customers using a downloadable gift strategy.

The later will consist in a whitepaper gift highlighting the innovations of the technology and made available on the company website as well as associations, universities and trade event web sites. The whitepaper will be prepared by a recognized scholar who will increase its interest. The goal of the white paper will be to demonstrate the technological edge of Newco's technology.

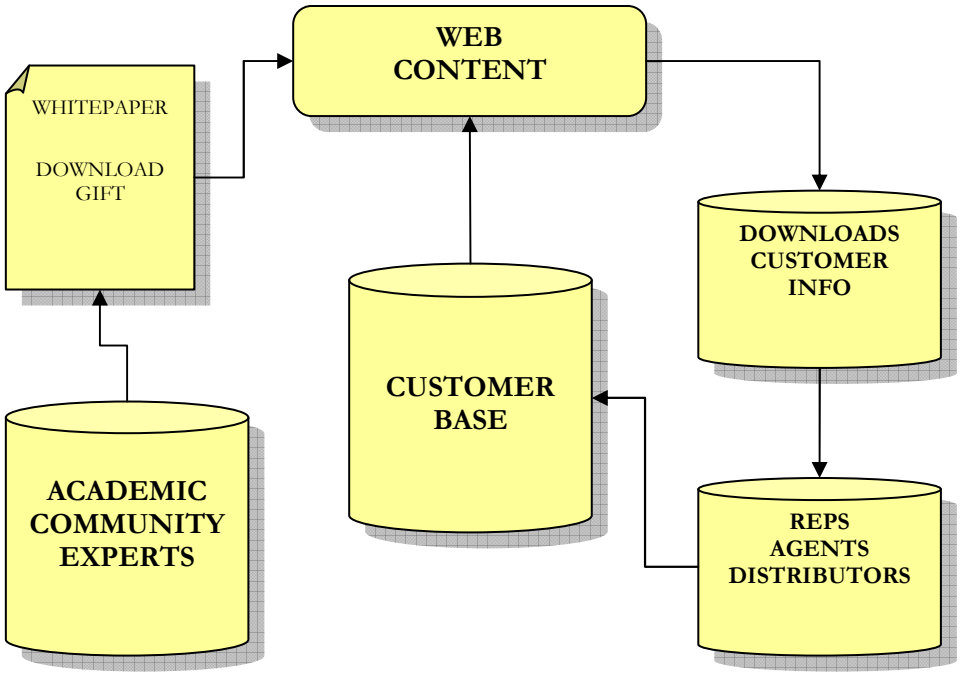


Figure 10, Web strategy

The university scholar was identified and the whitepaper preparation is being prepared in conjunction with Newco's technical staff.

In addition, a series of monthly newsletters will be prepared and sent to the customers registered into the database. Newsletters are an excellent and proactive way of informing customers as well as potential customers.

4.5 ACTION PLAN

ACTIVITIES	COST		
	Yr 1	Yr 2	Yr 3
Salaries & Commissions	20000	40000	80000
• Recruit sales agents in North East USA			
• Set-up agreement with technology firms in North East			
• Install free hot line for technical support			
Publicity & promotion			
• Update corporate web site	15 000		
• Place US technology add	15 000	30 000	60 000
• Place Canadian technology add		20 000	20 000
• Issue press releases in major new paper			
• Produce sample data solutions as giveaways			
Brochures & publications			
• Prepare Innovation brochure	20 000		
• Brochure mailings	5 000	10 000	15 000
• Prepare efficiency application doc			
Representation			
• Develop customer visit, project bids & follow up plan	10 000	20 000	30 000
• Visit potential customers	10 000	20 000	30 000
• Hire field support technicians	Salaries		
• Visit potential licensees			
Trade shows	40 000	60 000	80 000
• Participate to local trade shows			
• Team up with agents and licensees for other trade shows			
Plan total	**135 000**	**200 000**	**315 000**

5.0 OPERATIONS PLAN

5.1 FACILITIES & EQUIPMENT

The NEWCO management will establish its Head Quarters, production facilities, marketing & sales operations within the State of New York. By the 3rd quarter of 2011, the company will have selected its location within the city of Albany.

The company will require an initial facility of 10,000 sq. ft which will be expanded to over 20,000 sq. ft. by year 3 of the project. The facility will be equipped with the latest technology reproduction equipment and management information systems.

Initial equipment in the amount of $ 550 thousand will be purchased or leased over the period of four years. Such equipment will be required to satisfy reproduction and development.

A material requirement planning system will be implemented in the first quarter 2011.

5.2 KEY PROCESSES

Newco's technology can be adapted to comply with all the company's processes and configurations of processes. NEWCO can adapt to most product manufacturing processes and supply its technology solutions and data at advantageous conditions.

Newco's own development, test, simulation, reproduction and implementation processes have been submitted to its own technology.

5.3 QUALITY SYSTEM

NEWCO will be deploying an industry standard quality management methodology such as Six Sigma or ISO 9000, or implementing a quality best practice to reduce costs, shorten cycle times and improve overall product and process quality. These standards will bring the organizational focus on customer satisfaction and continuous improvement and take a process-centric approach towards quality management and assurance. Most of NEWCO competitors comply with ISO9000 or operate other quality systems. NEWCO could gain credibility fairly rapidly by implementing its quality system from the start.

The goals are;

1. Quality policy plan 1Q / Yr 1
2. Procedure implementation 2Q / Yr 1
3. Audit and certification 3Q / Yr 1

5.4 SUPPLY CHAIN

NEWCO will implement the concept of supply chain management (SCM) to ensure our way of doing and procedures respect the best economic and quality standards for us and our customers. This implies that the company finds the quality resources it needs to make its solutions deliverable to its customers.

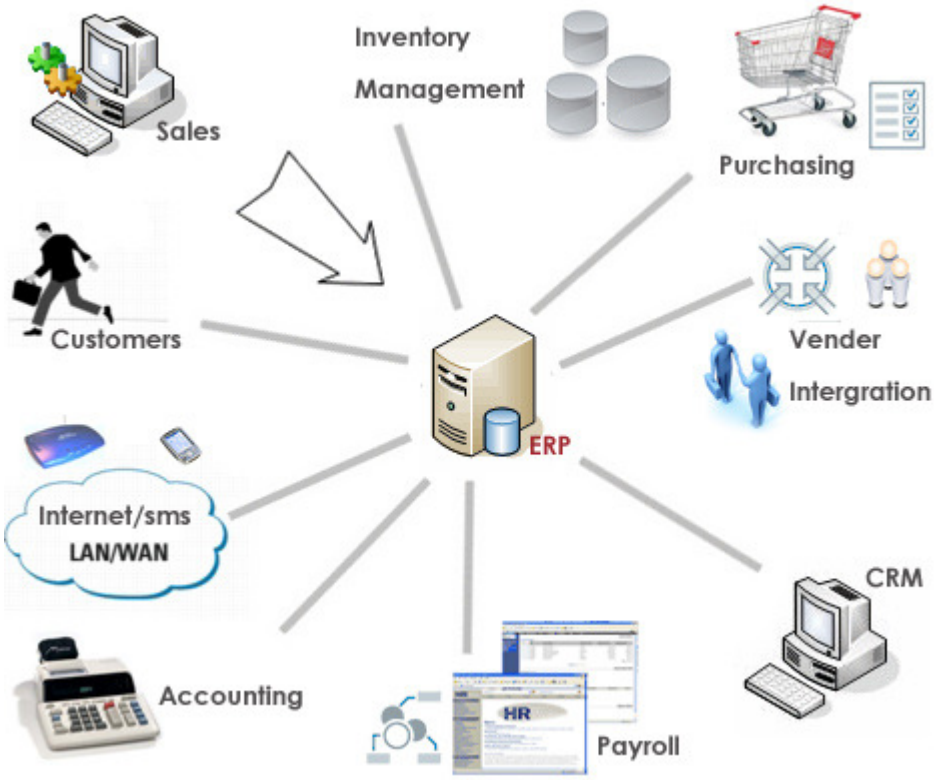


Figure 11, Supply chain modules

The following are the four basic components of our SCM policy.

1. **Plan**—The company will implement a strategy for managing all the resources that go toward meeting customer demand. A big piece of SCM planning will be to develop a set of metrics that monitor the supply chain so that it is efficient, costs less and delivers high quality and value to customers.

2. **Source**—Next, the company will choose suppliers to deliver its needed materials according to set specifications. Therefore, the operations manager will develop a set of pricing, delivery and payment processes with suppliers and create metrics for monitoring and improving the relationships. And then, the operations manager will put together processes for managing the materials inventory, including receiving and verifying shipments, transferring them to the manufacturing floor and authorizing supplier payments.

3. **Make**—The operations manager will schedule the activities necessary for production, testing, packaging and preparation for delivery. This will be the most metric-intensive portion of the supply chain—one where the company is able to measure quality, production output and productivity.

4. **Deliver**—The operations manager will coordinate the receipt of orders from customers, develop a network of warehouses, pick carriers to get products to customers and set up an invoicing system to receive payments.

6.0 FINANCIAL PLAN

6.1 PROJECTED RESULTS SUMMARY

Projected Profit & loss	Yr 1	Yr 2	Yr 3
Revenue	1 000 000	2 000 000	4 000 000
Total revenue	1 000 000$	2 000 000$	4 000 000
Operations expenses			
Direct labor			
Operations salaries	45,000	90,000	300,000
Fringe benefits	10 000	10 000	10 000
Sub contracts	1 000	1 000	1 000
Equipment rental	50 000	50 000	50 000
Delivery expenses	10 000	50 000	170 000
Packaging & handling	10 000	50 000	170 000
Operations overhead expenses	10 000	50 000	170 000
Total operations expenses	136 000	301 000	871 000
Gross margin	864 000	1 699 000	3 129 000

Administration expenses	Yr 1	Yr 2	Yr 3
Salaries	55 000	105,000	250,000
Fringe benefits	15 000		
Rent	60 000	120,000	120,000
Energy	6,000	6,000	6,000
Communication	4,200	4,200	6,000
Insurance	3,000	3,000	4,500
Maintenance	4,800	4,800	12,000
Office expenses	2,400	4,400	8,000
Office supplies	1,800	3,800	5,200
Mail & deliveries	20,000	100,000	204,000
Leasing expenses	60,000	60,000	120,000
Accounting fees	5,000	10,000	20,000
Professional expenses	15,000	15,000	25,000
Amortization	10,000	10,000	10,000
Development expenses	250,000	160,000	160,000
Total administration expenses	497,200	606,200	950,700
Sales & marketing expenses			
Salaries & Commissions	120,000	300,000	500,000
Publicity & promotion	120,000	200,000	200,000
Travel expenses	120,000	200,000	200,000
Representation	100,000	180,000	200,000
Trade shows	150,000	225,000	225,000
Total sales & marketing expenses	610,000	1,205,000	1,325,000
Total expenses	1 107 000	1 811 200	2 275 700
EBITDA	0	0	853 300
Income tax			127 500
Depreciation	35 000	33 000	31 000
Net profit /(loss)	(278 000)	(144 800)	694 800

Projected Balance Sheet	Day 1	Yr 1	Yr 2	Yr 3
Current assets				
Cash	190 000	202 000	(343 000)	332 000
Accounts Receivable		250 000	450 000	470 000
Inventory	20 000	20 000	20 000	20 000
Other receivables				
Current Assets	**210 000**	**472 000**	**127 000**	**822 000**
Equipment assets	400,000	950 000	950 000	950 000
Building assets	0	0	0	0
Depreciation		ND	ND	ND
Long term assets	**400,000**	**950 000**	**950 000**	**950 000**
TOTAL ASSETS	**610 000**	**1 422 000**	**1 077 800**	**1 772 000**
	Day 1	**Yr 1**	**Yr 2**	**Yr 3**
Liabilities				
Accounts Payable	10,000	0	0	0
Accrued Liabilities		0	0	0
Current Liabilities	**10,000**	**0**	**0**	**0**
Financing	0	300 000	300 000	300 000
Mortgage	0	0	0	0
Government Grants/Loans	0	0	0	0
Long term liabilities	**0**	**300 000**	**300 000**	**300 000**
Equity external investors		1,200,000	1,000,000	1,000,000
Equity founders	600,000	200,000	200 000	200 000
Net (Income) / Loss cumulated		(278 000)	(422 800)	272 000
Shareholders equity	**600 000**	**1 122 000**	**777 800**	**1 472 000**
Total liabilities & equity	**610 000**	**1 422 000**	**1 077 800**	**1 772 000**

6.2 FUNDING REQUIREMENTS

Newco's management requires 2 M$ to put the project forward and lead the business to its objectives. The team is willing and able to inject 10% additional funds (200K$) which will be recorded as advances but prorogated for the entire startup phase.

The facilities preparation will be partly absorbed by the building owner and partly by equipment suppliers whom will guaranty installation and hookup.

The investment will be used to acquire assets described in section 1.5 (shown below) and includes equipment, patent filing and market development expenses needed to attract the customer base.

Use of funds

Equipment	300 000.
Development equipment[7]	250 000.
Beta projects	250 000.
Market Development	1 200 000.
Total cost	**2 000 000. $**

6.3 SENSITIVITY ANALYSIS

A sensitivity analysis was performed which demonstrate the criticality of meeting sales objectives at a minimum of 55% to meet cash flow budget goals.

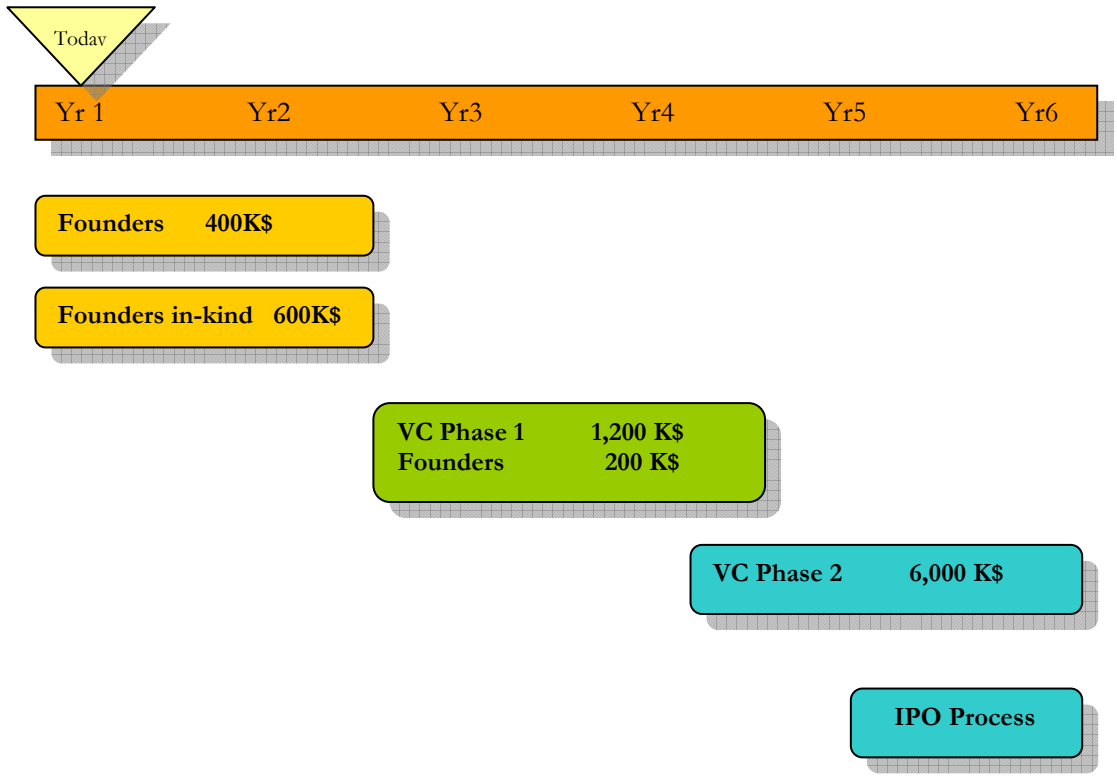
Projected results at year end (,000 $)	100%	75%	50%	25%
Cumulative revenue 2012-2014	7 000	5 250	3 500	1 750
Gross margin	5 692	4 269	2 846	1 423
Expenses	3 920	2 940	2 460	2 230
EBITDA	1 772	1 129	386	(807)
Net profit/(loss)[8]	1 572	956	(66)	(868)
Cash	202	(343)	840	(1 940)

[7] The development equipment is eligible to RS&DE investment tax credits.

[8] Assume un impôt combiné de 22%

6.4 INVESTMENT PLAN

Newco is seeking private equity or funding from an institutional organization involved with the new technology field for its phase 1 business development.



Newco's strategy is to pursue its investment process in two phases while the business reaches full maturity and becomes attractive for the public market through an initial public offering (IPO). That is, a phase 2 investment is foreseen at the end of year 3 and will range from 6-8M$. The initial investors will be repaid at that stage.

We believe that this structure reduces risks considerably with respect to return.

An IPO would be expected for year 6.

APPENDIX A

FINANCIAL PROJECTIONS
2010 -2013

APPENDIX B

FOUNDERS RESUMES