Continental
BUSINESS PLAN CONSULTING LLC.

Start-up Sample Business Plan

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This is a business plan. It does not imply an offering of securities.

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1.0 Executive Summary

This business plan will show how a total investment of only $101,500 could yield cumulative net profits in excess of $600,000 over a five-year period, and average monthly sales of $72,000, while maintaining adequate levels of liquidity.

The purpose of this plan is to secure additional funding from an investor and a bank ($29,500 investment, and $30,000 five-year term business loan), to cover the start-up costs.

Take-Out Pizza, Inc. is a family-run start-up business dedicated to providing excellent quality New York-style pizza to the residents of Local Bay area, in a manner that generates fair and equitable returns for present and future owners, and superior value to our customers. We specialize in creating and offering a variety of deliciously different pizza.

The Local Bay area has experienced explosive growth over the past five years. Over one million residents now live in the area. Local businesses are slowly catching up with this new opportunity. We are opening a new pizza take-out and delivery service that will focus on the Local Bay area.

Currently, the closest pizza restaurant is one mile away from our intended location in the Local Bay area. Take-Out Pizza, Inc. will offer a better product, at a reasonable price, and will deliver it on time to the customer's door.

1.1 Objectives

- To attract a minimum of 100 regular customers per day for pizza take-out and delivery, in the first year of operations;
- To offer our customers excellent pizza services, at a reasonable price, and provide outstanding customer experience, measured by minimum 5 percent yearly sales growth, and customer complaints less than 1 percent.
- To generate positive cash flow from operations, and at least 10 percent net profits to sales.

1.2 Mission and Vision

Take-Out Pizza Inc.'s *mission* is to offer residents of the Local Bay area the best pizza service in the area. We are committed to providing the service quality and value that our customers expect.

Take-Out Pizza, Inc. will use its strategy, staff, and systems to provide each customer with a seamless three-part customer experience -- service product (New York-style pizza), service environment, and service delivery -- each part of which will meet or exceed our customers' expectations.

Our *vision* is to become the first choice of pizza in Local Bay area, and a respected company -- as measured by our customers, our employees, our shareholders, and the community we live in.

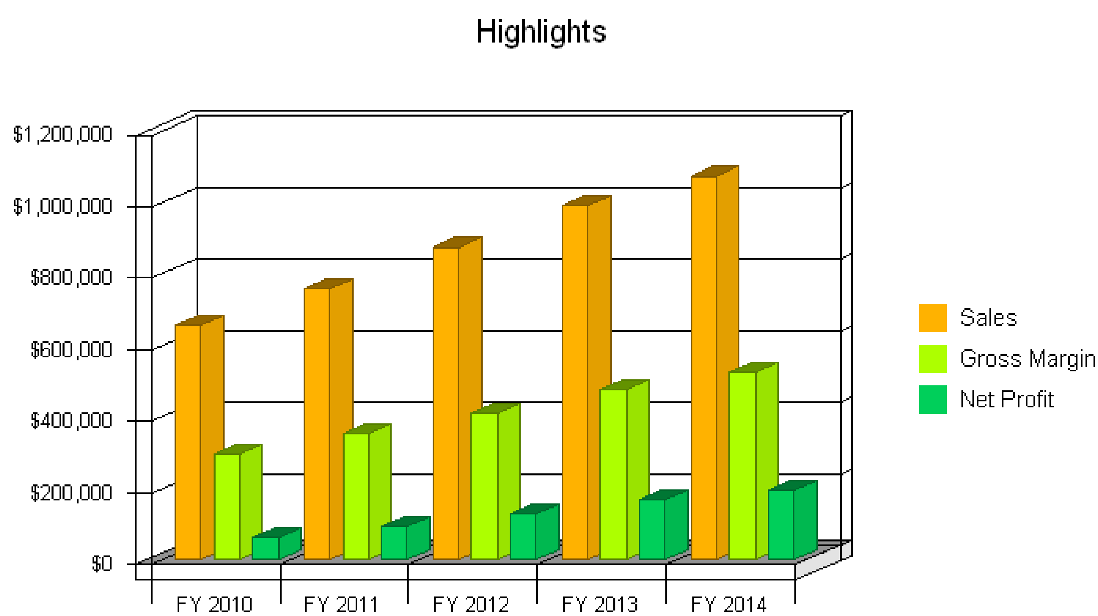
Our *values* are critical to our success. They are the strong foundation of Take-Out Pizza, Inc., define who we are, and set us apart from our competitors. They underlie our vision of the future. These values include:

- *Performance excellence*. We act like responsible owners, always seeking to meet or exceed expectations.
- *Teamwork*. We act as a team, committed to each other, and bound by trust and loyalty.
- *Integrity*. We treat one another, and all our stakeholders with dignity and respect. Honesty, ethical behavior, and integrity are fundamental characteristics of our business conduct.

1.3 Keys to Success

Our keys to success are:

- Excellent product and service that will build and maintain customer loyalty.
- A business location that will assure high company visibility and a high flow of customers.
- Proven management ability to successfully run a similar business.
- Our commitment to continuous improvement and total quality services.



1.4 Start-up costs and funding

After spending several months searching for a convenient location, the owners decided to lease a commercial space in a densely populated area of Local Bay. The start-up capital will be used for legal expenses, kitchen inventory and equipment, packing and other materials, insurance, rent, promotion, business sign, and inventory on hand at start-up, as detailed in the company summary section of this plan.

We have estimated total start-up costs of $131,500. The numbers in the start-up and the start-up funding tables are meant to reflect these estimates. The company capital will be $101,500.

John and Lisa Walker, as **co-owners**, will provide the bulk of start-up financing in the amount of $72,000 ($36,000 and 35.47 percent ownership each). Approximately $59,500 additional funding is needed. The purpose of this business plan is to secure financing for that amount.

An **investor and co-owner** is welcome to participate in the company's capital for the amount of $29,500, and could be offered a portion of 29.06 percent ownership of the $101,500 company capital. The funds provided by the investor will be used to buy equipment, and to cover part of the start-up expenses. More details about the investor's potential interest in the company are provided in the important assumptions section of this plan.

For the remaining $30,000 additional financing needed to cover the start-up costs, the company plans to receive a **five-year term commercial loan facility** which will meet the cash flow requirements. The borrowed funds will be used exclusively to buy equipment, based on the list that will be made available to the lending institution.The loan could be repaid in equal monthly installments over a five-year period.

Our cash-flow analysis demonstrates the company's ability to repay the loan and meet the interest payment obligations, while maintaining adequate liquidity and generating positive cash flow, and sufficient cash reserves for unforeseen future events.

1.5 Company Ownwership

Take-Out Pizza, Inc. will be a privately held C-corporation owned in majority by John Walker and his wife Lisa. A new investor will be invited to participate in the company's capital.

At the time of formation, Take-Out Pizza, Inc. plans to issue 10,150 shares of $100 par value common stock. The issued and outstanding common stock would be $101,500. John and Lisa Walker, husband and wife, would receive 3,600 shares, at $100 par value, or 35.47 percent ownership each. Their total contributed capital would be $72,000.

In return for investing $29,500 in the company's capital, the new investor would receive

2,950 shares at $100 par value, or 29.06 percent ownership. The new investor would be invited to discuss the quantity and quality of the stock to be issued, before the incorporation procedures are started. Additional information about investor's interest, entry, and exit strategy is available in the important assumptions section of this plan.

1.6 Products and Services

Take-Out Pizza, Inc. will offer a wide variety of New York-style pizza, as well as sauces, sodas, fruit juices, and desserts.

1.7 Market

The Local Bay area is a growing low-to-middle-class area, counting more than one million residents. There are about five hundred businesses close to our location. Most of these residents are families of three or more. The average income for the area is $45,000.

With continued growth in the area, opportunities to serve the Local Bay residents will increase.   The company will sell to individuals, but it will also accept some occasional catering jobs to individuals and companies in the area.

The main market segments are: a) individuals (retail customers) accounting for more than 90 percent of our sales, and b) local businesses (corporate customers) which, in terms of purchase orders, typically make larger orders for their employees and business needs.

1.8 Strategy

Our strategy is based on delivering a strong customer value proposition in a niche market. We are looking to offer the Local Bay city and its surrounding areas a new choice in pizza options.

We are building our marketing infrastructure so that we can eventually reach more customers with the same pizza offering. We focus on satisfying the needs of low-to-middle class residents and companies located inside or outside the Loca Bay Industrial Park.

1.9 Management

Our management is expected to use resources wisely, operate profitably, pay debts, and abide by laws and regulations. Our management philosophy is based on team work, responsibility, and mutual respect. People who work at Take-Out Pizza, Inc. would want to be part of our team because we operate in an environment that encourages creativity, diversity, growth, and performance.

John Walker will be the manager of Take-Out Pizza, Inc., assisted by his wife, Lisa. Both of them have successfully owned and operated a similar business in San Francisco, CA, they have more than seven years relevant experience in the industry, and hold various degrees and certificates in management and hospitality.

1.10 Financials

According to our conservative estimates, Take-Out Pizza, Inc. is expected to maintain a healthy financial position over the next five years. Our company is expected to break even in the third month of operations.

We also expect to be profitable in the first year of operations, with profits increasing over the next four years, as we establish and increase our customer base.

Our main concern will be to have sufficient cash on hand to meet our payment obligations and be prepared for unexpected needs of cash. Our conservative projections indicate that our business is able to generate positive cash flows and sufficient cash reserves.

The ratio analysis clearly shows that Take-Out Pizza, Inc.'s financial position is expected to remain strong, as measured by its liquidity, long-term solvency, and cash flow adequacy ratios.

The company's profitability, as measured by its profitability ratios, is excellent, and will gradually increase over the next five years. This performance will probably be rewarded by a higher market price when the company decides to go public.

1.11 Investor Considerations

For investing $29,500 in the company's capital, the new investor would receive a portion of ownership of 29.06 percent (2,950 shares of $100 par value). As the investor will hold between 20 and 50 percent of the voting stock, he or she will exercise *significant influence* over the company's policies.

According to our conservative estimates, the cumulative dividends that would be paid to the new investor, based on 29.06 percent of ownership, over the next five years, would be $187,618.

Key measures of the expected benefit from the investment are presented in the important assumptions section of this plan. They clearly show that the risks and benefits of such an investment would be balanced.

We recognize that any investor in a start-up company, no matter how well on paper, ultimately needs an exit vehicle. Our purpose is to provide the best alternatives to protect investor's interest, while maintaining the potential growth of our company, the liquidity, and the profitability of future operations.

There are several options (exit strategies) that could be discussed while considering alternative methods for the investor to turn illiquid securities into readily tradable securities or cash. These options are discussed in the final section of this business plan.

1.12 Disclaimer

The current unfavorable economic conditions and prospects are carefully considered, and the estimates included in the plan are conservative. However, investors are advised to exercise caution when considering investment alternatives because actual data almost always differ from projections.

This business plan is designed to help investors better understand the potential risks, costs and benefits of this business project, but it is not intended, and is not to be considered in itself or any part of it, as an investment offer or solicitation, as regulated by law. It was developed for sample purposes, and any resemblance to real situations, people, or data would be purely coincidental.

2.0 Company Summary

Take-Out Pizza, Inc. is a new pizza take-out and delivery service started in the city's Local Bay area. It is a family-run business (managed by John Walker and his wife Lisa).

John, owner of Take-Out Pizza, Inc. has ten years experience in the hospitality industry. His wife and company co-owner, Lisa has eight years experience as a cook. Both of them successfully conducted a pizza delivery business in San Francisco, CA, which they sold for a handsome profit when they decided, for family reasons, to move to the Local Bay area.

Their focus is to meet or exceed the customer expectations for an exceptional quality pizza that is served to be taken out or delivered quickly, and in a friendly manner. The company will serve a ten-mile area with over 500,000 residents, and a rapidly growing population. The company's location is very favorable, providing high visibility and a large flow of customers. Accordingly, the rent that was accounted for in this plan is higher than in other areas of the city.

Take-Out Pizza, Inc.'s prices will not beat the competition. We are aware that we cannot compete on price only. That is why we prefer to focus on assessing customer expectations, and our core competencies, decide which expectations we can reasonably meet, then make sure to constantly exceed them wholeheartedly. Thus, we will be able to maintain and increase the level of customer satisfaction, as a strong foundation for future growth.

The entire delivery process will be conducted through five main food-catering online services that have excellent references in the Local Bay area, and we can choose to be one of their participating suppliers. In this way, we are able to save on delivery costs and logistics, and simultaneously use the high Internet exposure of our partners. In addition, delivery people will use their own vehicles, so the business will not have to purchase delivery vehicles or hire drivers.

2.1 Start-up Summary

After spending several months searching for a convenient location, the owners decided to lease a commercial space in a densely populated area of Local Bay. The start-up capital will be used for legal expenses, kitchen inventory and equipment, packing and other materials, insurance, rent, promotion and business sign, and inventory on hand at start-up, as shown in the table below.

Rent.The commercial property will be leased in August, 2009 for a minimum of five years, with the option to extend the lease for another five years after that.

Kitchen inventory will include specific tools and accessories that are typically needed for a pizza production and service facility and includes:

- Food preparation: aprons, blender, gloves, storage containers, trays, work tables, mixers, condiment bottles, cleaning supplies and equipment, tableware, pots and pans, glassware, paper, pizza pans, etc.
- Pizza tools: parchment paper, oven brush, bobble popper, pizza tray rack, pizza separator, and other specific items.
- Utensils: cooking utensils, wheel cutters, cutting guide, rocker knives, etc.

Kitchen equipment includes mainly pizza ovens, pizza dough equipment (digital scale, mixer, dough docker, automatic dough press, pizza sheeter, manual pizza press), pizza display merchandiser, refrigerated preparation tables, freezers, cooler package, and holding table with infrared warmers.

Fifty thousand dollars worth of equipment (long-term assets) will be expensed over the next five years, using the straight-line depreciation method. A complete list of the equipment to be purchased, including prices and acquisition terms, will be made available for both the investor and the bank's consideration.

Our company policy is to purchase only new, state-of-the-art, energy-efficient equipment from reliable suppliers in the food industry.

Other expensed equipment consists of neon pizza signs, tables and chairs, coffee makers, coffee filters, tea dispensers, juice dispensers, cleaning equipment, dish machines, etc.

Inventory on hand at start-up includes specific ingredients for pizza preparation, flour, spices and pizza condiments, sauces, juices and other soft drinks, coffee, tea, toppings, parmesan cheese, cookie doughs, bread sticks and different dessert items that can be ordered together with the main menu item. It also includes supplies that are used during the packing, sale, and delivery process, and miscellaneous supplies.

Insurance premium for business risk coverage is initially established at $1,500 for the first two months, and will be further negotiated with the insurance company.It will be paid by direct debit on a monthly basis.

Promotion expenses are initially estimated at $1,800 and will be used for various marketing information materials and advertisements.

Legal expenses include business formation, advice and assistance, basic contracts reviews, and general business advice.

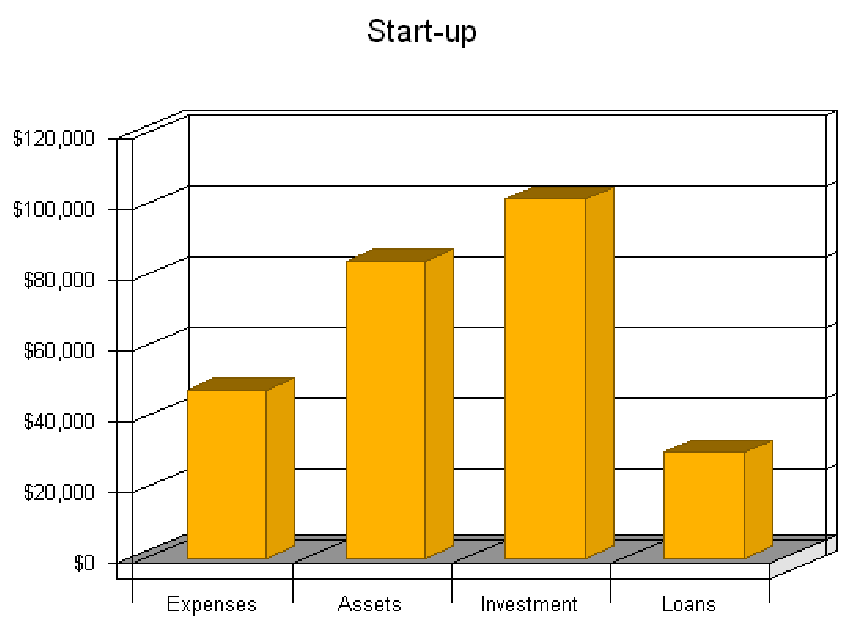
Office supplies include desks, files, tape, record books, forms, etc.

Permits expenses are the additional costs incurred to operate legally in the Local Bay area.

There are several U.S.-based manufacturers and suppliers of pizzeria equipment. The specific vendors will be chosen soon, based on competitive bidding process. All the selected manufacturers produce and supply high-quality, energy-efficient kitchen and restaurant equipment, and they compete primarily on price.

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Legal	$1,200
Kitchen Inventory	$6,000
Packing Materials	$1,500
Kitchen Equipment	$20,000
Insurance	$1,500
Rent	$2,000
Promotion	$1,800
Other Expensed Equipment	$5,000
Business Sign	$3,000
Permits	$1,500
Office Supplies	$1,000
Other	$3,000
Total Start-up Expenses	$47,500
Start-up Assets	
Cash Required	$10,000
Start-up Inventory	$15,000
Other Current Assets	$9,000
Long-term Assets	$50,000
Total Assets	$84,000
Total Requirements	$131,500



2.2 Start-up Funding

We have estimated total start-up costs of $131,500. The numbers in the start-up and the start-up funding tables are meant to reflect these estimates. The company capital will be $101,500.

John and Lisa Walker, as **co-owners**, will provide the bulk of start-up financing in the amount of $72,000 ($36,000 and 35.47 percent ownership each). Approximately $59,500 additional funding is needed. The purpose of this business plan is to secure financing for that amount.

An **investor and co-owner** is welcome to participate in the company's capital for the amount of $29,500, and could be offered a portion of 29.06 percent ownership of the $101,500 company capital. The funds provided by the investor will be used to buy equipment, and to cover part of the start-up expenses. More details about the investor's potential interest in the company are provided in the important assumptions section of this plan.

For the remaining $30,000 additional financing needed to cover the start-up costs, the company plans to receive a **five-year term commercial loan facility** which will meet the cash flow requirements. The borrowed funds will be used exclusively to buy equipment, based on the list that will be made available to the lending institution.The loan could be repaid in equal monthly installments over a five-year period.

Our cash-flow analysis demonstrates the company's ability to repay the loan and meet the interest payment obligations, while maintaining adequate liquidity and generating positive cash flow and sufficient cash reserves for unforeseen future events.

For conservative purposes, the annual interest rate has been estimated at 12 percent. The actual interest rate and the borrowing terms will be negotiated with the participating bank. Strong collateral could be provided by an SBA guarantee, and by the owners' personal assets (for example, cash collateral in the form of certificates of deposit, to cover the remaining collateral requirements in addition to the guarantee).

Table: Start-up Funding

Start-up Funding	
Start-up Expenses to Fund	$47,500
Start-up Assets to Fund	$84,000
Total Funding Required	$131,500
Assets	
Non-cash Assets from Start-up	$74,000
Cash Requirements from Start-up	$10,000
Additional Cash Raised	$0
Cash Balance on Starting Date	$10,000
Total Assets	$84,000
Liabilities and Capital	
Liabilities	
Current Borrowing	$0
Long-term Liabilities	$30,000
Accounts Payable (Outstanding Bills)	$0
Other Current Liabilities (interest-free)	$0
Total Liabilities	$30,000
Capital	
Planned Investment	
Owner 1	$36,000
Owner 2	$36,000
Investor	$29,500
Other	$0
Additional Investment Requirement	$0
Total Planned Investment	$101,500
Loss at Start-up (Start-up Expenses)	($47,500)
Total Capital	$54,000
Total Capital and Liabilities	$84,000
Total Funding	$131,500

2.3 Company Ownership

Take-Out Pizza, Inc. will be a privately held C-corporation owned in majority by John Walker and his wife Lisa. A new investor will be invited to participate in the company's capital.

At the time of formation, Take-Out Pizza, Inc. plans to issue 10,150 shares of $100 par value common stock. The issued and outstanding common stock would be $101,500. John and Lisa Walker, husband and wife, would receive 3,600 shares of $100 par value, or 35.47 percent ownership each. Their total contributed capital would be $72,000.

In return for investing $29,500 in the company capital, the new investor would receive 2,950 shares of $100 par value, or 29.06 percent ownership. The new investor would be invited to discuss the quantity and quality of the stock to be issued, before the incorporation procedures are started. Additional information about investor's interest, entry, and exit strategy is available in the important assumptions section of this plan.

3.0 Products and Services

Take-Out Pizza, Inc. will offer a wide variety of New York-style pizza, as well as sauces, sodas, fruit juices, and desserts.

According to wikipedia.com, New York-style pizza originated in Manhattan, NY in the early 1900s. It is an American-style pizza which closely resembles that of Naples, Italy. This type of pizza is known to have thin, wide, and foldable slices. The toppings include tomato juice and mozzarella cheese. Additional toppings are placed on the cheese part of the pizza.

Typically, the New York-style pizza is hand-tossed, light-sauced, and the slices are often eaten folded in half, as street snacks. It differentiate itself from other American pizza by its specific crust, made of high-gluten bread flour with distinguished flavor.

The pizza is sold by the slice or as whole pies. The slices, taken from a large pizza, which is about 18 inches in diameter, are cut into 8 slices. When sold by the slice, we can offer both "regular" or "plain" pizza, and with different toppings. We will always keep plain items on hand, and will be able to provide our customers with various toppings, just by adding them on, prior to consumption or re-heating.

The New York-style pizza is served with condiments such as red chili pepper, oregano, Parmesan cheese, or garlic powder, available for the customer to place on top of the slice. In addition to pizza, we offer other menu items, such as cookie dough, soft drinks, bread sticks, and dessert items.

Pizza is served at the counter, for take-out, or delivered to the location indicated in our customer orders. We take orders online, by phone, or at our location.

For delivery we offer 18-inch plain pies. The slices are sealed and the packaging will allow our customers to remove individual slices from their freezers as they need them. The pies are also shipped in leak-proof refrigerant gel packs. Thus, the customer will be able to pop them into a preheated oven (re-heat instructions are included in the package), or deep-six them for later use. The pizza can be delivered not only refrigerated, but also hot, depending on customer preference.

3.1 Business Model

Take-Out Pizza, Inc. is a typical take-out restaurant where customers order food and drinks at the counter, as opposed to sit-down restaurants that provide table service. Wait-staff is therefore not included in our work team.

As explained in the previous section, our main products are a variety of New-York style pizza, that are served at the counter, for take-out, as street snacks, or delivered at the locations indicated in the customer order. We take orders online, by phone, or at our location.

To prepare pizza, we use high quality ingredients and traditional recipes. State-of-the-art energy-efficient food preparation equipment and technology will be available to our kitchen staff, as we plan to invest our capital in valuable long-term assets.

Pizza can be delivered hot or refrigerated. Special package offers protection and quality conservation during transportation. Re-heating instructions are also included in the package, along with other items ordered by the customer, such as soft drinks, cookies, or other dessert items.

The entire delivery process will be conducted through five main food-catering on-line services that have excellent references in the Local Bay area, and we can choose to be one of their participating suppliers. In this way, we are able to save on delivery costs and logistics, and simultaneously use the high Internet exposure of our partners. In addition, delivery people will use their own vehicles, so the business will not have to purchase delivery vehicles or hire drivers.

3.1.1 Competitive Landscape

Currently, the closest specialized pizza restaurant is one mile away from our intended location in the Local Bay area. Take-Out Pizza, Inc. will offer a better product, at a reasonable price, and will deliver it hot or refrigerated, always on time, to the customer's door.

However, there are five fast-food restaurants, near our intended location, that also include pizza among other menu items. The quality of their products is no match for the New-York style pizza that we offer, but we may consider them as competitors because they offer better prices (for lower quality) and they are located within a one-mile radius from our pizzeria.

Other main competitors that we have identified in Local Bay area are: Pizza Concepts. Pizza-For-You, and Stevenson's Foods. According to our own market survey (see Appendix M), we distinguish ourselves from them by providing better quality pizza at reasonable prices, and delivering both hot and special-package refrigerated pizza to the customer door. Other differences are included in the next table.

Competitors	**We have, they don't**	**They have, we don't**
Pizza Concepts	better quality, specialized products, better equipment	lower prices, table service, various other food items
Pizza-For You	better location, better quality, faster service	lower prices, own delivery vehicles, traditional customers
Stevenson's Foods	skilled pizza staff, better recipes, lower prices	luxury environment, high-end customers, music and color lighting
Other		

4.0 Market Analysis Summary

The Local Bay area is a growing low-to-middle-class area, counting more than one million residents. There are about five hundred businesses close to our location. Most of these residents are families of three or more. The average income for the area is $45,000.

The boom in the area is primarily in response to new business and employment opportunities in the city's Local Bay Industrial Park. Similar food service businesses that traditionally do well with this population have proved the potential for Take-Out Pizza, Inc.

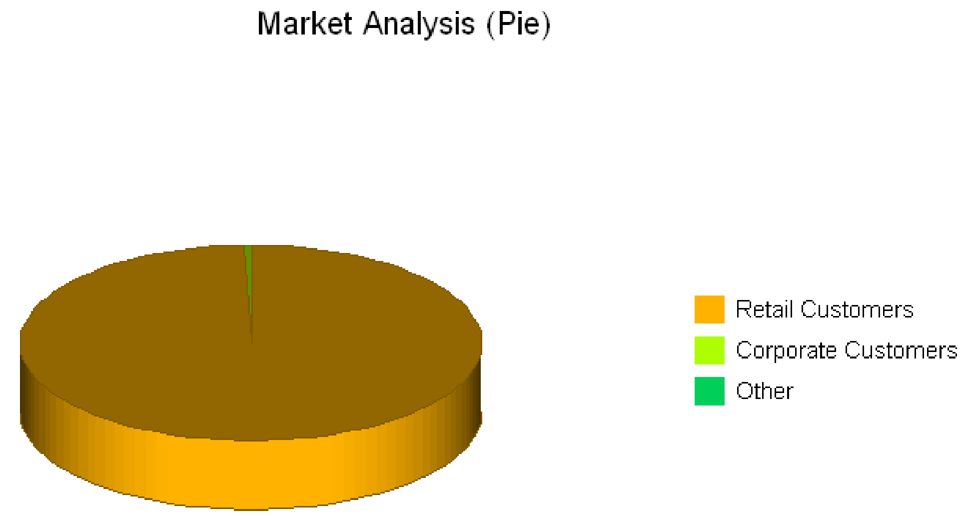
With continued growth in the area, opportunities to serve the Local Bay residents will increase.   The company will sell to individuals, but it will also accept some occasional catering jobs to individuals and companies in the area.

We estimate that over 90 percent of our sales will go to individuals (retail customers) and the remaining balance to existing and future businesses (corporate customers). However, it is important to note that, typically, corporate customers make larger orders for their employees' needs or special business events.

4.1 Market Segmentation

As explained above, the main market segments are: a) individuals (retail customers) accounting for more than 90 percent of our sales, and b) local businesses (corporate customers) which, in terms of purchase orders, typically make larger orders for their employees and business needs.

Next illustration shows the market segmentation, taking into account, for conservative purposes, only the potential number of individuals that would order pizza (about 100 thousand residents, or 10 percent of the population in the Local Bay area, plus 500 businesses), and less than 5 percent average growth rate.



4.2 Target Market Segment Strategy

Take-Out Pizza, Inc. will focus on its target market, low-to-middle class residents in the Local Bay area, along with local businesses that are located inside or outside the Local Bay Industrial Park.

Typically, according to our own market survey, the target individual customers prefer to order pizza more than once a month, as an occasional alternative to an expensive and time-consuming lunch or dinner. Businesses prefer to order pizza for their employees, or on different occasions or less exclusive business events.

We will strive to establish a reputable image from that target market's perspective, by offering excellent quality New York-style pizza, convenience, expedient delivery services, service excellence, and by partnering with local businesses and other interested organizations in our community.

By always focusing on meeting or exceeding our customers' needs, wants and expectations, we will be able to build customer loyalty and word-of-mouth sales that many of our competitors are lacking.

Target Market Share. The estimated total total market in Local Bay area is 105,000 pizza pies per month, and our target market share would be 4 percent (4,224 pies / 105,000 pies = .04). We believe this target market share to be reasonable and achievable. See more details in the sales forecast section of this plan.

5.0 Strategy and Implementation Summary

Our strategy is based on delivering a strong customer value proposition in a niche market. We are looking to offer the Local Bay city and its surrounding areas a new choice in pizza options.

We are building our marketing infrastructure so that we can eventually reach more customers with the same pizza offering. We focus on satisfying the needs of low-to-middle class residents and companies located inside or outside the Loca Bay Industrial Park.

We intend to use various forms of marketing communication as an efficient way to reach our target market and raise their awareness of Take-Out Pizza, Inc., and their pizza service offerings.

In addition, Take-Out Pizza, Inc. will use effective advertising tools to promote the business. The Local Bay flyer is a common way to advertise in the area. We will also hire people to hold signs near Local Bay Industrial Park. Door handle flyer promotion can be helpful throughout the Local Bay neighborhoods.

Adequate funding has been accounted for when projecting the promotion expenses. We intend to spend the marketing dollars in the most cost-effective way. Therefore, many other advertising options will be evaluated during the project implementation, to make sure that we achieve best results.

5.1 SWOT Analysis

The SWOT analysis provides us with an excellent opportunity to examine and evaluate the internal strengths and weaknesses of Take-Out Pizza, Inc. It also allow us to focus on the external opportunities presented by the business environment as well as potential threats.

Next sections explain major strengths, weaknesses, opportunities, and threats that Take-Out Pizza, Inc. should be aware of.

5.1.1 Strengths

Take-Out Pizza, Inc. has a valuable inventory of strengths that would help it to be successful. These strengths include:

a) location

b) excellent quality of New York-style pizza that is currently not available in the Local Bay area

c) management's proven experience in successfully running a similar business in San Francisco, CA

d) state-of-the-art, energy-efficient pizza preparation equipment and technology

e) clear vision of the market needs: we know the customers' needs, we are familiar with the latest technology, and we can offer the pizza services that would bring the two together

5.1.2 Weaknesses

Strengths are valuable, but it is useful to realize the weaknesses. We have identified some of our weaknesses:

a) cost factor associated with keeping state-of-the-art equipment and technology

b) we are new in town

c) start-up challenges

d) limited operating capacity during peak sales periods

5.1.3 Opportunities

Take-Out Pizza, Inc.'s strengths and the awareness of its weaknesses will help it capitalize on emerging opportunities. These opportunities include, but are not limited to:

a) fast growing population in Local Bay area

b) no other specialized pizza take-out and delivery restaurant within a five-mile radius from our chosen location

c) a large segment of low-to-middle class population, and more than five hundred businesses in the area

d) no competitors offer New York-style pizza in the surrounding area

e) consumer behavior changes due to the economic downturn, respectively an increased preference to buy affordable pizza instead of expensive meals

5.1.4 Threats

Threats the Take-Out Pizza, Inc. should be aware of include:

a) slow recovery process of the economy from the current crisis

b) changes in the business environment that might reduce our sales

c) higher taxes in the future

d) the commercial property is leased, not owned by our company

e) tight credit times, higher interest rate, and higher inflation rate than predicted.

5.2 Competitive Edge

QT Pizza Delivery's competitive edge is:

- Location: Take-Out Pizza, Inc. is located in the heart of the Local Bay area , near the Local Bay Industrial Center . This is the busiest area in town. The closest pizza restaurant is a thirty minute drive. There are more than five hundred businesses in the neighborhood.
- Lower operating cost and reasonable prices: Since Take-Out Pizza, Inc.'s policy is to purchase latest equipment and technology, and will be operating with a team of five multi-skilled employees, it will be able to offer reasonable prices for a high quality New York-style pizza, but it will be impossible to compete on price only.
- Excellent products and services, timely delivery, and convenience.

5.3 Sales Strategy

Because Take-Out Pizza, Inc. is a new entity, we recognize that we will need to prove our company's worth to Local Bay customers, in order to earn respect and business.

Most important, we need to sell our company, not necessarily our products and services, and create positive word-of-mouth. We will have to push our service and delivery capacities.

Our sales strategy is based on the belief that there will be a regular flow of first-time customers, due to our convenient location. The real sales effort will be to focus on the conversion of each first-time customer into a long-term customer relationship, where these customers come regularly to our pizzeria, and also bring or recommend new friends to share the experience of a great pizza.

This focus recognizes that it would cost our company less money to convert a new customer into a long-term relationship, than it does to attract a new customer. With this in mind, our sales activities will concentrate on keeping existing customers happy, and always meet or exceed their expectations.

Consistent, customer-centric service is the absolute requirement in the hospitality industry, and so it is for all our employees. Every member of our team will be empowered to deal with our customers' requests in such a way that no customer should leave dissatisfied. Problem solving will be encouraged throughout the organization, and it would also be fair to say that each employee is part of the sales staff, not only the first-line servers.

5.3.1 Sales Forecast

The following table and charts illustrate the sales forecast for five years. The first few months will be be slower, a consequence of being a start-up business, struggling to become more visible within the community, going from nothing to achieving a regular clientele. A steady growth cycle will occur as the months pass. Profitability is projected to occur during the first half of the first year.

The increasing sales forecast suggest an important potential growth. Our projected sales are actually net sales, which consist of the gross proceeds from sales of merchandise -- gross sales -- less returns and allowances.

The projected average monthly sales are approximately $72,000. Considering an average price of $17 per pie, Take-Out Pizza, Inc. would need to sell on average 176 pies each day ($72,000 average monthly sales / $17 per pie / 24 business days per month).

Two weeks are reserved each year for pay vacation, when the restaurant will be closed, but important maintenance works are scheduled for the equipment and facilities during this break period. This is the reason why the sales in August are projected at 50 percent of normal sales.

Using our equipment and technology we will be able to produce maximum 400 pies per day (theoretical operating capacity). However the normal operating capacity, which takes into account the usual breaks and the idle periods, is only 300 pies per day, or 75 percent (usually 10 working hours per day). That means that the average projected 176 pies per day would be reached at only 58 percent of normal operating capacity (176 pies / 300 pies = .58), which is a reasonable target.

In periods of peak sales, the normal operating capacity could be extended by working more than 10 hours per day. Therefore we believe that, from the operating point of view, our sales forecast is feasible.

The question remains, will we be able to attract and maintain at least the minimum number of customers required to order 176 pies per day? If each customer would order one pie it would mean a total of 4,224 customers per month. This figure is disputable because the companies typically order a larger number of pizza, and the individuals usually buy by slices, or order full pies for home delivery. However, it is a good starting point for our analysis.

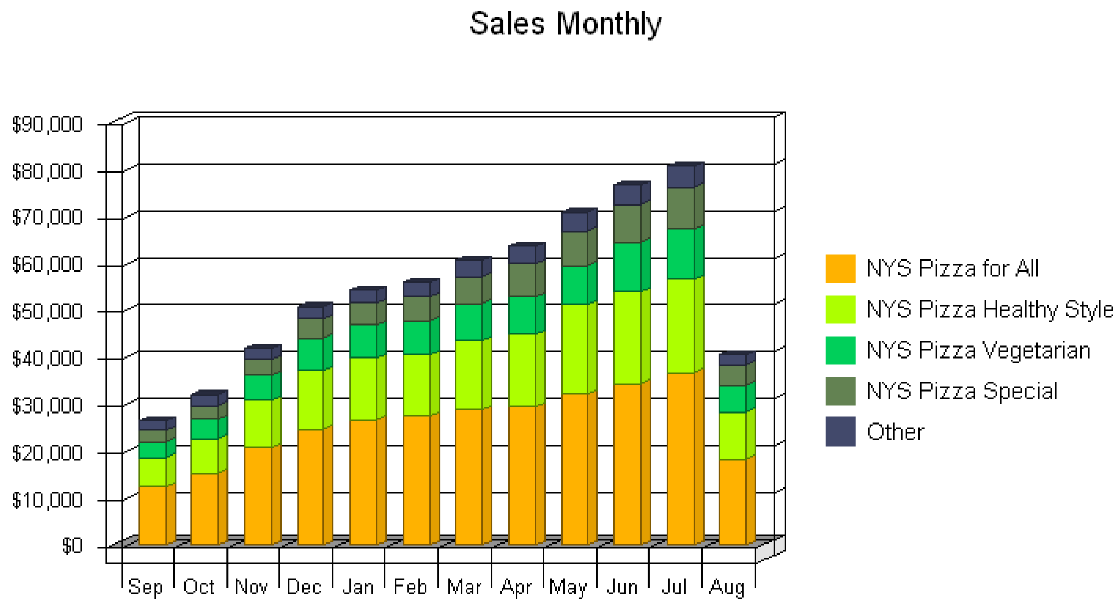
According to a recent study, pizza sales account for 18 percent of all food service sales and, despite the economic crisis, continues to outpace overall restaurant growth. Our own market survey shows that one in five persons interviewed use to order pizza at least once a month.

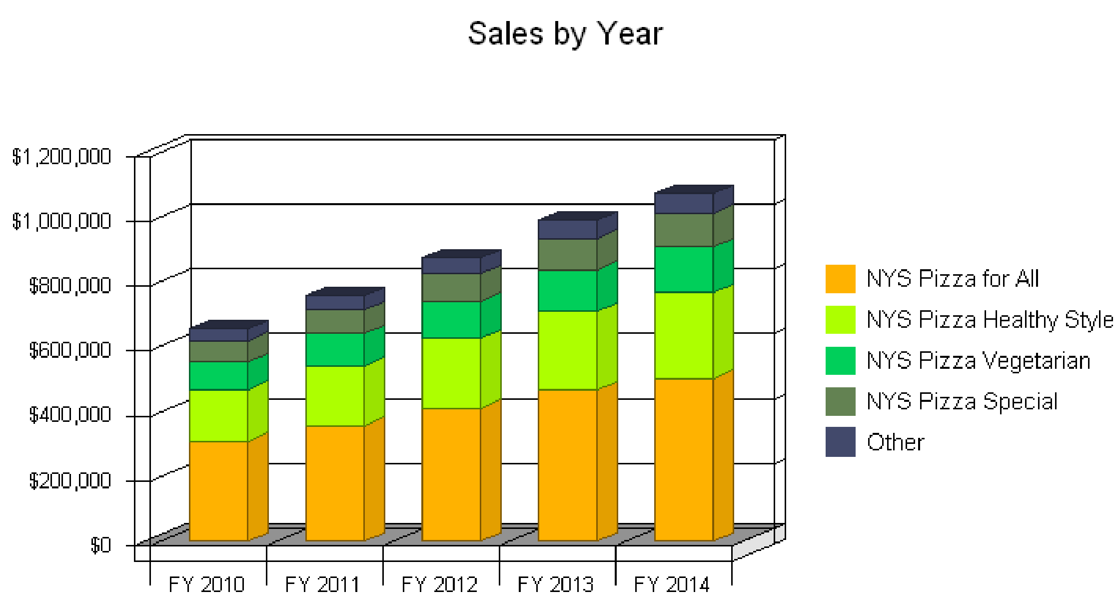
The population in the Local Bay area exceeds one million, which means that, theoretically, the maximum number of pizza (1/2 pie portions) ordered per month at different restaurants in the area (total market) would be 100,000 pies (1 million residents / 5 residents / 2 half pies). To this number we would need add the orders that will be made by many of the five hundred businesses in the area, which we estimate at 5 percent of the retail market, respectively 5,000 pies (100,000 pies x .05).

The estimated total market in Local Bay area is 105,000 pies per month, and our target market share would be 4 percent (4,224 pies / 105,000 pies = .04). We believe this target market share to be reasonable and achievable.

Table: Sales Forecast

Sales Forecast	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Unit Sales					
NYS Pizza for All	19,230	21,153	23,268	25,130	25,884
NYS Pizza Healthy Style	8,936	9,830	10,813	11,678	12,028
NYS Pizza Vegetarian	4,504	4,954	5,450	5,886	6,062
NYS Pizza Special	3,050	3,355	3,691	3,986	4,105
Other	1,480	1,628	1,791	1,934	1,992
Total Unit Sales	37,200	40,920	45,012	48,613	50,071
Unit Prices	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
NYS Pizza for All	$16.00	$16.80	$17.64	$18.52	$19.45
NYS Pizza Healthy Style	$18.00	$18.90	$19.85	$20.84	$21.88
NYS Pizza Vegetarian	$19.00	$19.95	$20.95	$21.99	$23.09
NYS Pizza Special	$21.00	$22.05	$23.15	$24.31	$25.53
Other	$25.00	$26.25	$27.56	$28.94	$30.39
Sales					
NYS Pizza for All	$307,680	$355,370	$410,453	$465,453	$503,388
NYS Pizza Healthy Style	$160,848	$185,779	$214,575	$243,328	$263,160
NYS Pizza Vegetarian	$85,576	$98,840	$114,161	$129,458	$140,009
NYS Pizza Special	$64,050	$73,978	$85,444	$96,894	$104,791
Other	$37,000	$42,735	$49,359	$55,973	$60,535
Total Sales	$655,154	$756,703	$873,992	$991,107	$1,071,882
Direct Unit Costs	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
NYS Pizza for All	$8.32	$8.57	$8.82	$9.08	$9.34
NYS Pizza Healthy Style	$9.36	$9.64	$10.12	$10.42	$10.72
NYS Pizza Vegetarian	$9.88	$10.17	$10.68	$11.00	$11.32
NYS Pizza Special	$10.92	$11.25	$11.81	$12.16	$12.51
Other	$13.00	$13.39	$14.06	$14.47	$14.89
Direct Cost of Sales					
NYS Pizza for All	$159,994	$181,239	$205,226	$228,072	$241,626
NYS Pizza Healthy Style	$83,641	$94,748	$109,433	$121,664	$128,948
NYS Pizza Vegetarian	$44,500	$50,409	$58,222	$64,729	$68,604
NYS Pizza Special	$33,306	$37,729	$43,577	$48,447	$51,347
Other	$19,240	$21,795	$25,173	$27,987	$29,662
Subtotal Direct Cost of Sales	$340,680	$385,918	$441,631	$490,899	$520,188


Sales Monthly
$90,000
$80,000
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
NYS Pizza for All
NYS Pizza Healthy Style
NYS Pizza Vegetarian
NYS Pizza Special
Other


Sales by Year
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
NYS Pizza for All
NYS Pizza Healthy Style
NYS Pizza Vegetarian
NYS Pizza Special
Other

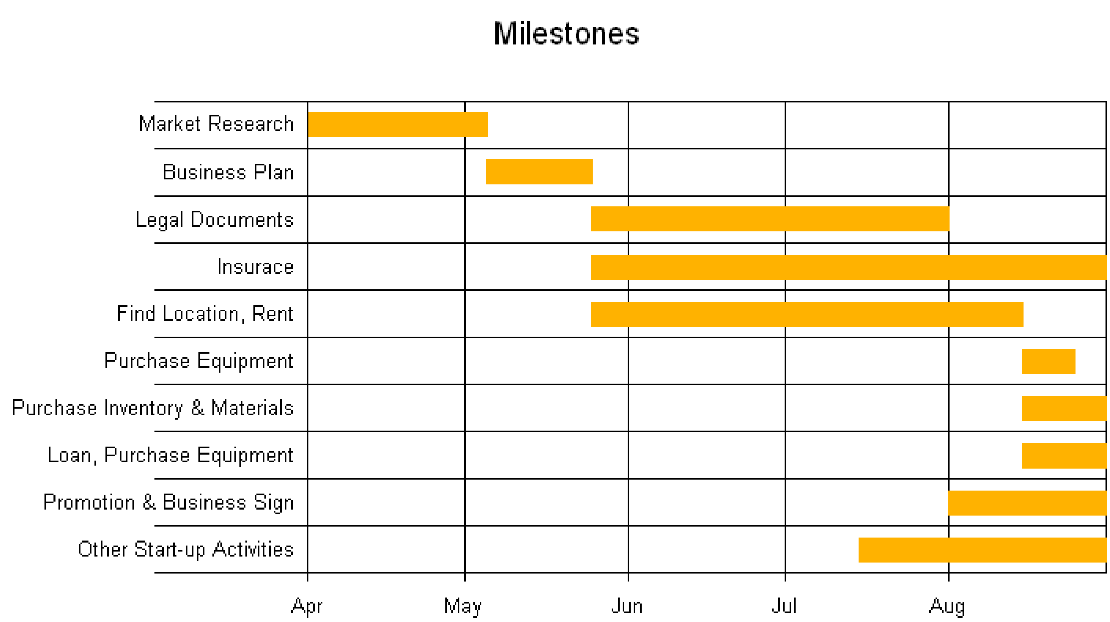
5.4 Milestones

The following table lists important start-up program milestones, with dates, managers in charge, and budgets for each. The schedule indicates Take-Out Pizza, Inc.'s emphasis on planning for implementation.

Table: Milestones

Milestones

Milestone	Start Date	End Date	Budget	Manager	Department
Market Research	4/1/2009	5/5/2009	$800	John Walker	Manager
Business Plan	5/5/2009	5/25/2009	$675	John Walker	Manager
Legal Documents	5/25/2009	8/1/2009	$1,200	John Walker	Manager
Insurace	5/25/2009	8/31/2009	$1,500	Lisa Walker	Manager Assist.
Find Location, Rent	5/25/2009	8/15/2009	$2,000	Lisa Walker	Manager Assist.
Purchase Equipment	8/15/2009	8/25/2009	$20,000	John Walker	Manager
Purchase Inventory & Materials	8/15/2009	8/31/2009	$28,500	Lisa Walker	Manger Assist
Loan, Purchase Equipment	8/15/2009	8/31/2009	$50,000	John Walker	Manager
Promotion & Business Sign	8/1/2009	8/31/2009	$4,800	Lisa Walker	Manager Assist.
Other Start-up Activities	7/15/2009	8/31/2009	$22,025	John Walker	Manager
Totals			$131,500		



5.5 Marketing Strategy

The marketing strategy of Take-out Pizza, Inc. centers on creating and developing a corporate identity that clearly defines our market niche in terms that benefit our retail and corporate customers.

Market needs and trends. Since our target market includes two major segments -- low-to-middle class residents in the Local Bay area, and local businesses that are located inside or outside the Local Bay Industrial Park -- their most important needs are service, price, and delivery, in that order.

One of the key points of Take-Out PIzza, Inc.' strategy is to focus on these target segments that know and understand these needs, and are willing to pay a reasonable price to have them fulfilled.

Factors such as current local trends and historical sales data of similar businesses in the area, ensure that the high demand for pizza will continue over the next five years. Trends are in our favor: the last study we saw published in the Local Bay area has fast-food and limited-service restaurant sales growing at 10 percent per year, while fine-dining restaurants, for example, experienced and will probably continue to see more than 20 percent decrease in sales.

Our previous experience in running a similar business shows that **advertising** costs can easily overwhelm a start-up company, so keeping marketing simple, creative and cost-efficient will be challenging. Cost-effective use of marketing dollars is one of our keys to success.

To reach our potential customers, a combination of marketing techniques will be utilized:

- **Local media** (radio is most effective in the Local Bay area, followed by print media). Radio and newspaper advertising will include our core positioning message, and the New York-style pizza that we offer, in order to differentiate our service from the competition.
- **Sales literature. T**o drive sales initially, Take-Out Pizza, Inc. will utilize a four-color catalog with a different cover including the company logo and contact address. We have developed a price sheet to be enclosed with each catalog.

  In addition, we will produce in-house flyers on an as-needed basis that will also serve to advertise special events and sales promotions. The flyers and catalogs will be distributed using traditional methods: a) give-away in store, b) enclose in order shipments, c) hire distributors or personally hand out in the Local Bay Industrial Park area, e) distribute at local trade shows and other business events organized by the local Chamber of Commerce, and f) attach business card and coupons.

  Upon release of a new catalog, we will need to check into the financial feasibility of utilizing direct mail for bulk distribution. Certainly, the main task will be to clearly define the message of our sales literature to make certain that we are selling the company, rather than the products and services.

- **Direct mail**
- **Grand opening**
- **Industry specific trade shows and other local business events**
- **Internet marketing**
- **Word of mouth**

All marketing decisions with regard to specific media choices, frequency, size and costs will be conducted on an ongoing basis with careful consideration of results (generated returns).

5.6 Pricing Strategy

Our retail and corporate customers are especially sensitive to service value. Take-Out Pizza, Inc. must ensure that price and service are perceived to be a good value to our customers. High-quality New York-style pizza will be offered at a reasonable price, but the price will certainly not be the lowest in the area. In the limited-service restaurants industry, one message rings true: other competitor can always beat you on price.

Therefore, our pricing strategy will be competitive within the various product range, but will not rely on the selling price to overshadow other advantages of doing business with our company, such as a diverse line of high-quality pizza products, that are readily available, reasonably priced, and backed by service excellence and on-time delivery.

In addition, we recognize that price flexibility is critical to our success. We are prepared to offer discounts and allowances, sales promotion prices, and to reduce the price over limited periods of time during the slow-sales hours, in order to increase our operating capacity usage, and reduce or eliminate idle capacity and subsequent losses.

Freight-out costs will be accounted for in such a manner that delivery prices will not differ from the prices offered at the counter. One example of pizza delivery prices is presented below:

18-inch New York-style pizza, vegetarian, plain pies (shipping cost is included in the price)

- One pie, $19.95
- Four pies, $64.95
- Eight pies, $123.95
- Twelve pies, $ 178.95

5.7 Sourcing Strategy

There are several U.S.-based manufacturers and suppliers of pizzeria equipment, food supplies, ingredients, packing, and accessories for for pizza preparation. The specific restaurant equipment vendors will be chosen soon, based on competitive bidding process.

All the selected manufacturers produce and supply high-quality, energy-efficient kitchen and restaurant equipment, or materials for pizza preparation and delivery, and they compete primarily on price.

Maintaining low levels of inventory will help to reduce the cost of financing, handling and storage. However, too low inventory levels may also result in lost sales and unhappy customers. Therefore, we will strive to implement the just-in-time operating environment. This will be achieved by working closely with with our suppliers to coordinate and schedule shipments so that goods and materials arrive just at the time they are needed.

Many of the selected suppliers have already committed to special deals for us, such us waiving their buy-in requirements, sales referrals, and discounts for early payment (offering terms like 2/10 n/30 for example). Other discounts can be negotiated gradually, depending on the increasing quantity purchased, and customer loyalty. We need to focus on making sure our volume gives us negotiating strengths.

We will purchase our inventory both from local wholesalers and direct from manufacturers. Because of our past work experience in purchasing materials and ingredients for pizza preparation, we have a vast number of supplier contacts within the industry. Ultimately, these suppliers will help us to achieve lower cost-of-goods and reach our financial performance objectives.

5.8 Location and Facilities

The company's location is very favorable, providing high visibility, high traffic, and a high flow of customers (travelers) wishing to stop at our restaurant. Accordingly, the rent that was accounted for in this plan is higher than in other areas of the city.

The restaurant will be located just minutes from downtown, which provides shopping, dining, and entertainment. The restaurant is also conveniently located, just three blocks from Local Bay shopping mall. Other advantages of the chosen location include:

- Plenty of parking, garages, and additional storage area available
- Excellent central location with easy access to major destinations, freeways and other transportation means
- Short commute to major employers in Local Bay
- High flow of pedestrians
- A recent new commercial complex opening, just across the street, that will attract many potential customers to our immediate vicinity

- Strategically located on one of the busiest streets in downtown
- High profile area with easy access from all parts of town
- Proximity to the business community and the Local Bay Industrial Park; there are more than five hundred businesses in the area
- Proximity to trendy, upscale restaurants and recreational facilities
- All utilities required for operating a restaurant are available

All these characteristics of the location are consistent with Take-Out Pizza's goal of providing excellent New York-style pizza and delivery services for the Local Bay community.

The restaurant will utilize 1250 square feet. The market rent in this high profile area is between $1.45 and $1.90 per square foot per month. We have estimated $2,000 monthly rent expense (1,250 square feet x $1.60 per square foot per month).

As the company gains community recognition, and our Local Bay market is developed, further expansion to one or both of the neighboring shopping malls will be considered as a possible second stage capital investment option.

6.0 Management Summary

Our management is expected to use resources wisely, operate profitably, pay debts, and abide by laws and regulations. Our management philosophy is based on team work, responsibility, and mutual respect. People who work at Take-Out Pizza, Inc. would want to be part of our team because we operate in an environment that encourages creativity, diversity, growth, and performance.

John Walker will be the manager of Take-Out Pizza, Inc., assisted by his wife, Lisa. Both of them have successfully owned and operated a similar business in San Francisco, CA, and have more than seven years relevant experience in the industry.

John started as a waiter at the city's famous Cornwells restaurant. At the time, John was a college student. He graduated Newtown College in 2002, with an associate's degree in hotel and restaurant management . Soon after graduation, John was offered the position of shift manager at the Cornwells. He has held that position for three years, until he opened, together with his wife Lisa, a pizza restaurant in San Francisco, CA.

Lisa is a manager assistant and a cook. She holds cooking and culinary degrees from the Cooking and Culinary Art School in Dallas, TX. She also holds a food and beverage management certificate from AA Business School in San Francisco, CA.

Both John and Lisa have attended several business management courses organized by the local Small Business Development Center, steadily adding business skills and business training at their technical background. They constantly focus on continuous improvement of their business by applying modern management techniques, such as total quality, activity-based management, theory of constraints, and just-in-time operating environment.

6.1 Personnel Plan

The personnel plan reflects the need to bolster our capabilities to match our positioning. Take-Out Pizza, Inc. will have the following staff:

- Manager
- Cook
- One kitchen staff member
- Two servers

In our experience, a team of five multi-skilled employees works best for our kind of business.Working as a team is critical to our success. We recognize that human resources are Take-Out Pizza, Inc.'s most valuable asset. Our personnel strategy focuses on selecting, training, rewarding, and stimulating all employees in order to build employee loyalty, and increase performance.

It will be easy to find and select the best new members of our team. The traditional local food-service industry, well represented in the area, along with local colleges and schools, have contributed to the formation and growth of many skilled employees. In the selection process, the background check is a must in this line of business.

As our restaurant will be open Monday through Saturday from 11:00 AM to 8:00 PM, the team of five can operate effectively only by using alternative work schedules that take into account the busiest periods of the day, the time needed to prepare the food before opening, and a forty hours week. Here is an example of alternative work schedule for our cook in week 1:

Day	Begin Time (AM)	End Time (PM)	Hours Worked
Friday	10:00	4:00	6 hours
Saturday	10:00	5:00	7 hours
Sunday	OFF	OFF	none
Monday	10:00	4:00	6 hours
Tuesday	10:00	5:00	7 hours
Wednesday	10:00	5:00	7 hours
Thursday	10:00	5:00	7 hours
Totals			40 hours

In addition to salaries, important bonuses and incentives are included in the personnel table, that will be used to reward employee performance, on a pay-for-performance basis. The cornerstone of our personnel plan is to maximize productivity and minimize labor burden of the company's operating expenses, while maintaining strong employee commitment to the success of operations.

Trying to appropriate compensation incentives to our company's performance targets, increases the likelihood that these goals will be achieved. Our performance-based pay strategy takes into consideration the linking of employee compensation to the achievement of measurable business targets. Employees that perform well are eligible for various types of performance-based pay, such as cash bonuses, awards, profit-sharing plan, and stock option program.

The ultimate goal of all our employees is to meet or exceed our customers' expectations. They are all empowered to take any reasonable action to avoid a customer leaving our premises dissatisfied.

Our continuous improvement policy encourages all employees to continually look for ways to keep updated with the latest technology, to improve processes, reduce costs and save time. This approach serves the goal of reducing costs and delivery times, and increasing the service quality and customer satisfaction.

Table: Personnel

Personnel Plan	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Manager	$22,800	$23,940	$25,137	$26,394	$27,714
Cook	$20,400	$21,420	$22,491	$23,616	$24,796
Kitchen Staff Member	$19,200	$20,160	$21,168	$22,226	$23,338
Servers (2)	$38,400	$40,320	$42,336	$44,453	$46,675
Bonuses and Incentives	$7,800	$8,190	$8,600	$9,029	$9,481
Other	$0	$0	$0	$0	$0
Total People	5	5	5	5	5
Total Payroll	$108,600	$114,030	$119,732	$125,718	$132,004

7.0 Financial Plan

According to our conservative estimates, Take-Out Pizza, Inc. is expected to maintain a healthy financial position over the next five years. The following plan outlines the financial development of our company. The business will be initially financed by a $30,000 five-year term loan and a total capital investment of $101,500 (John an Lisa Walker $36,000 each, plus $29,500 from an investor).

The source to repay the loan will be the cash flow generated from operations. The company will also finance growth through cash flow. After an initial period of five years, the company will be able to make a further expansion. At that time, it is envisioned that an bank loan or equity funding will be sought to finance the new development, in addition to retained earnings.

The projected financial statements have been prepared in accordance with the general accounting principles, and necessarily include some amounts that are based on reasonable estimates and judgement. For accounting purposes, the long-term assets are expensed using the straight-line depreciation method, and inventory is accounted for based on the First-In, First-Out (FIFO) method.

The following sections outline important financial information.

7.1 Break-even Analysis

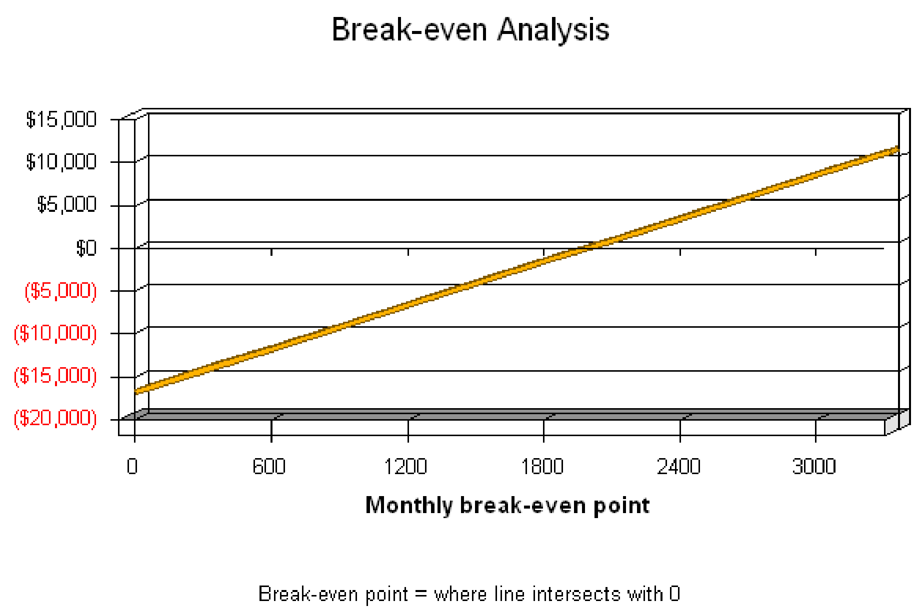
For our break-even analysis, we assume running costs of approximately $16,874 per month, which include payroll, utilities, insurance, rent and other fixed costs.We need to sell about 1,996 pies for minimum $35,155 per month to break even, based on our assumptions.

Since our normal operating capacity is 300 pies per day (4,224 pies for $122,400 per month, as explained in the sales forecast section), and the average projected sales of $72,000 per month, or 176 pies per day (at only 58 percent of normal operating capacity) are expected to be much greater than the computed break-even point, we believe that our company is likely to easily reach and maintain profitability.

Take-Out Pizza, Inc. is expected to break even in the third month of operations.

Table: Break-even Analysis

Break-even Analysis	
Monthly Units Break-even	1,996
Monthly Revenue Break-even	$35,155
Assumptions:	
Average Per-Unit Revenue	$17.61
Average Per-Unit Variable Cost	$9.16
Estimated Monthly Fixed Cost	$16,874



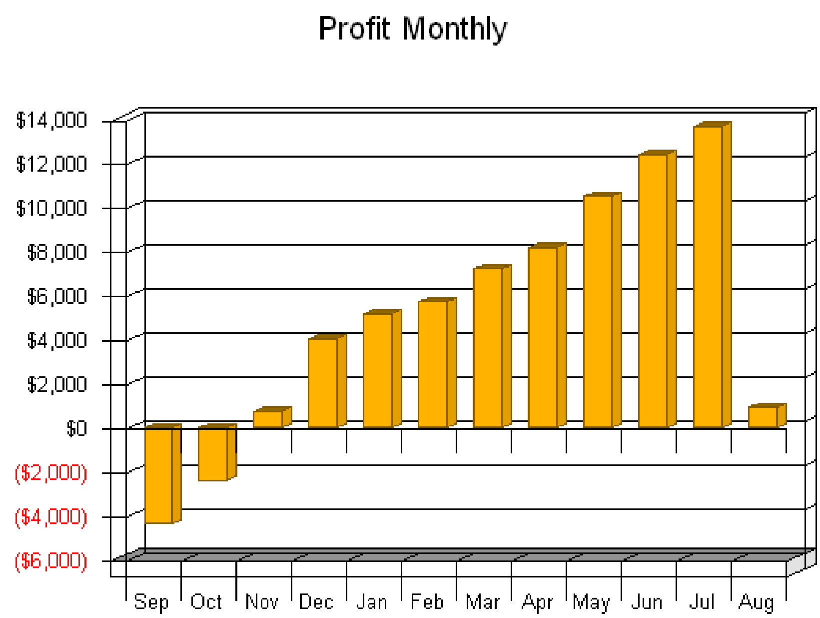
7.2 Projected Profit and Loss

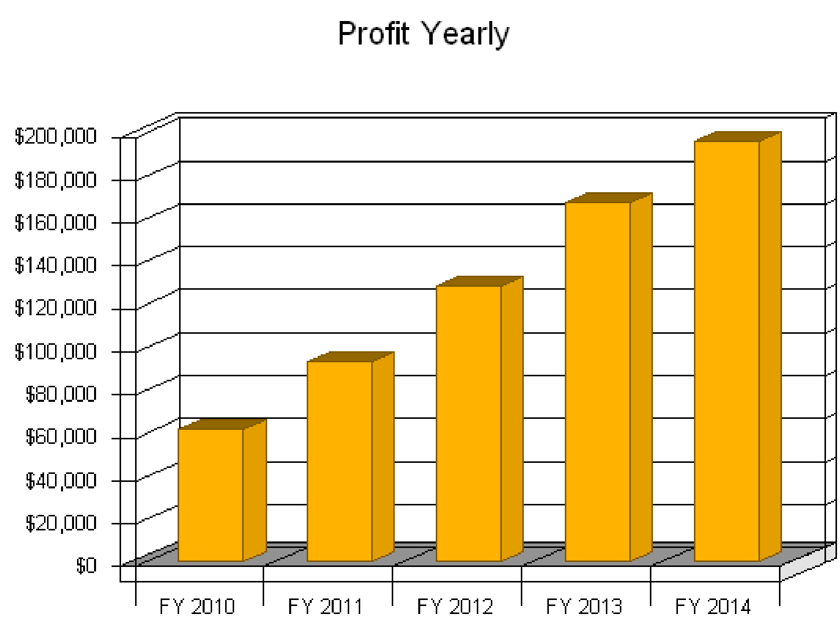
We expect to be profitable in the first year of operations, with profits increasing over the next four years, as we establish and increase our customer base.

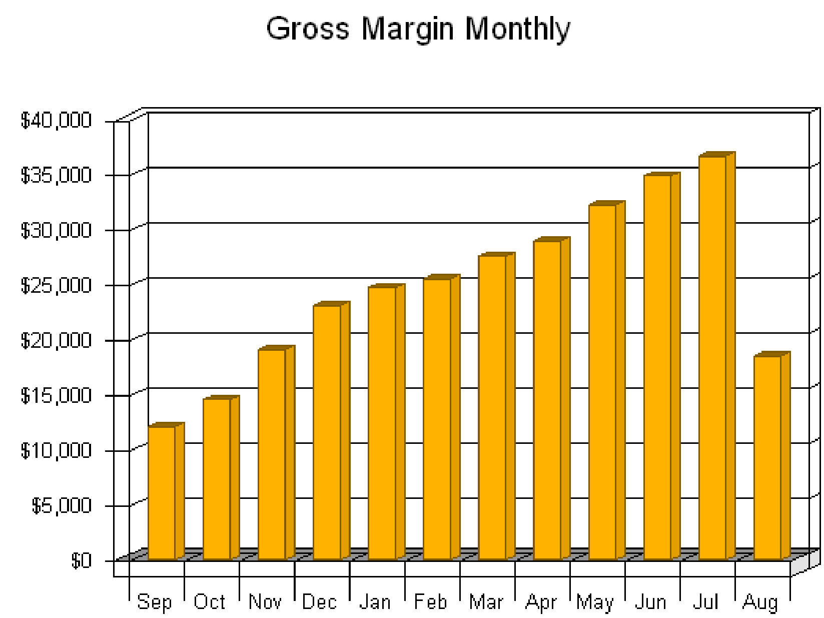
The following table and charts show the projected profit and loss for five years.

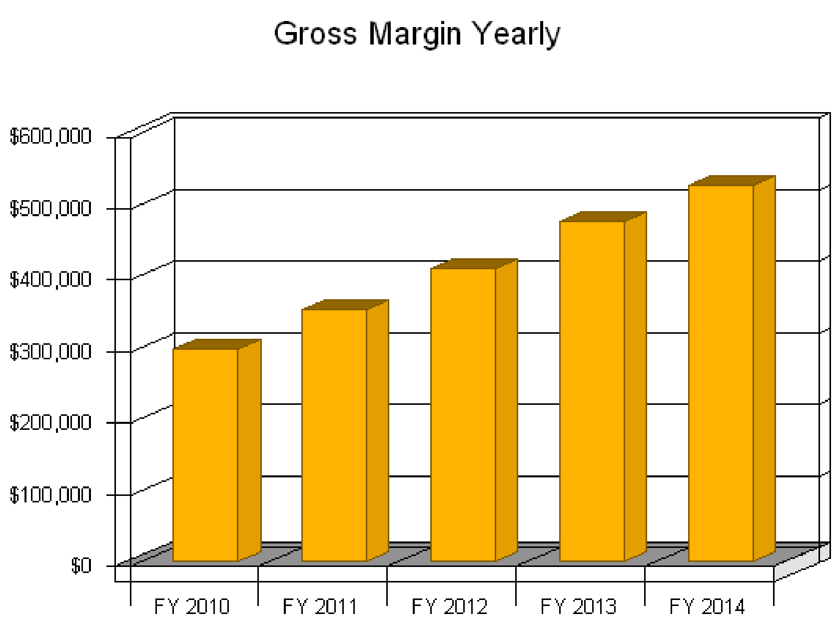
Table: Profit and Loss

Pro Forma Profit and Loss	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Sales	$655,154	$756,703	$873,992	$991,107	$1,071,882
Direct Costs of Goods	$340,680	$385,918	$441,631	$490,899	$520,188
Other Production Expenses	$17,034	$19,296	$22,082	$24,545	$26,009
	------------	------------	------------	------------	------------
Cost of Goods Sold	$357,714	$405,214	$463,713	$515,444	$546,198
Gross Margin	$297,440	$351,488	$410,279	$475,663	$525,684
Gross Margin %	45.40%	46.45%	46.94%	47.99%	49.04%
Expenses					
Payroll	$108,600	$114,030	$119,732	$125,718	$132,004
Sales and Marketing and Other Expenses	$8,000	$8,500	$8,700	$8,900	$9,000
Depreciation	$9,996	$9,996	$9,996	$9,996	$10,016
Office Supplies	$1,200	$1,250	$1,300	$1,350	$1,400
Utilities	$6,600	$6,900	$7,226	$7,640	$8,022
Insurance	$9,000	$9,450	$9,922	$10,418	$10,939
Rent	$24,000	$24,720	$25,461	$26,225	$27,012
Payroll Taxes and Benefits	$31,494	$33,069	$34,722	$36,458	$38,281
Other	$3,600	$4,000	$4,500	$4,800	$5,200
	------------	------------	------------	------------	------------
Total Operating Expenses	$202,490	$211,915	$221,559	$231,505	$241,874
Profit Before Interest and Taxes	$94,950	$139,574	$188,720	$244,158	$283,810
EBITDA	$104,946	$149,570	$198,716	$254,154	$293,826
Interest Expense	$6,810	$6,120	$5,400	$4,680	$3,960
Taxes Incurred	$26,442	$40,036	$54,996	$71,843	$83,955
Net Profit	$61,698	$93,418	$128,324	$167,634	$195,895
Net Profit/Sales	9.42%	12.35%	14.68%	16.91%	18.28%


Profit Monthly
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
($2,000)
($4,000)
($6,000)
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug


Profit Yearly
$200,000
$180,000
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014


Gross Margin Monthly
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug


Gross Margin Yearly
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014

7.3 Projected Cash Flow

Many profitable companies go bankrupt because of cash flow deficiencies. That is why our main concern will be to have sufficient cash on hand to meet our payment obligations, and be prepared for unexpected needs of cash. Our conservative projections indicate that our business is able to generate positive cash flows and sufficient cash reserves.

In addition to normal cash inflows and outflows, we will focus on establishing sufficient cash reserves for contingencies. That includes a possible line of credit with our bank, that could be used in slow sales periods as well. This is a good way to control the cash flow risk.

In addition, excess cash, as projected, should not remain idle, especially during periods of high interest rates. Management will consider investing idle funds in time deposits or certificates of deposit at banks, in government securities such as U.S. Treasury notes, or in other trading securities (cash equivalents).

The following table and chart show the projected cash flow for five years.

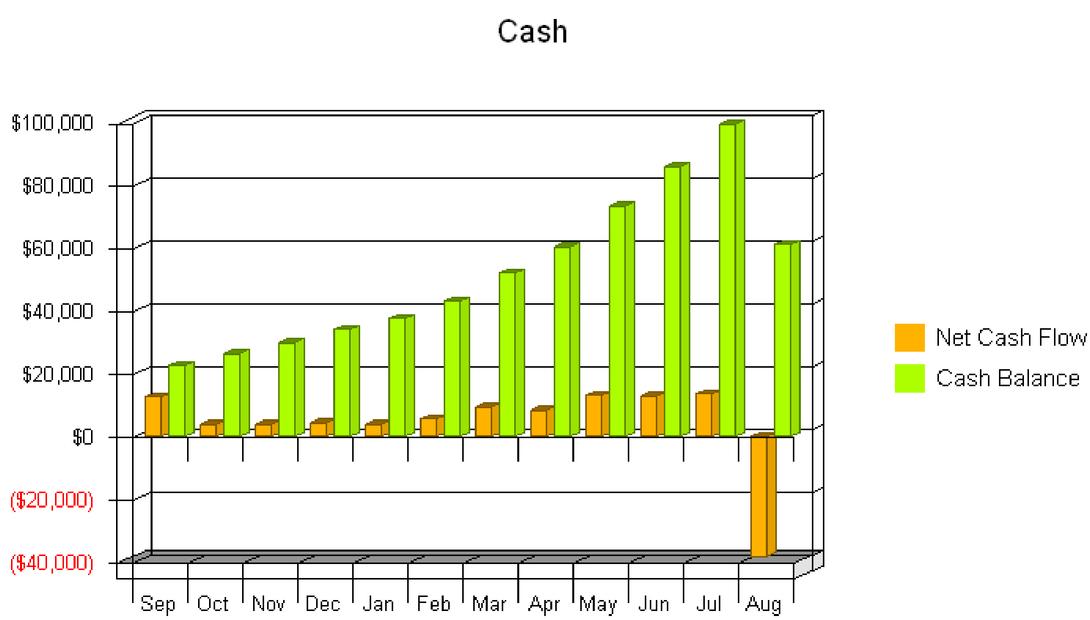


Table: Cash Flow

Pro Forma Cash Flow	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Cash Received					
Cash from Operations					
Cash Sales	$556,881	$643,197	$742,893	$842,441	$911,100
Cash from Receivables	$88,540	$111,997	$129,356	$146,926	$159,582
Subtotal Cash from Operations	$645,421	$755,194	$872,249	$989,367	$1,070,682
Additional Cash Received					
Sales Tax, VAT, HST/GST Received	$55,688	$64,320	$74,289	$84,244	$91,110
New Current Borrowing	$0	$0	$0	$0	$0
New Other Liabilities (interest-free)	$0	$0	$0	$0	$0
New Long-term Liabilities	$30,000	$0	$0	$0	$0
Sales of Other Current Assets	$0	$0	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0	$0	$0
New Investment Received	$0	$0	$0	$0	$0
Subtotal Cash Received	$731,109	$819,514	$946,539	$1,073,611	$1,161,792
Expenditures	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Expenditures from Operations					
Cash Spending	$108,600	$114,030	$119,732	$125,718	$132,004
Bill Payments	$461,968	$510,618	$612,191	$684,597	$732,139
Subtotal Spent on Operations	$570,568	$624,648	$731,922	$810,315	$864,143
Additional Cash Spent					
Sales Tax, VAT, HST/GST Paid Out	$55,688	$64,320	$74,289	$84,244	$91,110
Principal Repayment of Current Borrowing	$0	$0	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0	$0	$0
Long-term Liabilities Principal Repayment	$6,000	$6,000	$6,000	$6,000	$6,000
Purchase Other Current Assets	$0	$0	$0	$0	$0
Purchase Long-term Assets	$30,000	$0	$0	$0	$0
Dividends	$17,892	$27,091	$37,213	$48,613	$56,809
Subtotal Cash Spent	$680,148	$722,059	$849,425	$949,172	$1,018,062
Net Cash Flow	$50,961	$97,455	$97,114	$124,439	$143,730
Cash Balance	$60,961	$158,416	$255,530	$379,969	$523,699

7.4 Projected Balance Sheet

We expect a healthy growth in net worth and a healthy financial position. We do not project any real trouble meeting our debt obligations, as long as we achieve our specific objectives.

The following table is the projected balance sheet for five years.

Table: Balance Sheet

Pro Forma Balance Sheet	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Assets					
Current Assets					
Cash	$60,961	$158,416	$255,530	$379,969	$523,699
Accounts Receivable	$9,733	$11,241	$12,984	$14,724	$15,924
Inventory	$15,857	$17,963	$20,556	$23,311	$25,211
Other Current Assets	$9,000	$9,000	$9,000	$9,000	$9,000
Total Current Assets	$95,551	$196,620	$298,070	$427,004	$573,833
Long-term Assets					
Long-term Assets	$80,000	$80,000	$80,000	$80,000	$80,000
Accumulated Depreciation	$9,996	$19,992	$29,988	$39,984	$50,000
Total Long-term Assets	$70,004	$60,008	$50,012	$40,016	$30,000
Total Assets	$165,555	$256,628	$348,082	$467,020	$603,833
Liabilities and Capital	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Current Liabilities					
Accounts Payable	$13,749	$44,496	$50,838	$56,754	$60,482
Current Borrowing	$0	$0	$0	$0	$0
Other Current Liabilities	$0	$0	$0	$0	$0
Subtotal Current Liabilities	$13,749	$44,496	$50,838	$56,754	$60,482
Long-term Liabilities	$54,000	$48,000	$42,000	$36,000	$30,000
Total Liabilities	$67,749	$92,496	$92,838	$92,754	$90,482
Paid-in Capital	$101,500	$101,500	$101,500	$101,500	$101,500
Retained Earnings	($65,392)	($30,785)	$25,420	$105,131	$215,956
Earnings	$61,698	$93,418	$128,324	$167,634	$195,895
Total Capital	$97,806	$164,133	$255,244	$374,265	$513,351
Total Liabilities and Capital	$165,555	$256,628	$348,082	$467,020	$603,833
Net Worth	$97,806	$164,133	$255,244	$374,265	$513,351

7.5 Business Ratios

Business ratios for the five years of this plan are shown below. Industry profile ratios based on the standard industrial classifications, SIC code 5812 and NAICS code 722212, limited-service restaurants, are shown for comparison. Overall, the ratios show a plan for a balanced, healthy growth.

Management's main responsibility is to put into action and to carry out this plan that is designed to achieve the financial performance objectives. Take-Out Pizza, Inc.'s management will constantly monitor key financial performance measures, determine the cause of any deviations in the measures, and take corrective actions.

A comprehensive ratio analysis can be made to evaluate the financial condition and operating results of our company, based on the calculations included in the next table.The financial ratios are calculated based on our conservative projections in terms of liquidity, profitability, long-term solvency, cash flow adequacy, and market strength.

Liquidity ratios (current and quick ratios, receivables turnover, average collection days, inventory turnover, average days inventory on hand, payables turnover, and average payment days) indicate a good debt-paying ability, the effectiveness of customer credit policies, and a number of days needed to collect receivables, to sell inventory, and to pay account payable that is consistent with best business practices in our industry.

Liquidity is critical to building a strong and sustainable foundation for future growth. In dealing with short-term liquidity, we will need to correctly address three key issues: managing cash during seasonal cycles, setting sales and credit policies, and financing receivables.

Profitability ratios (profit margin, assets turnover, return on assets, and return on equity) indicate a good profitability of operations, efficient use of assets to produce sales, a good earning power of the assets, and a good profitability of stockholders' investments.

In addition, we will focus on increasing the gross margin by improving our purchasing methods to reduce the cost of goods sold. Reducing the selling price is not a preferred option. Our price strategy is flexible, but we are aware that we cannot compete on price only; there will always be a competitor offering a lower price.

Long-term solvency ratios (debt to equity, interest coverage) indicate a good capital structure, and more than adequate creditor's protection from default on interest payments.

Cash flow adequacy ratios (cash flow yield, cash flow to sales, cash flow to assets, and net cash flow) indicate a good ability to generate operating cash flows in relation to net income, a good ability of sales and assets to generate operating cash flows, and positive cash flow after providing for commitments.

Market strength ratios (price/earnings ratio and dividend yield) measure investor confidence in the company, and will be computed only after the company will go public so market price per share can be determined.

This ratio analysis clearly shows that Take-Out Pizza, Inc.'s financial condition is expected to remain strong, as measured by its liquidity, long-term solvency, and cash flow adequacy ratios.

The company's profitability, as measured by its profitability ratios, is excellent, and will gradually increase over the next five years. This performance will probably be rewarded by a higher market price when the company decides to go public.

Table: Ratios

Ratio Analysis	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Industry Profile
Sales Growth	0.00%	15.50%	15.50%	13.40%	8.15%	6.61%
Percent of Total Assets						
Accounts Receivable	5.88%	4.38%	3.73%	3.15%	2.64%	4.45%
Inventory	9.58%	7.00%	5.91%	4.99%	4.18%	3.81%
Other Current Assets	5.44%	3.51%	2.59%	1.93%	1.49%	36.47%
Total Current Assets	57.72%	76.62%	85.63%	91.43%	95.03%	44.73%
Long-term Assets	42.28%	23.38%	14.37%	8.57%	4.97%	55.27%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities	8.30%	17.34%	14.61%	12.15%	10.02%	17.78%
Long-term Liabilities	32.62%	18.70%	12.07%	7.71%	4.97%	24.21%
Total Liabilities	40.92%	36.04%	26.67%	19.86%	14.98%	41.99%
Net Worth	59.08%	63.96%	73.33%	80.14%	85.02%	58.01%
Percent of Sales						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	45.40%	46.45%	46.94%	47.99%	49.04%	54.17%
Selling, General & Administrative Expenses	77.59%	74.42%	72.16%	0.00%	0.00%	25.21%
Advertising Expenses	4.53%	4.08%	3.65%	0.00%	0.00%	3.37%
Profit Before Interest and Taxes	14.49%	18.44%	21.59%	24.63%	26.48%	1.66%
Main Ratios						
Current	6.95	4.42	5.86	7.52	9.49	1.31
Quick	5.80	4.02	5.46	7.11	9.07	0.87
Total Debt to Total Assets	40.92%	36.04%	26.67%	19.86%	14.98%	52.21%
Pre-tax Return on Net Worth	90.12%	81.31%	71.82%	63.99%	54.51%	4.68%
Pre-tax Return on Assets	53.24%	52.00%	52.67%	51.28%	46.35%	9.79%
Additional Ratios	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	
Net Profit Margin	9.42%	12.35%	14.68%	16.91%	18.28%	n.a
Return on Equity	63.08%	56.92%	50.28%	44.79%	38.16%	n.a
Activity Ratios						
Accounts Receivable Turnover	10.10	10.10	10.10	10.10	10.10	n.a
Collection Days	39	34	34	34	35	n.a
Inventory Turnover	16.00	22.82	22.93	22.38	21.44	n.a
Accounts Payable Turnover	34.60	12.17	12.17	12.17	12.17	n.a
Payment Days	27	20	28	28	29	n.a
Total Asset Turnover	3.96	2.95	2.51	2.12	1.78	n.a
Debt Ratios						
Debt to Net Worth	0.69	0.56	0.36	0.25	0.18	n.a
Current Liab. to Liab.	0.20	0.48	0.55	0.61	0.67	n.a
Liquidity Ratios						
Net Working Capital	$81,802	$152,125	$247,232	$370,249	$513,351	n.a
Interest Coverage	13.94	22.81	34.95	52.17	71.67	n.a
Additional Ratios						
Assets to Sales	0.25	0.34	0.40	0.47	0.56	n.a
Current Debt/Total Assets	8%	17%	15%	12%	10%	n.a
Acid Test	5.09	3.76	5.20	6.85	8.81	n.a
Sales/Net Worth	6.70	4.61	3.42	2.65	2.09	n.a
Dividend Payout	0.29	0.29	0.29	0.29	0.29	n.a

7.6 Long-term Plan

This is a five-year plan. Projections for further periods are not considered relevant at this time.

7.7 Important Assumptions

Due to the current economic uncertainties, our assumptions are conservative. In judging and estimating, we have chosen the alternatives that are least likely to overstate assets and income.

The key underlying assumptions are:

- we assume a slow economic recovery process over the next five years, but no major depression
- we assume access to capital and financing sufficient to maintain our financial plan as shown in the tables
- we assume continued popularity of pizza services in our target market

Other important assumptions are included in the next table.

Table: General Assumptions

General Assumptions	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Plan Month	1	2	3	4	5
Current Interest Rate	9.00%	9.00%	9.00%	9.00%	9.00%
Long-term Interest Rate	12.00%	12.00%	12.00%	12.00%	12.00%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%
Payment Delays	30	30	30	30	30
Sales on Credtit	15.00%	15.00%	15.00%	15.00%	15.00%
Collection Period (days)	40	40	40	40	40
Inventory on Hand (days)	21	21	21	21	21
Inflation Rate	5.00%	5.00%	5.00%	5.00%	5.00%
Max Op. Capacity (pizzas/day)	400	400	400	400	400
Other	0	0	0	0	0

7.7.1 Risks

Company management is responsible for constantly evaluating risks and taking corrective actions to provide adequate prevention, control and risk reserves. We have identified several risks that are associated with our business project.

There are many possible classifications of risks, but for the purposes of this plan, we have chosen to group them as follows:

a) External Risks (These risks come from outside the company and are more difficult to prevent and control.)

- **Economic depression.** Current trends indicate that the economic downturn is reaching the bottom, and chances are that the recovery process will begin soon. However, it is likely to be a slow process, and it will probably take several years until complete recovery and full growth are achieved. We assess the risk of a major depression to be low.

- **Competition and buying patterns changes.** There is a high risk that new competitors will arrive in the relevant marketplace. Our continuous improvement management strategy and cost control techniques will help us to stay on top of customer preference. The pizza customer buying patterns are not likely to significantly change over the next five years. In addition, the population growth predicted in the area will increase the chances to maintain and boost sales.
- **Suppliers.** Our company's purchases do not depend on a single or a limited group of suppliers. There is a large supply of materials and ingredients for pizza preparation, and other specific products in the Local Bay area. The risk to face supply constrictions is low.
- **Technology.** New and more efficient food preparation equipment is expected to become available. However, by deciding to purchase only state-of-the-art, energy-efficient equipment, we believe to have reduced this risk over the next five years.
- **Location.** The chosen location will be leased for minimum five years, with the possibility to extend the lease over another similar period. There are no other construction developments foreseen in this highly dense population area of Local Bay that might affect our business location in the near future.
- **Inflation.** According to expert estimates, the inflation rate is likely to remain under control over the next five years. We have accounted for a 5 percent annual inflation rate.
- **Currency.** All our operations are in U.S. dollars, and both equipment and materials are manufactured in the United States. No currency risk has been accounted for.
- **U.S. taxation and economic policy changes.** These changes are likely to occur, and it is not clear how they might influence our financial performance. That is another reason why our estimates are conservative. This risk is high.

b) Internal Risks (These risks come from inside the company and can be better prevented or controlled.)

- **Personnel**. There are many skilled food-service employees in the Local Bay area. We will be able to select the best new staff members from a large number of valuable applicants. Our personnel strategy includes modern management techniques that will be applied to select, hire, motivate, and reward the employees.

  This strategy is expected to build and maintain employee loyalty, and increase productivity. However, before hiring new employees, their background check will be reviewed, to avoid possible employee theft, which is a frequent risk in the restaurant industry.

- **Cash flow deficiency.** Our main concern will be to have sufficient cash on hand to meet our payment obligations, and be prepared for unexpected needs of cash. Our conservative projections indicate that our business is able to generate positive cash flows and sufficient cash reserves to reduce the risk of cash flow deficiency.

- **Business continuity** over the next five years. In the event something happens to one of the company's managers and co-owners (husband and wife), the other will have the skills and experience required to take over and continue operations. In addition, the company's incorporation legal documents include special provisions for protection in such cases.

- **Management.** John and Lisa Walker have proven experience in successfully running a similar business in San Francisco, CA. They also have relevant skills and a solid background in the food industry.

7.7.2 Entry Strategy

Take-Out Pizza, Inc. plans to issue 10,150 shares of $100 per share common stock. The issued and outstanding par value common stock will be $101,500.

John and Lisa Walker will invest $36,000 each in the company's capital They will receive respectively 3,600 shares of $100 par value, or 35.47 percent ownership. Together, they will hold more than 50 percent of the voting stock, allowing them to exercise *control* over the operating and financial policies of the company.

For investing $29,500 in the company's capital, the new investor would receive a portion of ownership of 29.06 percent (2,950 shares of $100 par value). As the investor will hold between 20 and 50 percent of the voting stock, he or she will exercise *significant influence* over the company's policies.

7.7.3 Investor Interest

According to our conservative estimates, the cumulative dividends that would be paid to the new investor, based on 29.06 percent of ownership, over the next five years, would be $187,618. Dividend payments to the investor would be made as follows:

Year 1	$17,892
Year 2	27,091
Year 3	37,213
Year 4	48,613
Year 5	56,809
Totals	$187,618

The other co-owners, John and Lisa Walker, will not take dividends over the next five years. The reasons for this decision are: a) they will receive employment compensation and benefits, and b) the undistributed dividends will increase the amount of retained earnings, as a strategy to strengthen the company's financial position for sustainable future growth, to increase the company's net worth, and subsequently the market value when it goes public.

Key measures of the expected benefit from the investment include:

Payback period (the minimum time to recover the initial investment) for the investor's initial capital contribution of $29,500 is very short, only one year five months, computed as follows:

Initial Cash Investment	$29,500
Less Dividends Paid	
Year 1	17,892
Year 2 (42.85 % of $27,091)	11,608
Unrecovered Investment	$0
Payback Period: 1.4285 years, or 1 year 5 months	

Weighted average cost of capital (the lowest acceptable rate of return) is estimated at 16 percent.

Net present value (NPV), which evaluates the capital investment by discounting at 16 percent its future cash flows to their present values, and substracting the initial investment of $29,500 from their sum of $187,618 is $83,778, computed as follows:

	Net Cash Inflows x Factor	Values
Year1	$17,892 x .862	$15,422
Year2	27,091 x .743	20,128
Year3	37,213 x .641	23,853
Year4	48,613 x .552	26,834
Year5	56,809 x .476	27,041
	Total present value of cash inflows discounted at 16%	$113,278
	Less initial investment	$29,500
NPV	Net present value	$83,778

Because the net present value is positive, the investment would achieve at least the minimum rate of return of 16 percent, and is expected to yield significant additional returns to the investor.

Internal rate of return (IRR) of 87 percent is computed as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Initial Investment	($29,500)				
Returns	$17,892	$27,091	$37,213	$48,613	$56,809

Discount rate 16%					
IRR = 87%					

The level of 87 percent measures the estimated performance of the capital investment, and because it is higher than 16 percent minimum desirable return, it might be considered as adequate to the investment risk.

Return on equity is one of the most important ratios because it is a common measure of management performance. It exceeds 40 percent on average over the five year period.

Dividends per share, computed as follows:

Year	Common Stock Dividends / Common Shares Outstanding	Dividends per share
Year1	$61,698 / 10,150 shares	$6.08
Year2	$93,418 / 10,150 shares	9.20
Year3	$128,324 / 10,150 shares	12.64
Year4	$167,634 / 10,150 shares	16.52
Year5	$195,895 / 10,150 shares	19.30

Basic earnings per share has the same values as dividends per share because the company has only common stock, and the same number of shares outstanding throughout the year.

Diluted earnings per share has the same values as basic earnings per share because at the time of this analysis no potential dilutive securities are accounted for.

More information regarding the financial performance measures is included in the business ratios section of this plan.

7.7.4 Exit Strategy

We recognize that any investor in a start-up company, no matter how well on paper, ultimately needs an exit vehicle. Our purpose is to provide the best alternatives to protect investor's interest, while maintaining the potential growth of our company, the liquidity, and the profitability of future operations.

Typically, the fear of investors is that they will become locked into a company that might show no sign of either going public or going bankrupt. To overcome this potential threat, we are open to discuss with the investor several exit alternatives, and include the best provisions in the agreements that are expected be reached by the time of the incorporation.

There are several options that could be discussed while considering alternative methods for the investor to turn illiquid securities into readily tradable securities or cash. These options include, but are not limited to:

- IPO (Initial Public Offering)
- Acquisition terms
- Liquidation terms, certain rights and liquidation preferences over common stock
- Selling to a friendly buyer
- Preferred stock, redeemable at option of the holder
- Convertible preferred stock
- Investor's right of first refusal in the next round of financing
- Anti-dilution measures
- Buy-back after the initial five years

In addition, we believe that following negotiating terms are expected to increase investor confidence, and improve management-investor communication:

- A board position and possible a consulting role of the investor
- Good communication between company's management and the investor (For example: quarterly reports, monthly updates, etc.)
- Setting clear return objectives for the management (projected IRR, potential returns, sales projections, etc.)
- Not taking certain actions without investor's approval, such as: selling all or substantially all of the company's assets, setting stock options programs, issuing additional stock to existing management, selling stock below prices paid by the investor, or creating classes of stock with liquidation preferences or other rights senior to the investor's class of security.
- Stock price protection, an anti-dilution provision that will result in the investor receiving more stock, should the company issue stock at a lower price that paid by the investor
- Corporate governance provisions.

We don't plan on going public before the end of the first five years of operations. However, Take-Out Pizza, Inc. believes that the level of financial resources might become an important competitive factor, and it may later chose to raise additional capital through debt or equity financing, to strengthen its financial position, stimulate growth, and provide flexibility to take advantage of business opportunities that may arise.

Table: Sales Forecast

Sales Forecast		Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
Unit Sales													
NYS Pizza for All	0%	780	960	1,300	1,540	1,670	1,720	1,800	1,850	2,010	2,150	2,300	1,150
NYS Pizza Healthy Style	0%	340	410	556	700	730	730	820	850	1,060	1,090	1,100	550
NYS Pizza Vegetarian	0%	180	216	288	360	375	375	420	430	435	555	570	300
NYS Pizza Special	0%	120	140	160	200	220	250	270	330	350	380	420	210
Other	0%	80	90	90	100	110	120	140	150	160	170	180	90
Total Unit Sales		1,500	1,816	2,394	2,900	3,105	3,195	3,450	3,610	4,015	4,345	4,570	2,300
Unit Prices		Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
NYS Pizza for All		$16.00	$16.00	$16.00	$16.00	$16.00	$16.00	$16.00	$16.00	$16.00	$16.00	$16.00	$16.00
NYS Pizza Healthy Style		$18.00	$18.00	$18.00	$18.00	$18.00	$18.00	$18.00	$18.00	$18.00	$18.00	$18.00	$18.00
NYS Pizza Vegetarian		$19.00	$19.00	$19.00	$19.00	$19.00	$19.00	$19.00	$19.00	$19.00	$19.00	$19.00	$19.00
NYS Pizza Special		$21.00	$21.00	$21.00	$21.00	$21.00	$21.00	$21.00	$21.00	$21.00	$21.00	$21.00	$21.00
Other		$25.00	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00
Sales													
NYS Pizza for All		$12,480	$15,360	$20,800	$24,640	$26,720	$27,520	$28,800	$29,600	$32,160	$34,400	$36,800	$18,400
NYS Pizza Healthy Style		$6,120	$7,380	$10,008	$12,600	$13,140	$13,140	$14,760	$15,300	$19,080	$19,620	$19,800	$9,900
NYS Pizza Vegetarian		$3,420	$4,104	$5,472	$6,840	$7,125	$7,125	$7,980	$8,170	$8,265	$10,545	$10,830	$5,700
NYS Pizza Special		$2,520	$2,940	$3,360	$4,200	$4,620	$5,250	$5,670	$6,930	$7,350	$7,980	$8,820	$4,410
Other		$2,000	$2,250	$2,250	$2,500	$2,750	$3,000	$3,500	$3,750	$4,000	$4,250	$4,500	$2,250
Total Sales		$26,540	$32,034	$41,890	$50,780	$54,355	$56,035	$60,710	$63,750	$70,855	$76,795	$80,750	$40,660
Direct Unit Costs		Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
NYS Pizza for All	0.00%	$8.32	$8.32	$8.32	$8.32	$8.32	$8.32	$8.32	$8.32	$8.32	$8.32	$8.32	$8.32
NYS Pizza Healthy Style	0.00%	$9.36	$9.36	$9.36	$9.36	$9.36	$9.36	$9.36	$9.36	$9.36	$9.36	$9.36	$9.36
NYS Pizza Vegetarian	0.00%	$9.88	$9.88	$9.88	$9.88	$9.88	$9.88	$9.88	$9.88	$9.88	$9.88	$9.88	$9.88
NYS Pizza Special	0.00%	$10.92	$10.92	$10.92	$10.92	$10.92	$10.92	$10.92	$10.92	$10.92	$10.92	$10.92	$10.92
Other	0.00%	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00
Direct Cost of Sales													
NYS Pizza for All		$6,490	$7,987	$10,816	$12,813	$13,894	$14,310	$14,976	$15,392	$16,723	$17,888	$19,136	$9,568
NYS Pizza Healthy Style		$3,182	$3,838	$5,204	$6,552	$6,833	$6,833	$7,675	$7,956	$9,922	$10,202	$10,296	$5,148
NYS Pizza Vegetarian		$1,778	$2,134	$2,845	$3,557	$3,705	$3,705	$4,150	$4,248	$4,298	$5,483	$5,632	$2,964
NYS Pizza Special		$1,310	$1,529	$1,747	$2,184	$2,402	$2,730	$2,948	$3,604	$3,822	$4,150	$4,586	$2,293
Other		$1,040	$1,170	$1,170	$1,300	$1,430	$1,560	$1,820	$1,950	$2,080	$2,210	$2,340	$1,170
Subtotal Direct Cost of Sales		$13,801	$16,658	$21,783	$26,406	$28,265	$29,138	$31,569	$33,150	$36,845	$39,933	$41,990	$21,143

Table: Personnel

Personnel Plan		Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
Manager	0%	$1,900	$1,900	$1,900	$1,900	$1,900	$1,900	$1,900	$1,900	$1,900	$1,900	$1,900	$1,900
Cook	0%	$1,700	$1,700	$1,700	$1,700	$1,700	$1,700	$1,700	$1,700	$1,700	$1,700	$1,700	$1,700
Kitchen Staff Member	0%	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600
Servers (2)	0%	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200
Bonuses and Incentives	0%	$650	$650	$650	$650	$650	$650	$650	$650	$650	$650	$650	$650
Other	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total People		5	5	5	5	5	5	5	5	5	5	5	5
Total Payroll		$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050

Table: General Assumptions

General Assumptions	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Long-term Interest Rate	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Payment Delays	30	30	30	30	30	30	30	30	30	30	30	30
Sales on Credtit	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Collection Period (days)	40	40	40	40	40	40	40	40	40	40	40	40
Inventory on Hand (days)	21	21	21	21	21	21	21	21	21	21	21	21
Inflation Rate	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%
Max Op. Capacity (pizzas/day)	400	400	400	400	400	400	400	400	400	400	400	400
Other	0	0	0	0	0	0	0	0	0	0	0	0

Table: Profit and Loss

Pro Forma Profit and Loss													
		Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
Sales		$26,540	$32,034	$41,890	$50,780	$54,355	$56,035	$60,710	$63,750	$70,855	$76,795	$80,750	$40,660
Direct Costs of Goods		$13,801	$16,658	$21,783	$26,406	$28,265	$29,138	$31,569	$33,150	$36,845	$39,933	$41,990	$21,143
Other Production Expenses		$690	$833	$1,089	$1,320	$1,413	$1,457	$1,578	$1,658	$1,842	$1,997	$2,100	$1,057
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Cost of Goods Sold		$14,491	$17,491	$22,872	$27,726	$29,678	$30,595	$33,148	$34,808	$38,687	$41,930	$44,090	$22,200
Gross Margin		$12,049	$14,543	$19,018	$23,054	$24,677	$25,440	$27,562	$28,943	$32,168	$34,865	$36,661	$18,460
Gross Margin %		45.40%	45.40%	45.40%	45.40%	45.40%	45.40%	45.40%	45.40%	45.40%	45.40%	45.40%	45.40%
Expenses													
Payroll		$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050
Sales and Marketing and Other Expenses		$1,500	$1,200	$1,200	$500	$500	$500	$500	$500	$400	$400	$400	$400
Depreciation		$833	$833	$833	$833	$833	$833	$833	$833	$833	$833	$833	$833
Office Supplies		$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100
Utilities		$550	$550	$550	$550	$550	$550	$550	$550	$550	$550	$550	$550
Insurance		$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750
Rent		$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
Payroll Taxes and Benefits	29%	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625	$2,625
Other		$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300
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Total Operating Expenses		$17,708	$17,408	$17,408	$16,708	$16,708	$16,708	$16,708	$16,708	$16,608	$16,608	$16,608	$16,608
Profit Before Interest and Taxes		($5,658)	($2,864)	$1,611	$6,347	$7,970	$8,732	$10,855	$12,235	$15,561	$18,257	$20,053	$1,852
EBITDA		($4,825)	($2,031)	$2,444	$7,180	$8,803	$9,565	$11,688	$13,068	$16,394	$19,090	$20,886	$2,685
Interest Expense		$595	$590	$585	$580	$575	$570	$565	$560	$555	$550	$545	$540
Taxes Incurred		($1,876)	($1,036)	$308	$1,730	$2,218	$2,449	$3,087	$3,503	$4,502	$5,312	$5,852	$394
Net Profit		($4,377)	($2,418)	$718	$4,037	$5,176	$5,714	$7,203	$8,173	$10,504	$12,395	$13,656	$918
Net Profit/Sales		-16.49%	-7.55%	1.71%	7.95%	9.52%	10.20%	11.86%	12.82%	14.82%	16.14%	16.91%	2.26%

Table: Cash Flow

Pro Forma Cash Flow		Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
Cash Received													
Cash from Operations													
Cash Sales		$22,559	$27,229	$35,607	$43,163	$46,202	$47,630	$51,604	$54,188	$60,227	$65,276	$68,638	$34,561
Cash from Receivables		$0	$2,787	$4,558	$5,840	$7,217	$7,992	$8,330	$8,896	$9,426	$10,309	$11,252	$11,935
Subtotal Cash from Operations		$22,559	$30,016	$40,164	$49,003	$53,419	$55,622	$59,933	$63,084	$69,652	$75,584	$79,889	$46,496
Additional Cash Received													
Sales Tax, VAT, HST/GST Received	8.50%	$2,256	$2,723	$3,561	$4,316	$4,620	$4,763	$5,160	$5,419	$6,023	$6,528	$6,864	$3,456
New Current Borrowing		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Other Liabilities (interest-free)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Long-term Liabilities		$30,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Other Current Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Long-term Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Investment Received		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Received		$54,815	$32,738	$43,725	$53,319	$58,039	$60,385	$65,094	$68,502	$75,675	$82,112	$86,753	$49,952
Expenditures		Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
Expenditures from Operations													
Cash Spending		$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050	$9,050
Bill Payments		$546	$16,729	$26,992	$35,306	$40,340	$40,703	$41,239	$45,495	$47,092	$53,359	$56,897	$57,270
Subtotal Spent on Operations		$9,596	$25,779	$36,042	$44,356	$49,390	$49,753	$50,289	$54,545	$56,142	$62,409	$65,947	$66,320
Additional Cash Spent													
Sales Tax, VAT, HST/GST Paid Out		$2,256	$2,723	$3,561	$4,316	$4,620	$4,763	$5,160	$5,419	$6,023	$6,528	$6,864	$3,456
Principal Repayment of Current Borrowing		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Liabilities Principal Repayment		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Long-term Liabilities Principal Repayment		$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500
Purchase Other Current Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Long-term Assets		$30,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Dividends		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$17,892
Subtotal Cash Spent		$42,352	$29,002	$40,103	$49,172	$54,510	$55,016	$55,949	$60,464	$62,665	$69,436	$73,311	$88,168
Net Cash Flow		$12,463	$3,736	$3,622	$4,147	$3,529	$5,369	$9,144	$8,039	$13,010	$12,675	$13,442	($38,216)
Cash Balance		$22,463	$26,199	$29,821	$33,968	$37,497	$42,866	$52,011	$60,049	$73,060	$85,735	$99,177	$60,961

Table: Balance Sheet

Pro Forma Balance Sheet													
		Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
Assets	Starting Balances												
Current Assets													
Cash	$10,000	$22,463	$26,199	$29,821	$33,968	$37,497	$42,866	$52,011	$60,049	$73,060	$85,735	$99,177	$60,961
Accounts Receivable	$0	$3,981	$5,999	$7,725	$9,502	$10,438	$10,851	$11,628	$12,294	$13,497	$14,708	$15,568	$9,733
Inventory	$15,000	$10,351	$12,493	$16,337	$19,804	$21,198	$21,854	$23,677	$24,863	$27,633	$29,950	$31,493	$15,857
Other Current Assets	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000
Total Current Assets	$34,000	$45,794	$53,692	$62,884	$72,275	$78,134	$84,571	$96,316	$106,206	$123,190	$139,393	$155,238	$95,551
Long-term Assets													
Long-term Assets	$50,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000
Accumulated Depreciation	$0	$833	$1,666	$2,499	$3,332	$4,165	$4,998	$5,831	$6,664	$7,497	$8,330	$9,163	$9,996
Total Long-term Assets	$50,000	$79,167	$78,334	$77,501	$76,668	$75,835	$75,002	$74,169	$73,336	$72,503	$71,670	$70,837	$70,004
Total Assets	$84,000	$124,961	$132,026	$140,385	$148,943	$153,969	$159,573	$170,485	$179,542	$195,693	$211,063	$226,075	$165,555
Liabilities and Capital		Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
Current Liabilities													
Accounts Payable	$0	$15,839	$25,821	$33,962	$38,983	$39,334	$39,724	$43,932	$45,317	$51,464	$54,939	$56,795	$13,749
Current Borrowing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Current Liabilities	$0	$15,839	$25,821	$33,962	$38,983	$39,334	$39,724	$43,932	$45,317	$51,464	$54,939	$56,795	$13,749
Long-term Liabilities	$30,000	$59,500	$59,000	$58,500	$58,000	$57,500	$57,000	$56,500	$56,000	$55,500	$55,000	$54,500	$54,000
Total Liabilities	$30,000	$75,339	$84,821	$92,462	$96,983	$96,834	$96,724	$100,432	$101,317	$106,964	$109,939	$111,295	$67,749
Paid-in Capital	$101,500	$101,500	$101,500	$101,500	$101,500	$101,500	$101,500	$101,500	$101,500	$101,500	$101,500	$101,500	$101,500
Retained Earnings	($47,500)	($47,500)	($47,500)	($47,500)	($47,500)	($47,500)	($47,500)	($47,500)	($47,500)	($47,500)	($47,500)	($47,500)	($65,392)
Earnings	$0	($4,377)	($6,795)	($6,077)	($2,041)	$3,136	$8,849	$16,052	$24,225	$34,729	$47,124	$60,779	$61,698
Total Capital	$54,000	$49,623	$47,205	$47,923	$51,959	$57,136	$62,849	$70,052	$78,225	$88,729	$101,124	$114,779	$97,806
Total Liabilities and Capital	$84,000	$124,961	$132,026	$140,385	$148,943	$153,969	$159,573	$170,485	$179,542	$195,693	$211,063	$226,075	$165,555
Net Worth	$54,000	$49,623	$47,205	$47,923	$51,959	$57,136	$62,849	$70,052	$78,225	$88,729	$101,124	$114,779	$97,806