Aegis Performance Apparel

Business Plan
David Dobkin
Annemarie Dillard
The University of Southern California

This business plan is intended solely for informational purposes for a due-diligence investigation of this project. The information contained herein is believed to be reliable, but the management team makes no representations or warranties with respect to this information. The financial projections that are part of this plan represent estimates based on extensive research and on assumptions considered reasonable, but they are of course not guaranteed. The contents of this plan are confidential and are not to be reproduced without express written consent.
Executive Summary

Getting hurt on the slopes is no fun. Not only is the injury bad, but also the pain, doctor’s visits, ruined vacations, loss of job productivity, and above all, no more skiing or snowboarding that season. People go to the mountains to have fun, not to get hurt. The success of the X games and the desire to "go big" are sending more snowriders to the mountains—and to the hospital. Even though snowsports participants are increasingly aware of the possibility of injury, outside of a helmet, injury protection is not widely available. Aegis Performance Apparel ("Aegis" or the "Company") will answer the call.

Company Concept
Aegis will provide integrated snowsports apparel that combines fashion, function, and protection to the risk-conscious snowsports participant, allowing for feelings of security, freedom, and peace of mind. Targeted direct customers for the line include specialty snowsports apparel retailers, and the targeted end consumers will be Generation X and Y, intermediate to advanced snowsports enthusiasts who are weary of injury and seek a viable medium of protection. Distribution will occur on an annual basis, products being shipped directly to retailers who will then be responsible for selling goods to end consumers.

Industry and Market Potential

The Snowsports Industry—High Growth:
As the fastest-growing segment of the sports entertainment industry, the action sports industry accounts for over $12 billion in annual sales. Over the last 20 years, the participation in and growth of the action sports industry have skyrocketed. Of the action sports, snowsports (more specifically, skiing and snowboarding) are growing at nearly 13% annually, accounting for $2.1 billion in sales in 2003. Today, the snowsports apparel industry alone is a $1.2 billion dollar industry, not including the accessories market, consisting of helmets, eyewear, and protective gear. Current snowsports apparel manufacturers are not focused on injury prevention and, as a result, have not been able to launch such a product line successfully.

Aegis has identified the primary target market to be specialty retail stores catering to generation X and Y (ages 12–34) skiers and snowboarders in the United States. Currently, the market size is $650 million. After considering the responses to Aegis’s surveys and the current market for helmets, Aegis estimates the demand for Aegis’s products to be $325 million.

Management
Entrepreneurs
The entrepreneurs behind Aegis Performance Apparel include Annemarie Dillard and David Dobkin. Annemarie comes to Aegis with years of experience in the fashion industry (including Dillard’s Inc., BCBG Maxazria and Left Coast Style), as well as a business degree in entrepre-

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3 The demand is calculated to be the mean of affirmatives survey interest (60%) and helmet users (37%) times 2003 apparel sales.
neurship from the University of Southern California. David Dobkin, a Ph.D. candidate in biomedical engineering from USC, was a health care investment banker at Wasserstein Perella in New York, completing deals in biotechnology, medical devices, and services. David was founder of Dealprovider.com, a Web-based deal-finder, and managed a staff of over 100 for Versity.com, an online-notes company. David also brings his experience as a competitive skier and ski instructor at Breckenridge and Mammoth Mountains.

Board of Directors
The board of directors advising Aegis has considerable experience in retail apparel, action sports, and the snowsports industry. Board members include Alex Dillard, president of Dillard's Inc.; Matthew Levenson, CEO of 9star; and Rusty Gregory, CEO of Mammoth Mountain.

Operations
As a start-up entity, Aegis will outsource most of the workflow to third parties. A trading company will oversee the manufacturing of the product line and shipping to the United States. A third party will be used for warehousing and distribution to retailers. Aegis will hire independent designers to produce the initial designs of Aegis. The founding members will perform sales and marketing duties.

After the initial roll-out of the product line, a sales team and back office support will be hired. Support duties will include customer service, order fulfillment, and office management. Other possible hires include a design team and general manager.

Marketing
Aegis's marketing initiatives will raise awareness of Aegis products, work to establish a viable need for protection, and inspire purchases from both direct and end consumers. Aegis will target both retailers and end users through directed marketing campaigns, tradeshows, and grassroots approaches.

Financials
Aegis believes that a targeted marketing campaign and end-user demand will lead to rapid sales and margin growth from 2006 onward. The projected results are dependent on the successful implementation of management's strategies and are based on industry research.

Table 1: Summary of Financials

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Business Concept

Concept Statement
Aegis Performance Apparel will provide integrative snowsports apparel that combines fashion, function, and protection to the risk-conscious snowsports participant, allowing for feelings of security, freedom, and peace of mind. Targeted direct customers for the line include specialty snowsports apparel retailers, and the targeted end consumers will be Generation X and Y, intermediate to advanced snowsports enthusiasts who are weary of injury and seek a viable medium of protection. Independently contracted designers, who will work with management to source goods from fabric producers, will design the product line. Actual goods production will be subcontracted through an independent trading company to factories in China and India in order to take advantage of manufacturing superiority and price competitiveness. Distribution will occur on an annual basis, products being shipped directly to retailers who will then be responsible for selling goods to end consumers.

Company Culture
Mission
Aegis Performance Apparel seeks to provide high-quality, protective apparel that offers an integrated and unique combination of fashion, function, and protection, allowing for the ultimate snowsports experience.

Core Values
• Integrity
• Responsibility
• Passion for product
• Commitment to quality
• Dedication to customers

Product
Initially, the primary focus will be on jackets and pants that offer a removable fitted protective padding layer incorporated into a fashionable shell, as well as integrated knee braces. Key focuses of protective features will include support and protection for areas of the body identified as being at high risk of injury during participation in snowsports.

Design for protective measures of Aegis products has been undertaken. Aegis is in the preliminary stages of obtaining intellectual-property rights for the designs: working with patent lawyers to establish patentable material, determining appropriate protective materials, and seeking a designer for the development of prototypes.

Benefits:
The products of Aegis will provide undisputable benefits for its consumers.
• Security: The protective aspects of the products provide snowsports participants a feeling of security while participating in their sport.
• Freedom: The products offer security and protection while integrating a comfort that allows wearers the feeling of freedom of activity.
• **Peace of Mind:** Through the comprehensive integration of fashion, protection, and comfort, Aegis is able to provide consumers with peace of mind while they participate in snowsports.

**Customers**
Aegis will target retailers who are actively looking to offer bundled products that increase profit margins and who, due to industry seasonality, participate in a narrow window of time for turning inventory, requiring timely delivery of goods with impeccable products that will promote sales for the store. Aegis seeks to target end consumers in Generation X and Y, upper-middle class, price-conscious, moderately risk-averse, avid snowsports enthusiasts who are intermediate to advanced skiers and snowboarders. They are impressionable by sports and entertainment and to some degree follow the various aspects of the extreme-sports market. They are social and enjoy participating in snowsports in groups. Often on top of the latest fashion trends, they wish to portray that quality to others in their social circle, while at the same time having functional gear that offers a nearly uninhibited freedom of movement.

**Market Opportunity**
The Snowsports apparel industry is in the midst of significant growth. Given the increased acceptance of freestyle snowriding popularized by mainstream media in the form of the X Games on ABC/ESPN and the Gravity Games on NBC, the number of snowriders participating in the sport has never been higher. Consequently, the number of snowrider injuries has far outstripped the increased number of participants. Currently, there are limited preventive orthopedic products available in the market, and no brand has been able to successfully launch a protective layer integrated into a fashionable shell. In survey research, Aegis was able to establish a relatively high demand for such a product in the current marketplace.

**Growth Opportunity**
Due to the nature of Aegis's products, there are many possible outlets for growth:
• Aegis brand product extensions
• Expansion into new demographics
• Expansion into new markets
• Direct sales to end consumers

**Distribution**
Distribution will occur primarily through snowsports retailers. Guerilla marketing tactics, coupled with various publicity stunts and grassroots word of mouth, will be the primary means for marketing the line in order to keep costs down. Because Aegis's target demographic is young and impressionable by celebrities, snowsports "heroes," and current market trends, Aegis will endorse various celebrities and competitions in order to establish the line as "all the rage." While marketing methods aimed at consumers will double to gain retailer attention, marketing to retailers will occur primarily through the use of advertisements in leading industry trade journals, press and public relations packets, and presence and advertisement at industry trade show events.
Entrepreneurs
The entrepreneurs behind Aegis Performance Apparel are Annemarie Dillard and David Dobkin. Annemarie comes to Aegis with an "entrepreneurship emphasis" business degree from the University of Southern California, as well as years of experience in the fashion industry, including internships with the Los Angeles-based consumer and product research company Left Coast Style, BCBG Maxazria (including visual merchandising and sales departments), and Dillard's, Inc., as well as experience working on a live marketing project for the JWT agency in Los Angeles. David Dobkin comes to Aegis with a degree in biomedical engineering from Columbia University and is in the process of obtaining a Ph.D. in biomedical engineering from USC, conducting his research on tendon and ligament tissue engineering. Prior to pursuing his doctorate, David was a health care investment banker at Wasserstein Perella in New York, completing deals in biotechnology, medical devices, and services. David was founder of Deal-provider.com, a Web-based deal-finder, and managed a staff of over 100 for Versity.com, an online-notes company. David also brings his experience as a competitive skier and ski instructor at Breckenridge and Mammoth Mountains.

Business Model
The Aegis business model consists of manufacturers, wholesalers, and retailers. Aegis, the wholesaler, will design and order snowsports apparel from the manufacturers and sell directly to specialty retailers. The retailer will then sell direct to the consumers. Although individually, snowsports apparel and protective gear are not unique, the combination of the two can be widely patented. In addition to the primary retail revenue source, Aegis will aggressively market directly to ski resorts as an option for staff uniforms. In an effort to keep worker compensation costs low, an injury-preventive uniform would be in high demand. Associated costs of the business include designer fees, intellectual-property and legal fees, inventory float, labor, marketing and advertising, and insurance. Due to the nature of the business, the initial investment will target the 2006-2007 season, with the initial orders coming in spring of 2006. The critical success factors for Aegis include verification of the target market and of demand, and creating awareness.

The Snowsports Industry and Market Analysis
The Snowsports apparel industry is in the midst of significant growth. Given the increased acceptance of the freestyle snowriding popularized by mainstream media in the form of the X Games on ABC/ESPN and the Gravity Games on NBC, the number of snowriders participating in the sport has never been higher. Consequently, the number of snowrider injuries has far outstripped the increased number of participants.

Today, the snowrider apparel industry is highly fragmented, with many apparel lines vying for market share. Among all brands, only a few companies have been able to acquire sizable market share. Established ski apparel companies have specialized and differentiated to appeal to
niches including ski racing (Spyder and Phoenix), high fashion (Nils and Bogner), and backcountry technical (The North Face and Mountain Hardware). Most of the other companies, including 686, Sessions, and Volcom, especially in the snowboard segment, are unorganized and have not aggressively entered the industry. This industry is in the growth stage, allowing for significant market penetration given proper execution.

Industry Background:

The Snowsports Industry - High Growth
The action sports industry, the fastest-growing segment of the sports entertainment industry, accounts for over $12 billion in annual sales. Over the last 20 years, the participation in and growth of the action sports industry have skyrocketed. Of the action sports, snowsports (more specifically, skiing and snowboarding) are growing at nearly 13% annually, accounting for $2.1 billion in sales in 2003. Snowrider visits totaled 57.6 million during the 2002-2003 season, the highest ever: a 5.8% increase over the previous high in 2000-2001 and 11.3% above the running average from 1978 to 1979. Given the superior snowfall this season, the number of snowrider days is expected to grow even further. Ski resorts are embracing additional snowsports, offering terrain parks, tubing parks, upgrading, and first-time skier/children's facilities that are drawing more long-term participants.

Snowsports Evolution
With the advent of easy-turning shaped skis, the boom in the market for female-specific equipment, and the explosive growth of the X Games in the youth market, former diehard snowboarders are turning to skiing as an alternative to sliding down the mountain. The advent of twin-tip skis has allowed the sport to “progress” in unexpected directions, catching a new wave of growth for the entire snowsports industry. More important, the line between skiing and snowboarding is beginning to blur, with increased numbers of skiers in the terrain parks and fashion trends worn by all snowsports riders.

Orthopedic Products Industry
The non-operative orthopedics industry is currently focused on post-injury products designed for patients with slight to moderate injuries. Due to the curative rather than preventive nature of the health care industry, knee bracing has not been widely marketed as a preventive measure despite studies indicating the beneficial effects. In this $1.6 billion industry, DJ Orthopedics and Biomet are the major competitors. These companies manufacture and sell both functional (post-injury) and prophylactic (preventive) knee braces directly to doctors and require a prescription. Functional knee braces are custom fit, whereas prophylactic braces can be adjusted for multiple people. Current research indicates that these two braces do not differ in ef-

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7 CNN.com, U.S. Ski Resorts could see record year, 1/12/05.
fectiveness on subjects whose ligaments are intact. These prescribed knee braces can cost up to $1000. As a result, there is little purpose in investing in a custom-fit brace for injury prevention.

Increase in Injuries
From the 1970s to the early 1990s the absolute incidence of snowsports injuries decreased by 50%. Recently, however, injuries have been on the increase. With the addition of terrain features and popularization of the X Games, snowsports injuries are rapidly on the rise. Mountain High, based in Big Bear Lake, California, in January 2005 had surpassed its previous record 2003-2004 injury total by over 500 on-mountain injuries.

Statistically, snowsports are safer than full-contact sports, but as the slopes become more crowded, snowsports enthusiasts are becoming more aware about the severity and increased incidence of injury. Unlike participants in contact sports, most snowsports enthusiasts approach the sport for recreation, rather than for competition, and cannot risk injury. The snow industry as a whole has made a recent push to educate participants about the inherent dangers of snowsports. In 2004, the American Association of Snowboard Instructors, along with the National Ski Patrol and the Professional Ski Instructors of America, produced public service announcements that aired on ESPN, Outdoor Life Network, Resort Sports Network, MTV, and major and local stations near ski areas from December to March. As a result, participant consciousness of potential injuries has increased, resulting in higher sales of protective wear.

Protective Gear
The introduction of the ski helmet has presented a new revenue stream to the once stale ski industry. More skiers and riders are aware of the inherent dangers associated with snowriding and are actively taking precautionary measures. Other current protection measures include using motocross body armor, wrist guards, impact shorts, and kneepads. According to the National Ski Areas Association, more than 654,000 helmets were sold last season, ten times the number sold in the past six years combined.

Please see appendix for Helmets Sold.

Snowsports Apparel Industry Overview
Today, the snowsports apparel industry alone is a $1.2 billion industry. This number does not include the accessories market, consisting of helmets, eyewear, and protective gear. Two key characteristics of the industry are seasonality and dynamism.
• **Seasonality:**

  - The snowsports apparel industry is highly seasonal, with the vast majority of sales occurring between August and February each year, coinciding with the snowsports season. This creates a cyclical effect in which inventory is renewed on a yearly basis. Products are sold at an industry-wide standard margin of 50%.

• **Dynamism:**

  - Snowsports apparel is moving away from the mountaineering motif, with snowriders opting instead for fashion and style. Urban trends are a big influence in snowrider looks, as is versatility—the ability to go from the slopes to the bar or town.¹⁸
  - Snowboarding has matured from a fringe sport with counter-culture styles to adopt the warmth, functionality, and comfort normally associated with ski apparel.
  - Outerwear technology has greatly increased. New fabrics have enabled designers to make lighter outfits with more flexibility and less noise, allowing the snowrider to stay more comfortable in a greater range of conditions. According to Bill Post, president of Sport Obermeyer, a leading skiwear manufacturer based in Aspen, Colorado, “technology sells.” He strongly believes that any new form of technology drives trends in the marketplace and is nearly always a huge hit for his company.¹⁹
  - 2004-2005 early-season sales figures from specialty stores indicate a 3% increase in year-on-year sales with a 1% increase in unit growth. Ski apparel shot up 12% for tops and 4% for bottoms, while snowboard apparel declined 22%. This trend indicated a blurring of the line between skiers and snowboarders with more crossover between sports and a resurgence of skiing.

• **Future Trends:**

  - Increasingly, more snowriders are more aware of the inherent dangers of injury in the sport created by the new extreme style of the sport. As the number of injuries increases, there will be a sizable need for effective whole-body protection.
  - The segmentation style of the industry between skiing and snowboarding will disappear, and all snowriders will consider themselves part of the same fraternity.²⁰
  - Addressing the greatest barrier to growth in the industry, retaining first-time skiers, ski resorts are going to considerable effort to lower the cost of lifts, rentals, and lessons, creating “First Timer” packages and building “I can do it” centers focused on making the process of getting on snow as easy as possible. These efforts will lead to a larger snowrider base and to overall growth of the industry.

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²⁰ “This Motorcycle Event Is No Snow Job”. *Los Angeles Times*, 1/31/05, D11.
Market Analysis
Aegis has identified the primary target market to be specialty retail stores catering to genera-
tion X and Y (ages 12-34) skiers and snowboarders in the United States. Currently the market
trend is $650 million, with over 8,500 retailers in the United States. The demand for Aegis prod-
ucts, taking into account the responses to Aegis’s surveys and the current market for helmets,
is considered to be $325 million.21

Key Factors: Snowsport Participants
There are approximately 15 million snowriders in the United States: 8 million skiers and 7 mil-
lion snowboarders.22 Of this population, 53% of skiers and 93% of snowboarders fall into the
Gen XY demographic. Almost 80% of skiers and 65% of snowboarders have a combined
household income greater than $50,000.

Target Market Analysis
The snowsports apparel retail market can be segmented into chain retailers and specialty
retailers.

• Specialty retailers account for 80% of snowsports sales annually.23 These re-
tailers tend to appeal to various niche markets within the snowsports industry:
  snowboarding, high fashion, outdoor sports, etc.
• Chain retailers tend to appeal to multiple sports and carry lower-end products
  for each sport.

Customer Profile: Specialty Retailers
A specialty retailer has intimate knowledge of the snowsports industry and the year-on-year
trends. These retailers want to increase their profits and turn their inventory faster. They under-
stand that the Gen XY market is the driving force in the industry and that their desires drive de-
mand. These retailers look to achieve higher margins through the bundling of products, as ex-
emplified by the integration of the ski and binding systems.

Primary Research
Consumer Test
In order to establish a need for the product, as well as to obtain information about Aegis's tar-
geted end consumers, 150 surveys of snowsports participants were collected at mountain re-
sort sites, including Steamboat, Aspen/Snowmass, and Mammoth Mountain, as well as
through the USC ski and snowboard club.

Please refer to the appendix sections “Consumer Test Methodology,” “Survey,” and “Survey
Results.”

Results of the test suggested a high demand for Aegis's product, with 80% of those surveyed
replying either yes or maybe when asked whether they would be interested in purchasing the
product. The test identified the percentage of helmet wearers or users of other protective gear.

21 The demand is calculated to be the mean of affirmative survey interest (60%) and helmet users (37%) times 2003 apparel sales.
This group accounted for over one-third of all surveyed. Aegis plans to target this group because they already recognize the need for safety precautions while participating in snowsports. *(Please refer to the appendix section “Product Interest.”)*

Investigation of Aegis’s primary research reveals that there is a wide interest among snowriders in Aegis products. Further analysis shows that snowboarders tend to have a greater interest than skiers, with 86% of snowboarder interested and 75% of skiers interested. The only demographic to show only moderate interest was male skiers aged 20-29, with 55% interest.

**Market Entry**
Aegis plans to enter the market with a specialized line targeted toward both male and female snowboarders to be sold to specialty retailers. Because larger chain retailers are less likely to take risk on a new product line, Aegis will introduce its products through specialized retailers with intimate knowledge of the space.

Aegis will seek intellectual-property protection on its designs to prevent competitors from infringing on Aegis’s ideas.

Aegis will initially target the U.S. retail snowsports market. After a successful launch and achievement of brand awareness, the underlying Aegis technology can be applied to other markets and industries. Aegis will build upon the current base of snowriders and increase the market for apparel by bringing into the sport people who are fearful of falling and getting injured.

**Barriers to Entry**
The barriers to entry in the snowsports apparel industry are relatively high, given the seasonality of the business, and the need to achieve economies of scale with one turn of the inventory a season, requiring sizable market penetration. Brand loyalty is also a significant barrier, requiring large efforts in marketing in order to gain market penetration.
Value Chain Analysis

- Margins: approx. 50% 50% 50% 50%
- Location: Asia Asia USA USA

The value chain for the snowsports apparel industry is highly linear, with margins steady throughout. Although snowsports account for significant sales, the fragmentation of the retailers, distribution of products to the consumer, and the seasonal nature of the industry have limited the cost efficiencies that can be acquired through value chain integration.

Competitor Analysis

As of today, no snow wear provider has been able to successfully integrate a removable protective layer into a fashionable outer shell. However, Aegis will still face competition. Competition for Aegis can be broken down into the following categories: mass sporting goods manufacturers, snowboard-specific, ski-specific, gender-specific, and protective wear providers (please refer to the appendix). Although there are numerous companies specializing in various areas, few have established any significant market share. The industry is in the growth stage, so significant market penetration is possible given proper execution.

Direct Competition

There are a number of snowsports apparel companies in the market. These companies, however, do not actively manufacture products for injury prevention. Aegis believes that it has discovered an underserved niche.

Indirect Competition

Currently, snowriders who wish to buy protective apparel are forced to buy products made for other industries, including motocross and hockey. These companies present a direct threat to Aegis if they decided to enter the snowsports apparel market.

(Please see the appendix section “Competition.”)

Competitive Advantage

Aegis is well prepared to enter the protective apparel market. In addition to Aegis’s expertise in retail manufacturing and sales, Aegis has intimate biomedical knowledge that will create patented product designs for Aegis’s products. Consumers will be drawn to the functionality and fashion of the product line, unmatched by other available products. Aegis’s unique capability to incorporate protective elements into a fashionable shell provides benefits not currently available to the snowsports market.

Management

Both David Dobkin and Annemarie Dillard will share duties during the start-up phase of Aegis. After the initial launch, Aegis will outsource a designer, manufacturing, and distribution and eventually a sales team. Initial oversight of each entrepreneur will be as follows:
• David Dobkin will be responsible for aspects related to overall operations and to product sales and distribution of goods. Using his background in finance, Mr. Dobkin will oversee the financial aspects of Aegis. Using his biomedical engineering experience, Mr. Dobkin will also work closely with the designer to help devise protective aspects for the apparel.

• Annemarie Dillard will be responsible for oversight of all product development and production and will use her background in fashion in working closely with the designer to ensure quality products for Aegis. Ms. Dillard will also use her experience in marketing to effectively promote Aegis.

All other tasks will be shared equally by Mr. Dobkin and Ms. Dillard.

Company Organization

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Management Team

**David Dobkin**

David Dobkin brings ski industry experience, biomedical engineering experience, and financial and operations expertise to the Aegis team. Currently, Mr. Dobkin is a Ph.D. candidate at the University of Southern California in biomedical engineering. His research focuses on tendon and ligament tissue engineering at Childrens Hospital Los Angeles. Mr. Dobkin is currently a ski instructor for Mammoth Mountain, California, and previously worked in that capacity for Breckenridge, Colorado. He has competed in both collegiate racing and professional ski competitions. Recently, Mr. Dobkin was an investment-banking analyst at Wasserstein Perella, as a member of the heath care group where he was working on deals in biotech, medical devices, and health care services. Before that, Mr. Dobkin founded Dealprovider.com, a Web-based deal finder service. Mr. Dobkin also served as Campus Operations Manager for Versity.com, a collegiate note-taking business where he managed a staff of over 100 people. Mr. Dobkin graduated from Columbia University with a Bachelor of Science Degree in biomedical engineering.

**Annemarie Dillard**

Annemarie Dillard will come to Aegis upon graduation from the Marshall School of Business at the University of Southern California with an emphasis in entrepreneurship. Having been on the Dean's List for five semesters in college, Ms. Dillard brings hard work and diligence, as well as a background in both entrepreneurship and the fashion retail industry. As the president of
her sorority, Ms. Dillard has experience in leadership positions and will be able not only to aid in the foundation of Aegis but also to assist in the day to day running of the business. Ms. Dillard comes with many in-depth experiences in the fashion industry. With internships at one of the most successful contemporary women's fashion houses, BCBG, the research and buying offices of Left Coast Style, and the second largest upscale department store chain in the United States, Dillard's, Inc, Ms. Dillard brings a working knowledge of the apparel-manufacturing process. Ms. Dillard has been an avid skier since the age of three and spends a significant amount of the winter season on the mountain.

Note: Please refer to the appendix section "Résumés" for more information.

Board of Directors
A board of directors of experienced industry leaders will help to guide the progress of Aegis while also serving as mentors for the entrepreneurs and as expert references. Board members to date include

- **Rusty Gregory**: CEO of Mammoth Mountain, California. Mr. Gregory brings overall expertise in the snowsports industry.
- **Alex Dillard**: Currently president and board member of the retail department store chain Dillard's, Inc., based in Little Rock, Arkansas. Mr. Dillard brings extensive knowledge of the retail and manufacturing industry, as well as a background in snowsports as an avid enthusiast for over 30 years.
- **Matthew Levenson**: The current CEO and president of 9star, Inc., an Action Sports “category killer” retailer located in Los Angeles, California. Mr. Levenson brings to Aegis strong familiarity with action sports and retailing.

Note: Please refer to appendix section "Board Member Profiles" for more information.

Management Philosophy
The Aegis management aims to create a company that promotes innovation while maintaining a reliable, efficient, and enjoyable work environment. Aegis understands the importance of happy employees and will work to ensure employee happiness while maintaining a successful company.

Mission
Aegis Performance Apparel seeks to provide high-quality, protective apparel that offers an integrated and unique combination of fashion, function, and protection, allowing for the ultimate snowsports experience.

Core Values
- Integrity
- Responsibility
- Passion for product
- Commitment to quality
- Dedication to customers
**Legal Structure and Ownership**
Aegis will file for incorporation as an S-Corp. The initial allotment of shares will be 49% to Mr. Dobkin and 49% to Ms. Dillard, with 2% for the board of directors. In the event of a disagreement that cannot be resolved by the owners, the board of directors will settle the dispute. A vested employee incentive plan will be established and determined, details depending on the position.

**Production and Operations**

**Organization**
As a start-up entity, Aegis will outsource most of the workflow to third parties. A trading company will oversee the manufacturing of the product line and shipping to the United States. Third parties will be used for warehousing and distribution to retailers. Aegis will hire independent designers to produce the initial designs of Aegis. The founding members will perform sales and marketing duties.

After the initial roll-out of the product line, a sales team and back office support, including customer service, order fulfillment, and office management, will be hired. The office space for headquarters will be leased in Los Angeles to oversee all functions of Aegis.

![Diagram of Production Cycle](image)

*(Please see the appendix section “Production and Distribution Cycle.”)*

**Production Plan**
The production of Aegis's products can be summarized in the following graph:

![Production Graph](image)

*Materials Sourcing*
Materials will be sourced through fabric sourcing companies directed at supplying fabric to outdoorwear providers. The materials will initially be accessed by the designers and will be purchased in minimal amounts for the construction of samples. Bulk quantities will then be purchased and shipped to the factories for production.
Sample Production
Production begins with an apparel sample. Samples will be made from the designs of freelance, independently contracted designers. Patterns will then be produced, and samples will be manufactured on an as-needed basis domestically. Upon approval of samples, an independently contracted designer will work with the factory to produce production patterns that meet the specifications of the sample garments.

Goods Manufacturing
Aegis will subcontract all manufacturing, through the trading company William E. Connors and Associates, to independent factories in China and India in order to take advantage of the lower manufacturing costs and high-quality production. Aegis will use an independent trading company to help monitor the manufacturing process and ensure that factories adhere to all international standards of manufacturing as well as to ensure the quality and timing of production. Shipping from the factories will be conducted through the trading company. Goods will be inspected for quality and stored through a third-party independent warehousing service. Goods that do not meet minimum standards of production will be shipped back to the factories to be corrected.

Pricing/Cost Model for Product
Aegis will benchmark the costs and pricing for its products to compete with high-end quality apparel. Aegis will target a 20% premium over existing prices, with a majority of the price increase passed on to retailers through the MSRP. Current cost estimates are $75 per jacket and $50 per pant. Priced at 50% margins, jackets will be sold to retailers for $150 and pants for $100. Suggested MSRP for retailers will be $330 for jackets and $225 for pants.

Distribution Plan
Goods will be shipped from the warehouse directly to retailers via parcel services through small-business accounts that will be set up through major service providers, including United Parcel Service and Federal Express.

Operations and Controls
Systems for maintaining and controlling the various operational systems of Aegis will be implemented to help manage Aegis.

Goods Quality and Inventory Control
Standards of acceptable deviances in measurements will be established for each SKU of every garment that Aegis will produce. Upon receipt of goods from factories, an in-house quality control will be performed on 20% of each item type of all incoming goods. If any items fall outside the acceptable range, all SKUs of that item in the delivery will be checked for accuracy. All items not meeting requirements will be sent back to the factory to be corrected. Each item measured will go directly into a computer system to facilitate monitoring the efficiency and number of mistakes at each factory. An evaluation of the efficiency of each factory will be conducted and used in the determination of future relationships with that factory. The system will also work to maintain an inventory of all goods and their location throughout the system.
Retailer Relationship Observance
The success of Aegis's goods relies heavily on the success of retailers. As a result, a computer observance system will be implemented to keep track of relationships with retailers. The system will be set up in separate segments in order to keep track of all aspects of the relationships.

• Orders. Customer orders will be entered for each retailer into a system, which will also work to track the order throughout Aegis's system, from the point of order, to manufacturing, to overseas shipping, warehousing, and retail shipping. Orders returned by retailers for various reasons will be categorized and reviewed. Retail percentage sell-through will be tracked as well, to the best of Aegis's ability. This will not only enable Aegis to determine which retailers are most successful with Aegis's goods, but will also show which geographic areas are most profitable, offer insight into future customer targets, and allow for an annual evaluation of retailers.

• Year-End Evaluation of Retailers. Just as customers are inevitably important to the success of Aegis, the reputation and profitability of retailers are likewise vital to the success of Aegis products. Aegis seeks to retail its goods through outlets that may best represent Aegis. Thus, information gathered from information provided by the IT system will allow for an annual review of the retailers and will be used to determine the future of Aegis's relationships with them.

• Customer Feedback. Also, at the end of every selling season, Aegis will obtain feedback on the overall service provided by Aegis in an effort to identify areas for improvement.

Cash Control
In order to ensure the accuracy of Aegis's financial statements, a CPA will be used to balance the books. Also, reviews and approvals by both entrepreneurs will be required to finalize any financial statements. In an effort to control cash exits from Aegis, all cash withdrawals from Aegis will require the signatures of both entrepreneurs.

Action Plan and Schedule (Please see the appendix section "Timeline.")

Patents and Trademarks
Measures are currently being taken to secure and trademark Aegis's name and symbol. The designs, which are considered vital to Aegis's innovative and contemporary product development, have begun to be developed, and Aegis is currently working with lawyers to establish patentable material. Patents are expected to be applied for by April 2005. Aegis shall also be established as a legal entity by that time.

Product Development
Product development will begin with the hiring of a designer by May 2005. At this point, negotiation with manufacturers will begin along with product development. Samples will be approved and produced by December 2005. Attending trade shows and selling will begin toward the end of December 2005 and extend until April 2006. The line will be in production until June 2006 and will be shipped to retailers beginning in July 2006. Development of the 2007 product line
will begin in January 2006. The reason why product development for the 2006 line will begin later than industry average is based on the time of the establishment of Aegis. Aegis believes there will be ample time to develop a first line during this time because the limited number of products that will be available for the first delivery. Beginning with the 2007 line, Aegis will follow the more popular industry product development schedule.

Other
Office Space: Office space will be located by June 2005. Until this point, business will be conducted at third-party venues and in the residences of the entrepreneurs.
Warehouse Space: Warehouse space will not have to be secured until February 2006, which will give ample time to ready the area for the first delivery, which will be received in June 2006. Goods will then be shipped during the subsequent month.

Contingency Plan
Several plans will be implemented to allow Aegis to continue in the event that certain circumstances occur.

Drastic Declines In Snowsports Participation: According to Bill Post, CEO of Sport Obermeyer, one of the largest challenges facing the snowsports industry in the future is keeping participant levels growing, given the trends toward warm-weather vacations. As a result, Aegis will attempt to keep its designs versatile so that they may be adapted to other sports. This will allow Aegis to continue its growth if a significant decline in the snowsports industry occurs.

Poor Snow Years: Given the seasonality of the snowsports industry, a poor snow season can have drastic effects on all aspects of the industry. In the event that a poor snow year does occur, and Aegis’s retailers are unable to pay for their product orders, Aegis will actively work with the retailers to reallocate the inventory at minimal cost to other retailers in better snow environments.

Forecast Demand for Aegis Products Is Too Low: In the event that retailers aggressively order from Aegis, Aegis will hire additional staff, in both sales and order fulfillment, to meet demand.

Forecast Demand for Aegis Products Is Too High: In the event that there is lackluster interest from retailers, Aegis will target individual retailers to test-run the product to accurately gauge end-user demand. If deemed successful, a wide scale launch will be undertaken in the subsequent year.

Interest Rates Significantly Increase: Although Aegis plans to rely on private investment, a loan will be taken out to cover working capital needed for the manufacturing and delivery cycle. In the event that interest rates make the cost of capital too great, subsequent private investment will be used to float the inventory.
**Patent Protection Is Not Sufficient:** Once Aegis is established, there is considerable chance that competitors will copy Aegis designs and enter into the protective apparel market. Aegis will aggressively pursue litigation to block such action based on its patents. In the event that Aegis cannot protect its interests, Aegis will rely on first-mover advantage and marketing to compete.

**Future growth and direction**

Future growth of Aegis will come through an extended product development. Although initial extensions will target the U.S. retail snowsports market, after a successful launch and heightened brand awareness, the underlying technology can be applied to other markets and industries. Aegis will build upon the current base of snowriders and increase the market for apparel by bringing into the sport people who are fearful of falling and getting injured. The following are possible means of expansion:

**Snowsports Product Extensions**
- Goggles and Sunglasses
- Gloves
- Helmets
- Integrated fleece
- Stand-alone knee brace

**New Demographics**
- Children’s Snowsports Apparel
- *Snow Industry Uniforms:* The high and rapidly increasing workers’ compensation liability that ski resorts currently assume makes the adoption of the Aegis line for uniformed employees a natural fit, leading to a reduction in on-the-job injuries.

**New Markets**
- *International Markets:* After Aegis has been able to establish itself in the United States, there will be opportunity to expand, offering Aegis products to international markets.
- *Other Action Sports Apparel:* The patented protection aspects can probably be easily integrated into apparel for other sports, including football, motocross, skateboarding, horseback riding, BMX, etc.
- *Military Fatigues:* There may be opportunities to adapt Aegis’s protective technology to the vast market of military needs.

**Direct Sales**

After Aegis has been established and has become familiar with the manufacturing process, independent flagship stores and an Aegis website may establish a method for Aegis to sell goods directly to end consumers.

**Exit Strategy**

It is the goal of the founders to build up Aegis and the brand and then to divest themselves of Aegis once the brand has been established. Considerable consolidation within the industry is currently occurring, driven by publicly held companies looking for growth. In 2004, K2 acquired
Volkl, Marmot, and The Marker Group, while VF Corp. purchased Vans, Kipling, and Napapijri. Aegis looks to create brand awareness and position Aegis for sale.

- **Sale to a competitor**—Aegis will look for a sale to a competitor or larger conglomerate.
- **IPO**—Depending on the state of the IPO market, the founders may choose to enter the public market.

### Sales and Marketing

#### Selling Safety

As previously mentioned, the American Association of Snowboard Instructors has teamed up with the National Ski Patrol and the Professional Ski Instructors of America to launch a safety awareness campaign through local and national television and radio stations near ski areas. This campaign supports the uses of helmets and other protective gear. Aegis plans to piggyback this influence on the snowsports population. In selling safety to retailers, the Company will rely on statistical demand for such products in conjunction with independent research conducted by Aegis that has established a need for such a product. The technical superiority, high-quality designs, and proven demand of Aegis products will appeal to retailers. When comparing Aegis products to existing products, end consumers will see the “Aegis advantage”: In buying Aegis products, they will be acquiring protection and functionality without having to sacrifice style.

#### Sales

Sales emphasis will be placed on reaching retailers through major trade show events, including

- **Nation’s Best Sports Winter Sports Specialty Market**
- **Action Sports Retailer Trade Expo**
- **SIA Snowsports Show**
- **Outdoor Retailer Winter Market**

On-site sample line presentations will also be conducted upon identification of necessity. Retail buyers will place orders based on the sample line and on product information catalogs that will be presented during the trade show events.

Sales presentations will initially be conducted by Mr. Dobkin and Ms. Dillard. After the first year of operations, Aegis plans to hire reputable independent representatives in the areas in which there is a significant demand for the product. Sales representatives will be responsible for showing and selling the product line at trade show events.

Initial sales emphasis will be placed on specialty and boutique ski and snowboarding stores throughout the United States. This will give Aegis an opportunity to nail down distribution aspects before approaching large-scale sporting goods retailers. A secondary focus will be on securing a sales outlet through sports catalogs such as Athleta, as well as through ski and sporting goods websites.
After Aegis has been established and has become familiar with the manufacturing process, independent flagship stores may also be established, allowing Aegis to sell goods directly to end consumers.

**Marketing**

Aegis marketing initiatives will raise awareness of Aegis's products, work to establish a viable need for protection, and inspire purchases from both direct and end consumers.

**Target Market: Customer Profile**

*Retailers*

The snowsports apparel retail market can be segmented into chain retailers and specialty retailers.

- **Specialty Retailers**: Specialty retailers account for 80% of snowsports sales annually. These retailers tend to appeal to various niche markets within the snowsports industry: snowboarding, high-fashion, outdoor sports, etc.

- **Chain Retailers**: Chain retailers tend to appeal to multiple sports and carry lower-end products for each sport with a more limited interest in premium quality goods.

Because larger chain retailers are less likely to take the risk of stocking a new product line, Aegis will introduce its products through specialized retailers with intimate knowledge of the space. Specialty retailers have intimate knowledge of the snowsports industry and the year-on-year trends, wanting to increase profits and turn inventory faster. They understand that the Gen XY market is the driving force in the industry and that their desires drive demand. These retailers look to achieve higher margins through the bundling of products, as exemplified by the integration of the ski and binding systems.

*End Consumers*

Aegis seeks to target intermediate to advanced female and male snowsports enthusiasts, who are concerned with all aspects of their gear, from fashion to function, while at the same time desiring some protection.

**Marketing and Promotions**

Marketing of Aegis's goods will come in two forms:

- Retail-directed
- End-consumer-directed

Retail-directed promotions will come through an emphasis on public relations marketing and advertising through major trade publications, including

- SBC Business
- Transworld Business
- Ski Press
- Outdoor Business
- Snowboard Trade News

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Marketing to develop buzz about the product prior to its premier at the 2006 SIA Industry Trade Event will occur through the sending of information packets complete with brochures (please see the appendix section “Brochure”) and press releases regarding the release of the product line to targeted retailers in the months prior to the show.

Aegis will provide product information seminars to specialty retailers in order to educate them about the technological aspects of Aegis, allowing them to better sell the merchandise. Seminars will be presented by Mr. Dobkin and Ms. Dillard until independent representatives are hired.

End-consumer-directed marketing will come in numerous forms:

- Sponsorship of local contests
- Guerilla marketing initiatives both on-mountain and in cities with high populations of snowsports participants (such as Los Angeles, San Francisco, Denver, Dallas, and New York)
- Company website promotion
- Supplying professional skiers and snowboarders with free gear
- Free media plugs, using in-house public relations to get the idea to the press in the mainstream media, including news, morning shows, specialty shows, specialty magazines, and lifestyle magazines
- Sponsorship of National Ski Association programs to promote the inherent dangers of snowsports

**Budget**

In order to illustrate the need for Aegis products to both customers and end users, Aegis will focus considerable effort on marketing and branding its products. Approximately 67% of all expenses in 2006 and 64% in 2007 will go toward marketing. The single largest cost component of marketing is the trade show and preparation for it. The remaining funds will be used for end-user and consumer marketing.

<table>
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<th>Table 2: Annual Marketing Expense (in 000's)</th>
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<tr>
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<tr>
<td>% of Total Costs</td>
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<tr>
<td>% of Revenue</td>
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**The Aegis Product Line**

Aegis’s products will consist of one product line per season, tailored to injury-conscious snowriders. The product selection will start with integrative outer layers and later evolve to include protective accessories.

The initial collection will include designs specifically tailored to men and women. There will be approximately 6 jackets and 4 pants, available in women’s sizes 0-12 and men’s sizes small-
XXL. Items will also be available in various color combinations, accounting for approximately 40 total SKUs.

Jackets: Jackets will consist of soft-shell parkas, whose new lighter and warmer technologies allow for a more stylish, less bulky look. The protective aspects target areas that are considered high-risk while the wearer is participating in snowsports and include integrated
  • Clavicle pads
  • Shoulder protection
  • Rib protection
  • Elbow pads

Pants: Pants will integrate a patented injury-preventive knee brace and protective padding into a stylish and functional snow pant. The brace is designed specifically to reduce the incidence of ACL injury, the most common injury in snowsports. Other padding features protect areas at high risk of injury. Features include integrated
  • ACL support brace
  • Jib protection
  • Impact shorts

Note: Please see the appendix for product designs and designer profile.

Product Benefits
The products of Aegis will provide undisputable benefits for its consumers, including
  • Security: The protective aspects of the products give snowsports participants a feeling of security while participating in their sport.
  • Freedom: The products offer security and protection while integrating a comfort that allows wearers freedom of activity.
  • Peace of Mind: Through the comprehensive integration of fashion, protection, and comfort, Aegis is able to provide consumers with peace of mind while they are participating in snowsports.

Note: Please refer to the appendix for force diagrams.

Product Warranties
All products will have a 30-day retailer return period in which goods deemed inaccurate (inconsistent with order) may be returned to Aegis. An end-consumer warranty will provide consumers with a period of one year in which any malfunctioning of the garment (torn seams, broken zippers, etc.) will be repaired by Aegis free of charge.

Pricing Strategy
Aegis will seek to price its products competitively with the established apparel companies. However, due to the technological aspects of the products, price points will probably be 10-20% higher than current outerwear providers. However, the bundling of protection with a durable shell provides a value-added product, which consumers will recognize. Goods will range in retail price from $200 to $400.
Summary of Financials

Aegis is projecting sales of $2.3 million for 2006 and $3.4 million for 2007, increasing to $8.5 million in 2011, in the United States. The compound annual growth rate (“CAGR”) for the five-year period is 30%. Growth in sales will be driven by a number of factors, including a full-market launch in the United States during the 2006 season and a significant increase in sales force in 2007; greater market acceptance by snowriders, especially after the initial launch in 2006; and greater acceptance by snowsports retailers.

The sales projections take into account only sales derived from the primary product lines for Aegis (jackets and pants) and do not incorporate potential sales resulting from Aegis’s entry into other markets and applications.

Gross margins are expected to rise from 50% in 2006 to 55% in 2008 as Aegis is able to realize greater cost efficiencies. The largest driver of the increasing margins is increased order size, followed by negotiating better deals with both suppliers and manufacturers. As the total sales volume for Aegis increases, Aegis plans to achieve economies of scale with both logistics and sourcing.

The financial projections summarized on the following pages reflect Aegis’s assessment of the potential opportunity if the business were to operate as an independent entity targeting a single product line.

Aegis is projecting EBITDA of $823,118 in 2006 and $1.2 million in 2007, increasing to $3.5 million in 2011. The increase in EBITDA is expected to be a result of increasing product sales and an improving gross margin.

Financial Assumptions

The demand for Aegis products is assumed to be 3.3 million units annually. This number is derived from the number of snowsports helmet wearers, 37%, and the survey results of affirmative interest, 60%. These values were averaged and applied to the number of units sold in 2003, 6.8 million. Of the initial demand for the product, Aegis assumes moderate market penetration and predicts 16,520 units, or 0.5% of the market demand, to be sold in 2006. 16,520 units is comparable to start-up sales figures for Cold-As-Ice, a female-specific snowboard apparel wholesaler.

Using the industry standard, Aegis assumes that 75% of units sold will be jackets and 25% will be pants.

Initial start-up costs are assumed to be $450,000, with marketing, trade show, and sample costs accounting for $125,000. Other start-up costs include office and warehouse space, inventory systems, designer and employee costs, insurance, utilities, other fixed costs, and a safety net of 18 months, the time when Aegis will receive initial revenues and break even.

Note: Please refer to the appendix section “Financials.”
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## Financials

### Monthly Cash Flow and Income Statement

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<td>$388,750</td>
<td>$380,973</td>
<td>$372,438</td>
<td>$322,438</td>
<td>$281,011</td>
</tr>
<tr>
<td><strong>EBT</strong></td>
<td>$(14,992)</td>
<td>$(7,662)</td>
<td>$(7,681)</td>
<td>$(7,700)</td>
<td>$(7,729)</td>
<td>$(7,758)</td>
<td>$(7,787)</td>
<td>$(7,817)</td>
<td>$(7,847)</td>
<td>$(7,877)</td>
<td>$(7,907)</td>
</tr>
<tr>
<td><strong>Carry Forward Profit/ Loss</strong></td>
<td>$(14,992)</td>
<td>$(22,654)</td>
<td>$(30,335)</td>
<td>$(38,035)</td>
<td>$(45,754)</td>
<td>$(53,492)</td>
<td>$(61,250)</td>
<td>$(69,027)</td>
<td>$(76,804)</td>
<td>$(84,581)</td>
<td>$(92,358)</td>
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<tr>
<td><strong>Taxable income</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Tax (35%)</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$(14,992)</td>
<td>$(7,662)</td>
<td>$(7,681)</td>
<td>$(7,700)</td>
<td>$(7,729)</td>
<td>$(7,758)</td>
<td>$(7,787)</td>
<td>$(7,817)</td>
<td>$(7,847)</td>
<td>$(7,877)</td>
<td>$(7,907)</td>
</tr>
<tr>
<td><strong>Cash after Tax Payment</strong></td>
<td>$435,008</td>
<td>$427,346</td>
<td>$419,665</td>
<td>$411,965</td>
<td>$404,246</td>
<td>$396,508</td>
<td>$388,750</td>
<td>$380,973</td>
<td>$372,438</td>
<td>$322,438</td>
<td>$281,011</td>
</tr>
</tbody>
</table>

**Note:** These details can be viewed on the student website at [http://college.hmco.business/allen/launching/4e/students](http://college.hmco.business/allen/launching/4e/students).
### January-December 2007 Financial Report

#### Revenue Received
- Jan-07: $0
- Feb-07: $0
- Mar-07: $0
- Apr-07: $0
- May-07: $0
- Jun-07: $0
- Jul-07: $0
- Aug-07: $1,703,643
- Sep-07: $0
- Oct-07: $0
- Nov-07: $0

#### Inventory Expense
- Jan-07: $0
- Feb-07: $0
- Mar-07: $0
- Apr-07: $0
- May-07: $0
- Jun-07: $0
- Jul-07: $1,703,643
- Aug-07: $0
- Sep-07: $0
- Oct-07: $0
- Nov-07: $0

#### Gross Profit
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and Development</td>
<td>$1,667</td>
<td>$1,667</td>
<td>$1,667</td>
<td>$1,667</td>
<td>$1,667</td>
<td>$1,667</td>
<td>$1,667</td>
<td>$1,667</td>
<td>$1,667</td>
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</tr>
<tr>
<td>G&amp;A</td>
<td>$13,091</td>
<td>$13,091</td>
<td>$13,091</td>
<td>$13,091</td>
<td>$13,091</td>
<td>$13,091</td>
<td>$13,091</td>
<td>$13,091</td>
<td>$13,091</td>
<td>$13,091</td>
<td>$13,091</td>
</tr>
<tr>
<td>Marketing</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>Total Costs</td>
<td>$64,758</td>
<td>$64,758</td>
<td>$64,758</td>
<td>$64,758</td>
<td>$64,758</td>
<td>$64,758</td>
<td>$64,758</td>
<td>$64,758</td>
<td>$64,758</td>
<td>$64,758</td>
<td>$64,758</td>
</tr>
</tbody>
</table>

#### EBIT
- $473,124

#### Cash at Beginning of Period
- Jan-07: $384,175
- Feb-07: $312,587
- Mar-07: $240,820
- Apr-07: $218,998
- May-07: $197,122
- Jun-07: $155,191
- Jul-07: $116,621
- Aug-07: $60,241
- Sep-07: $3,721
- Oct-07: $299,546

#### Cash on Hand
- Jan-07: $319,418
- Feb-07: $247,830
- Mar-07: $226,062
- Apr-07: $204,240
- May-07: $182,364
- Jun-07: $160,433
- Jul-07: ($1,565,196)
- Aug-07: $81,863
- Sep-07: $25,484
- Oct-07: $536,845

#### Interest Income
- Jan-07: $799
- Feb-07: $620
- Mar-07: $565
- Apr-07: $511
- May-07: $456
- Jun-07: $401
- Jul-07: $0
- Aug-07: $205
- Sep-07: $64
- Oct-07: $1,342

#### Line of Credit for Inventory
- Jan-07: $0
- Feb-07: $0
- Mar-07: $0
- Apr-07: $0
- May-07: $0
- Jun-07: $0
- Jul-07: $1,703,643
- Aug-07: $0
- Sep-07: $0
- Oct-07: $0
- Nov-07: $0

#### Cash available for Debt Repayment
- Jan-07: ($180,582)
- Feb-07: ($252,170)
- Mar-07: ($273,938)
- Apr-07: ($295,760)
- May-07: ($317,636)
- Jun-07: ($339,567)
- Jul-07: ($2,065,196)
- Aug-07: ($418,137)
- Sep-07: ($474,516)
- Oct-07: ($36,845)
- Nov-07: $272,669

#### Current Debt
- Jan-07: $659,893
- Feb-07: $659,893
- Mar-07: $659,893
- Apr-07: $659,893
- May-07: $659,893
- Jun-07: $659,893
- Jul-07: $2,363,537
- Aug-07: $2,363,537
- Sep-07: $2,363,537
- Oct-07: $2,363,537
- Nov-07: $2,363,537

#### Repayment
- Jan-07: $0
- Feb-07: $0
- Mar-07: $0
- Apr-07: $0
- May-07: $0
- Jun-07: $0
- Jul-07: $0
- Aug-07: $0
- Sep-07: $36,845
- Oct-07: $272,669

#### Ending Debt
- Jan-07: $659,893
- Feb-07: $659,893
- Mar-07: $659,893
- Apr-07: $659,893
- May-07: $659,893
- Jun-07: $659,893
- Jul-07: $2,363,537
- Aug-07: $2,363,537
- Sep-07: $2,363,537
- Oct-07: $2,326,692
- Nov-07: $2,054,022

#### Interest Expense
- Jan-07: $5,499
- Feb-07: $5,499
- Mar-07: $5,499
- Apr-07: $5,499
- May-07: $5,499
- Jun-07: $5,499
- Jul-07: $19,696
- Aug-07: $19,696
- Sep-07: $19,696
- Oct-07: $19,696
- Nov-07: $19,389

#### Cash After Loan
- Jan-07: $314,717
- Feb-07: $242,950
- Mar-07: $221,128
- Apr-07: $199,252
- May-07: $177,321
- Jun-07: $155,335
- Jul-07: $118,751
- Aug-07: $62,372
- Sep-07: $5,851
- Oct-07: $301,676
- Nov-07: $324,536

#### EBT
- Jan-07: $460,458
- Feb-07: $1,072,191

#### Carry Forward Profit/ Loss
- Jan-07: $587,992
- Feb-07: $518,355

#### Taxable Income
- Jan-07: $460,458
- Feb-07: $1,072,191

#### Tax (35%)
- Jan-07: $161,160
- Feb-07: $375,267

#### Net Income
- Jan-07: $299,298
- Feb-07: $696,924

#### Cash after Tax Payment
- Jan-07: $326,174
- Feb-07: $476,656

---

Note: These details can be viewed on the student website at [http://college.hmco.business/allen/launching/4e/students](http://college.hmco.business/allen/launching/4e/students).
## Consolidated Yearly Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>$0.0</td>
<td>$2,271,524.3</td>
<td>$3,407,286.4</td>
<td>$5,110,929.7</td>
<td>$6,133,115.6</td>
<td>$7,369,738.7</td>
<td>$8,463,699.5</td>
</tr>
<tr>
<td>COGS (50% of Revenues)</td>
<td>0.0</td>
<td>1,135,762.1</td>
<td>1,703,643.2</td>
<td>2,299,918.3</td>
<td>2,759,902.0</td>
<td>3,311,882.4</td>
<td>3,808,664.8</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>$0.0</td>
<td>$1,135,762.1</td>
<td>$1,703,643.2</td>
<td>$2,811,011</td>
<td>$3,373,214</td>
<td>$4,047,856</td>
<td>$4,655,035</td>
</tr>
<tr>
<td><strong>Gross Margin %</strong></td>
<td>NA</td>
<td>50.0%</td>
<td>50.0%</td>
<td>55.0%</td>
<td>55.0%</td>
<td>55.0%</td>
<td>55.0%</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and Development</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>$41,667</td>
<td>$213,333</td>
<td>$320,000</td>
<td>$480,000</td>
<td>$576,000</td>
<td>$691,200</td>
<td>$784,860</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>$78,545</td>
<td>$104,727</td>
<td>$157,091</td>
<td>$235,636</td>
<td>$282,763</td>
<td>$339,315</td>
<td>$390,213</td>
</tr>
<tr>
<td>Other Expense, net</td>
<td>$7,350</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>($127,561.9)</td>
<td>$817,701.8</td>
<td>$1,206,552.7</td>
<td>$2,075,375.6</td>
<td>$2,494,450.7</td>
<td>$2,997,340.8</td>
<td>$3,449,941.9</td>
</tr>
<tr>
<td><strong>Depreciation and Amortization</strong></td>
<td>0.0</td>
<td>5,416.7</td>
<td>8,509.5</td>
<td>13,305.9</td>
<td>19,124.5</td>
<td>26,169.7</td>
<td>25,855.2</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>($127,561.9)</td>
<td>$823,118.5</td>
<td>$1,215,062.2</td>
<td>$2,088,681.5</td>
<td>$2,613,575.2</td>
<td>$3,023,510.5</td>
<td>$3,475,797.1</td>
</tr>
<tr>
<td>Interest Income</td>
<td>8,967.2</td>
<td>8,892.4</td>
<td>8,881.8</td>
<td>47,587.6</td>
<td>12,190.0</td>
<td>46,087.2</td>
<td>87,149.3</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>0.0</td>
<td>50,549.0</td>
<td>143,243.1</td>
<td>175,849.3</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Income Before Income Taxes</td>
<td>(118,594.7)</td>
<td>776,045.1</td>
<td>1,072,191.4</td>
<td>1,947,113.9</td>
<td>2,506,969.7</td>
<td>3,043,428.0</td>
<td>3,537,091.2</td>
</tr>
<tr>
<td>Carry Forward Loss</td>
<td>(118,594.7)</td>
<td>(118,594.7)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Taxable Income</td>
<td>0.0</td>
<td>657,450.5</td>
<td>1,072,191.4</td>
<td>1,947,113.9</td>
<td>2,506,969.7</td>
<td>3,043,428.0</td>
<td>3,537,091.2</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>$0.0</td>
<td>$230,108.0</td>
<td>$375,267.0</td>
<td>$681,490.0</td>
<td>$877,439.0</td>
<td>$1,065,200.0</td>
<td>$1,237,982.0</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>($118,594.7)</td>
<td>$545,937.48</td>
<td>$696,924.43</td>
<td>$1,265,624.06</td>
<td>$1,629,530.29</td>
<td>$1,978,228.18</td>
<td>$2,299,109.31</td>
</tr>
</tbody>
</table>

## Balance Sheet – As of December 31

### Assets

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$331,405.3</td>
<td>$384,175.4</td>
<td>$1,586,254.8</td>
</tr>
<tr>
<td>Receivables</td>
<td>0.0</td>
<td>186,700.6</td>
<td>280,050.9</td>
</tr>
<tr>
<td>Inventories</td>
<td>0.0</td>
<td>1,135,762.1</td>
<td>1,703,643.2</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>331,405.3</td>
<td>1,706,638.2</td>
<td>3,569,949.0</td>
</tr>
<tr>
<td>PP &amp; E</td>
<td>0.0</td>
<td>17,298.5</td>
<td>42,861.9</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>331,405.3</td>
<td>1,723,936.7</td>
<td>3,612,810.9</td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>0.0</td>
<td>186,700.6</td>
<td>280,050.9</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>0.0</td>
<td>186,700.6</td>
<td>280,050.9</td>
</tr>
<tr>
<td>Total Debt</td>
<td>0.0</td>
<td>659,893.3</td>
<td>1,758,492.7</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>(118,594.7)</td>
<td>427,342.8</td>
<td>1,124,267.2</td>
</tr>
<tr>
<td>Paid-In Equity</td>
<td>$450,000.0</td>
<td>$450,000.0</td>
<td>$450,000.0</td>
</tr>
<tr>
<td><strong>Total Liab. and equity</strong></td>
<td>$331,405.3</td>
<td>$1,723,936.7</td>
<td>$3,612,810.9</td>
</tr>
</tbody>
</table>

25
Capitalization
Aegis plans to initially fund Aegis with private investment. A line of credit will be used to cover initial working capital expenses.

Working Capital
Given the nature of the snowsports industry, where inventory gets only one turn per year, a line of credit will be required to purchase the inventory. The initial estimated line of credit is estimated to be $2.0 million, with $1.1 used in 2006. The facility will be paid back once cash flows are great enough to cover ongoing costs.

Breakeven Analysis
Aegis will break even in October 2006 when the first revenues are received.

![Cash Balance (2005-2006)](image)

Start-up Capital Requirements
Aegis requires $450,000 in start-up capital. This figure includes 18 months of a safety cushion needed until the initial revenues are received in October 2006. The start-up capital breakout is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Costs</td>
<td>$7,350</td>
</tr>
<tr>
<td>Designing Costs</td>
<td>$20,000</td>
</tr>
<tr>
<td>Insurance Expense</td>
<td>$19,505</td>
</tr>
<tr>
<td>Supplies</td>
<td>$1,942</td>
</tr>
<tr>
<td>Legal</td>
<td>$20,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>$4,080</td>
</tr>
<tr>
<td>Trade Shows</td>
<td>$50,000</td>
</tr>
<tr>
<td>Other Marketing Costs</td>
<td>$60,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$182,887</strong></td>
</tr>
<tr>
<td>18-Month Cushion</td>
<td>$267,391</td>
</tr>
<tr>
<td><strong>Total Start-up</strong></td>
<td><strong>$450,271</strong></td>
</tr>
</tbody>
</table>
Start-up Costs
Itemized start-up costs and other expenses expected for the Company during initial operations.

Start-up Costs:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost per unit</th>
<th>Units</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehouse (psf)</td>
<td>$1</td>
<td>5000</td>
<td>$3,750</td>
</tr>
<tr>
<td>Computer</td>
<td>$500</td>
<td>2</td>
<td>$1,000</td>
</tr>
<tr>
<td>Desks</td>
<td>$50</td>
<td>3</td>
<td>$150</td>
</tr>
<tr>
<td>Telephone System</td>
<td>$200</td>
<td>1</td>
<td>$200</td>
</tr>
<tr>
<td>Inventory System</td>
<td>$2,000</td>
<td>1</td>
<td>$2,000</td>
</tr>
<tr>
<td>Chairs</td>
<td>$50</td>
<td>5</td>
<td>$250</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>$7,350</strong></td>
</tr>
</tbody>
</table>

Insurance Expense

<table>
<thead>
<tr>
<th>Insurance Type</th>
<th>Amount</th>
<th>Freq.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory Insurance</td>
<td>$4,500</td>
<td>1</td>
<td>$4,500</td>
</tr>
<tr>
<td>Liability Insurance</td>
<td>$11,405</td>
<td>1</td>
<td>$11,405</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>$300</td>
<td>12</td>
<td>$3,600</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Per Year: $19,505</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Per Month $1,625</strong></td>
</tr>
</tbody>
</table>

G&A Calculation:

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount</th>
<th>Quantity</th>
<th>Total/Year</th>
<th>Total/Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>$45</td>
<td>18</td>
<td>$810</td>
<td>$68</td>
</tr>
<tr>
<td>Toilet Paper</td>
<td>$10</td>
<td>12</td>
<td>$120</td>
<td>$10</td>
</tr>
<tr>
<td>Paper Towels</td>
<td>$10</td>
<td>12</td>
<td>$120</td>
<td>$10</td>
</tr>
<tr>
<td>Cleaning Supplies</td>
<td>$20</td>
<td>6</td>
<td>$120</td>
<td>$10</td>
</tr>
<tr>
<td>Paper</td>
<td>$25</td>
<td>4</td>
<td>$100</td>
<td>$8</td>
</tr>
<tr>
<td>Toner</td>
<td>$100</td>
<td>4</td>
<td>$400</td>
<td>$33</td>
</tr>
<tr>
<td>Cups</td>
<td>$7</td>
<td>6</td>
<td>$42</td>
<td>$4</td>
</tr>
<tr>
<td>Pens/Pencils</td>
<td>$10</td>
<td>4</td>
<td>$40</td>
<td>$3</td>
</tr>
<tr>
<td>Web Domain</td>
<td>$10</td>
<td>1</td>
<td>$10</td>
<td>$1</td>
</tr>
<tr>
<td>Web Hosting</td>
<td>$15</td>
<td>12</td>
<td>$180</td>
<td>$15</td>
</tr>
<tr>
<td></td>
<td><strong>$252</strong></td>
<td></td>
<td><strong>$1,942</strong></td>
<td><strong>$162</strong></td>
</tr>
</tbody>
</table>

Utilities

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>$200</td>
</tr>
<tr>
<td>Gas</td>
<td>$40</td>
</tr>
<tr>
<td>Water</td>
<td>included in rent</td>
</tr>
<tr>
<td>Trash</td>
<td>included in rent</td>
</tr>
<tr>
<td>Telephone</td>
<td>$100</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$340</strong></td>
</tr>
</tbody>
</table>

27
Marketing and Trade Show Costs

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Show Rent</td>
<td>$50,000</td>
</tr>
<tr>
<td>Marketing</td>
<td>$50,000</td>
</tr>
<tr>
<td>Traveling Costs</td>
<td>$10,000</td>
</tr>
<tr>
<td>Sample Costs</td>
<td>$20,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$130,000</strong></td>
</tr>
</tbody>
</table>

United States Helmet Sales:

<table>
<thead>
<tr>
<th>Year</th>
<th>Helmets Sold</th>
<th>Year</th>
<th>Helmets Sold</th>
<th>Year</th>
<th>Helmets Sold</th>
</tr>
</thead>
</table>

Although helmets were once a hot item, growth in helmet sales appears to have leveled off. Unlike apparel or equipment sales, snowsports participants tend not to replace their helmet frequently. Nonetheless, the acceptance of helmets and desire to prevent injuries has not waned.

---

Consumer Test Methodology
The process of clearly identifying a target end consumer for Aegis involved the use of a survey, which served as the primary tool for gathering data about the demographics and types of products that interest prospective customers.

In order to establish a need for the product as well as obtain information about Aegis’s targeted end consumers, 150 surveys of snowsports participants were collected at mountain resort sites, including Steamboat, Aspen/Snowmass, and Mammoth Mountain, as well as through the USC ski and snowboard club throughout the winter season. The areas were chosen in an attempt to obtain information from a variety of snowsports enthusiast demographics from around the United States and world.

The surveys focused on discovering what types of goods potential end customers are currently purchasing, determining injury statistics, establishing which demographic segments are most interested in the product, and finding out about how much money they would be willing to spend. Results of the test revealed a high demand for Aegis’s product, with 80% of those surveyed replying either yes or maybe when questioned whether they would be interested in purchasing the product. The test also established the percentage of people who were wearing helmets, or other protective gear, who accounted for over one-third of all surveyed, as one group to target aggressively; they already recognize the need for safety precautions while participating in snowsports.
How long have you been skiing/snowboarding?

How often do you ski/snowboard? (days/season)

Do you compete at skiing/snowboarding? If so, on what level?

When skiing/snowboarding, where do you spend the majority of your time (please rank)?
   - On easiest slopes
   - On intermediate slopes
   - On advanced slopes
   - On expert only slopes
   - In terrain parks
   - Other

What brand of ski/snowboard clothing do you most often purchase?

What do you look for in ski/snowboard clothing? (warmth, comfort, potential for mobility, protection, fashion, etc.)

Where do you currently purchase your ski/snowboard clothing? (ski shops, online, catalog, etc.)

Have you ever had any injuries due to skiing/snowboarding that have required a visit to a doctor? If so, please describe.

Have you ever had any minor injuries due to skiing/snowboarding that prevented you from skiing/riding for any period of time? If so, please describe. (Injury did not necessitate a visit to a doctor.)

What do you use to protect yourself against injuries?
How effective do you believe your current methods of protection are?

Are there any changes you would like made in these items?

Would you be interested in integrative protective wear especially configured for skiing/snowboarding?

How much money per year, on average, do you spend on snow sports equipment?

- $0 - $250
- $250 - $500
- $500 - $1000
- $1000 - $5000
- over $5000

Age:

Hometown:

Gender:

Sport:
- Skiing
- Snowboarding
- Both
- Other

Level of Skier/Boarder:
- Beginner
- Beginner-Intermediate
- Intermediate
- Intermediate-Advanced
- Advanced
- Expert
**Survey Results**

**How long have you been skiing/snowboarding?**
14.74 years

**How often do you ski/snowboard (days/year)?**
24.44 days/season

**Do you compete at skiing/snowboarding?**
- Compete: 27
- Do Not Compete: 123

**When skiing/snowboarding, where do you spend the majority of your time?**

<table>
<thead>
<tr>
<th>Average rankings:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermediate</td>
</tr>
<tr>
<td>Advanced</td>
</tr>
<tr>
<td>Expert Only</td>
</tr>
<tr>
<td>Terrain Parks</td>
</tr>
<tr>
<td>Easiest</td>
</tr>
<tr>
<td>Backcountry</td>
</tr>
<tr>
<td>Trees</td>
</tr>
</tbody>
</table>

**What brand of ski/snowboard clothing do you most often purchase (top fifteen)?**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burton</td>
<td>26</td>
</tr>
<tr>
<td>Patagonia</td>
<td>5</td>
</tr>
<tr>
<td>Spyder</td>
<td>4</td>
</tr>
<tr>
<td>Obermeyer</td>
<td>3</td>
</tr>
<tr>
<td>Northface</td>
<td>26</td>
</tr>
<tr>
<td>Salomon</td>
<td>5</td>
</tr>
<tr>
<td>Volkl</td>
<td>4</td>
</tr>
<tr>
<td>Quicksilver</td>
<td>3</td>
</tr>
<tr>
<td>Columbia</td>
<td>15</td>
</tr>
<tr>
<td>686</td>
<td>4</td>
</tr>
<tr>
<td>32</td>
<td>3</td>
</tr>
<tr>
<td>Rossignol</td>
<td>3</td>
</tr>
<tr>
<td>Volcom</td>
<td>9</td>
</tr>
<tr>
<td>Nordica</td>
<td>4</td>
</tr>
<tr>
<td>Bonfire</td>
<td>3</td>
</tr>
<tr>
<td>Oakley</td>
<td>7</td>
</tr>
<tr>
<td>Ride</td>
<td>4</td>
</tr>
<tr>
<td>Forum</td>
<td>3</td>
</tr>
<tr>
<td>Oakley</td>
<td>7</td>
</tr>
<tr>
<td>Roxy</td>
<td>4</td>
</tr>
<tr>
<td>Mountain Hardware</td>
<td>3</td>
</tr>
</tbody>
</table>

**What do you look for in ski/snowboard clothing?**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warmth</td>
<td>109</td>
</tr>
<tr>
<td>Mobility</td>
<td>36</td>
</tr>
<tr>
<td>Durability</td>
<td>4</td>
</tr>
<tr>
<td>Quality</td>
<td>2</td>
</tr>
<tr>
<td>Fashion</td>
<td>86</td>
</tr>
<tr>
<td>Price</td>
<td>9</td>
</tr>
<tr>
<td>Pockets</td>
<td>3</td>
</tr>
<tr>
<td>Safety</td>
<td>1</td>
</tr>
<tr>
<td>Comfort</td>
<td>79</td>
</tr>
<tr>
<td>Functionality</td>
<td>7</td>
</tr>
<tr>
<td>Performance</td>
<td>2</td>
</tr>
<tr>
<td>Protection</td>
<td>39</td>
</tr>
<tr>
<td>Fit</td>
<td>4</td>
</tr>
<tr>
<td>Breathability</td>
<td>2</td>
</tr>
</tbody>
</table>

**Where do you currently purchase your ski/snowboarding clothing?**

<table>
<thead>
<tr>
<th>Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ski shops</td>
<td>93</td>
</tr>
<tr>
<td>Skate/snow/surf shops</td>
<td>7</td>
</tr>
<tr>
<td>Sales</td>
<td>1</td>
</tr>
<tr>
<td>Sporting goods stores</td>
<td>27</td>
</tr>
<tr>
<td>Catalog</td>
<td>7</td>
</tr>
<tr>
<td>Discount ski shops</td>
<td>1</td>
</tr>
<tr>
<td>Online</td>
<td>24</td>
</tr>
<tr>
<td>Department stores</td>
<td>3</td>
</tr>
<tr>
<td>Oakley</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>7</td>
</tr>
<tr>
<td>Outlets</td>
<td>2</td>
</tr>
<tr>
<td>Thrift stores</td>
<td>1</td>
</tr>
</tbody>
</table>

**Have you ever had any injuries due to skiing/snowboarding that have required a visit to a doctor? If so, please describe.**

Total: 57 people

<table>
<thead>
<tr>
<th>Injury Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knee</td>
<td>29</td>
</tr>
<tr>
<td>Wrist</td>
<td>10</td>
</tr>
<tr>
<td>Ribs</td>
<td>10</td>
</tr>
<tr>
<td>Shoulder</td>
<td>9</td>
</tr>
<tr>
<td>Head</td>
<td>9</td>
</tr>
<tr>
<td>Neck and back</td>
<td>9</td>
</tr>
<tr>
<td>Stitches</td>
<td>3</td>
</tr>
<tr>
<td>Collar bone</td>
<td>5</td>
</tr>
<tr>
<td>Bone chip</td>
<td>2</td>
</tr>
<tr>
<td>Kidney</td>
<td>5</td>
</tr>
<tr>
<td>Tendons</td>
<td>4</td>
</tr>
<tr>
<td>Frostbite</td>
<td>1</td>
</tr>
<tr>
<td>Bruises</td>
<td>1</td>
</tr>
<tr>
<td>Bone chip</td>
<td>1</td>
</tr>
<tr>
<td>Ice burn</td>
<td>1</td>
</tr>
<tr>
<td>Calf muscle</td>
<td>1</td>
</tr>
<tr>
<td>Ripped muscles</td>
<td>1</td>
</tr>
</tbody>
</table>

**Have you ever had any minor injuries due to skiing/snowboarding that prevented you from skiing/riding for any period of time?**

(Injury did not necessitate a visit to a doctor.)

Total: 40

<table>
<thead>
<tr>
<th>Injury Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knee</td>
<td>15</td>
</tr>
<tr>
<td>Head</td>
<td>7</td>
</tr>
<tr>
<td>Thumb</td>
<td>4</td>
</tr>
<tr>
<td>Wrist</td>
<td>3</td>
</tr>
<tr>
<td>Shin</td>
<td>3</td>
</tr>
<tr>
<td>Neck and back</td>
<td>3</td>
</tr>
<tr>
<td>Shoulder</td>
<td>2</td>
</tr>
<tr>
<td>Toe</td>
<td>2</td>
</tr>
<tr>
<td>Tail bone</td>
<td>2</td>
</tr>
<tr>
<td>Hip</td>
<td>2</td>
</tr>
<tr>
<td>Cuts</td>
<td>2</td>
</tr>
<tr>
<td>Bruises</td>
<td>1</td>
</tr>
<tr>
<td>Bone chip</td>
<td>1</td>
</tr>
<tr>
<td>Bruised bones</td>
<td>1</td>
</tr>
<tr>
<td>Leg</td>
<td>1</td>
</tr>
<tr>
<td>Rib</td>
<td>1</td>
</tr>
<tr>
<td>Frostbite</td>
<td>1</td>
</tr>
<tr>
<td>Calf muscle</td>
<td>1</td>
</tr>
<tr>
<td>Ripped muscles</td>
<td>1</td>
</tr>
<tr>
<td>Butt pads</td>
<td>1</td>
</tr>
</tbody>
</table>

**What do you do to protect yourself from injury?**

<table>
<thead>
<tr>
<th>Protection Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoidance/caution</td>
<td>50</td>
</tr>
<tr>
<td>Helmet</td>
<td>45</td>
</tr>
<tr>
<td>Stretching</td>
<td>11</td>
</tr>
<tr>
<td>Staying fit</td>
<td>9</td>
</tr>
<tr>
<td>Wrist guards</td>
<td>8</td>
</tr>
<tr>
<td>Good clothing/equipment</td>
<td>6</td>
</tr>
<tr>
<td>Knee brace</td>
<td>5</td>
</tr>
<tr>
<td>Knee pads</td>
<td>5</td>
</tr>
<tr>
<td>Cup</td>
<td>2</td>
</tr>
<tr>
<td>Beer</td>
<td>2</td>
</tr>
<tr>
<td>Butt pads</td>
<td>1</td>
</tr>
</tbody>
</table>
How effective do you believe your current methods of protection are?  
INCONCLUSIVE  
Are there any changes that you would like made in these items?  
INCONCLUSIVE  
Would you be interested in an integrative protective wear especially configured for skiing/snowboarding?  
Yes  86  
Maybe  34  
No  28  
Money on average spent per year on equipment

$0–$250  45  
$250–$500  50  
$500–$1000  37  
$1000–$5000  15  
Age: average 26.31

Hometown:
California  80  
Colorado  17  
Arkansas  6  
Connecticut  4  
Illinois  4  
New York  5  
Florida  3  
New Zealand  3  
Gender:  
Male:  79  
Female:  69  
Sport:
Skiing  75  
Snowboarding  43  
Both  29  
Level of Skier/Boarder:
Beginner  10  
Beginner-Intermediate/Intermediate  1  
Beginner-Intermediate  12  
Intermediate  25  
Intermediate-Advanced  36  
Intermediate-Advanced/Advanced  1  
Advanced  28  
Advanced-Expert  9  
Expert  29
Product Interest

**Number of Snowriders Interested in Aegis Products**

- **Age (Years) vs. Number**
  - 0-19
  - 20-29
  - 30-39
  - 40+

<table>
<thead>
<tr>
<th>Age (Years)</th>
<th>Yes</th>
<th>Maybe</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>10</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>20-29</td>
<td>30</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>30-39</td>
<td>20</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>40+</td>
<td>10</td>
<td>0</td>
<td>5</td>
</tr>
</tbody>
</table>

**Females Interested in Aegis Products**

- **Age (Years) vs. Number**
  - 0-19
  - 20-29
  - 30-39
  - 40+

<table>
<thead>
<tr>
<th>Age (Years)</th>
<th>Yes</th>
<th>Maybe</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>5</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>20-29</td>
<td>15</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>30-39</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>40+</td>
<td>10</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

**Males Interested in Aegis Products**

- **Age (Years) vs. Number**
  - 0-19
  - 20-29
  - 30-39
  - 40+

<table>
<thead>
<tr>
<th>Age (Years)</th>
<th>Yes</th>
<th>Maybe</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>10</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>20-29</td>
<td>20</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>30-39</td>
<td>10</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>40+</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>
**Female Interest by Sport**

- Age (Years) groups: 0-19, 20-29, 30-39, 40+
- Sports: Skiing, Snowboarding, Both
- Responses: Yes, Maybe, No

**Males Interested by Sport**

- Age (Years) groups: 0-19, 20-29, 30-39, 40+
- Sports: Skiing, Snowboarding, Both
- Responses: Yes, Maybe, No

**Interest by Sport**

- Sports: Skiing, Snowboarding, Both
- Responses: Yes, Maybe, No
Interest by Amount Spent per Year

Sport Level and Interest
Brochure

Aegis Performance Apparel

Aegis Performance Apparel seeks to provide high-quality, protective snowsports apparel that offers an integrative and unique combination of fashion, function, and protection. Our one-of-a-kind combination of a removable protective inner layer paired with a well-designed high-quality outer shell allows participants to enjoy protection as well as fashion all rolled into one.

697 West 20th Street
Los Angeles, California 90007
Phone: 213-367-8822
Email: information@aegis.com
Our Products

Outerwear:

Pants:
Aegis Performance Apparel pants integrate a patented preventative knee brace into a stylish and functional snow pant. This brace is designed specifically to reduce the incidence of ACL injury, the single most common injury in snowsports.

- Integrated ACL support brace
- Integrated thigh protection
- Integrated impact shorts

Tops:

Aegis Performance Apparel tops consist of soft-shell pants, which are constructed of the latest technology providing for a lighter, less bulky look yet a warmer experience. Features of our top line include:

- Integrated climate pod
- Integrated shoulder protection
- Integrated hip protection

Protective Accessories:

Gloves:

Designed specifically for either a rider or a boarder to help prevent common injuries associated with the sport, our glove line like our outerwear integrates high protection with a stylish appearance. Features of protection for our glove line include:

- Integrated thumb protector for ski gloves
- Integrated wrist guard for snowboard gloves

Aegis, the Greek word for shield, provides just that—a protective layer for you against the dangers of the winter, while allowing a comfortable restriction free freedom of mobility to let you push your limits and ski to the extreme.

We are the only integrated protective outerwear line on the market today.

Contact us today for more information.

Aegis Performance Apparel

667 Wox 2286 Street
Los Angeles, California 90007
Phone: 213.901.9092
Email: information@aegis.com
## Competition

### Outerwear

<table>
<thead>
<tr>
<th>Mass Sporting Good</th>
<th>Ownership</th>
<th>Annual Sales</th>
<th>Snow Apparel Retail</th>
<th>Distribution Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northface</td>
<td>VF Corporation</td>
<td>NA</td>
<td>Approx $100 - $300</td>
<td>Department, Specialty, Sporting Goods, Online, Catalog, Flagship</td>
</tr>
<tr>
<td>Columbia</td>
<td>Columbia Sportswear</td>
<td>$1.1 billion</td>
<td>Approx $100 - $300</td>
<td>Department, Specialty, Sporting Goods, Online, Catalog</td>
</tr>
<tr>
<td>Patagonia</td>
<td>Patagonia</td>
<td>$150 million</td>
<td>Approx $100 - $300</td>
<td>Department, Specialty, Sporting Goods, Online, Catalog</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ski Specific</th>
<th>Ownership</th>
<th>Annual Sales</th>
<th>Snow Apparel Retail</th>
<th>Distribution Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spyder</td>
<td>Spyder Active Sports</td>
<td>$7.8 million</td>
<td>Approx $150 - $450</td>
<td>Sporting Goods, Specialty, Online</td>
</tr>
<tr>
<td>Rossignol</td>
<td>Skis Rossignol S.A.</td>
<td>$602.7 million</td>
<td>Approx $150 - $450</td>
<td>Sporting Goods, Specialty, Online</td>
</tr>
<tr>
<td>K2</td>
<td>K2 Inc</td>
<td>$718.5 million</td>
<td>Approx $150 - $450</td>
<td>Sporting Goods, Specialty, Online</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Snowboard Specific</th>
<th>Ownership</th>
<th>Annual Sales</th>
<th>Snow Apparel Retail</th>
<th>Distribution Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burton</td>
<td>Burton Snowboards</td>
<td>$140 million</td>
<td>Approx $100 - $400</td>
<td>Sporting Goods, Specialty, Online, Catalog</td>
</tr>
<tr>
<td>Quiksilver</td>
<td>Quiksilver, Inc</td>
<td>$1.3 billion</td>
<td>Approx $100 - $400</td>
<td>Department, Specialty, Sporting Goods, Online, Catalog, Flagship</td>
</tr>
</tbody>
</table>

* Please note that the above is not meant to be a comprehensive list but simply a representation of the various types of competition the company will face.

### Protective Wear

<table>
<thead>
<tr>
<th>Protective Snow Sports Goods</th>
<th>Ownership</th>
<th>Location</th>
<th>Annual Company Sales</th>
<th>Protective Snow Sports Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asterisk Injury-preventative knee braces</td>
<td>Asterisk Llc</td>
<td>United States</td>
<td>$890,000</td>
<td>Injury-preventative knee braces</td>
</tr>
<tr>
<td>Crash Pads Padded top and bottom under layers</td>
<td>Crash Pads</td>
<td>United States</td>
<td>$600,000</td>
<td>Padded top and bottom under layers</td>
</tr>
<tr>
<td>Skeletools Torso, elbow, knee pads, impact shorts</td>
<td>Skeletools</td>
<td>United States</td>
<td>NA</td>
<td>Torso, elbow, knee pads, impact shorts</td>
</tr>
<tr>
<td>Dainese Integrative jackets, pants, helmets</td>
<td>Dainese S.B.A.</td>
<td>Italy</td>
<td>$102 million</td>
<td>Integrative jackets, pants, helmets</td>
</tr>
<tr>
<td>North Peak</td>
<td>North Peak</td>
<td>Japan</td>
<td>NA</td>
<td>Torso, elbow, knee pads, impact shorts, knee and elbow pads</td>
</tr>
<tr>
<td>RED</td>
<td>Burton Snowboards</td>
<td>United States</td>
<td>NA</td>
<td>Helments, impact shorts, rail guards, wrist guards, skull cap</td>
</tr>
<tr>
<td>Pro-Tec</td>
<td>Moso Extreme Inc</td>
<td>United States</td>
<td>NA</td>
<td>Helments, knee, elbow, wrist, hips, back pads</td>
</tr>
<tr>
<td>Market</td>
<td>Marker USA</td>
<td>United States</td>
<td>NA</td>
<td>Helments</td>
</tr>
<tr>
<td>Boeri</td>
<td>Boeri Ski &amp; Snowboard</td>
<td>United States</td>
<td>$230,000</td>
<td>Helments</td>
</tr>
<tr>
<td>Giro</td>
<td>Bell Sports, Inc</td>
<td>United States</td>
<td>NA</td>
<td>Helmets</td>
</tr>
<tr>
<td>Leekom</td>
<td>Endorphin Enterprises</td>
<td>United States</td>
<td>$580,000</td>
<td>Helmets</td>
</tr>
<tr>
<td>Brko</td>
<td>Luxottica Group S.B.A.</td>
<td>Italy</td>
<td>$4.37 billion</td>
<td>Helmets</td>
</tr>
<tr>
<td>K2</td>
<td>K2 Inc</td>
<td>United States</td>
<td>$718.5 million</td>
<td>Helmets</td>
</tr>
<tr>
<td>Salomon</td>
<td>Adidas-Salamon</td>
<td>United States</td>
<td>$7.87 billion</td>
<td>Helmets</td>
</tr>
<tr>
<td>UVEX</td>
<td>UVEX Sports Inc</td>
<td>United States</td>
<td>$2.4 million</td>
<td>Helmets</td>
</tr>
<tr>
<td>Carrera</td>
<td>Carrera Sport</td>
<td>United States</td>
<td>$97,000</td>
<td>Helmets</td>
</tr>
<tr>
<td>Team Wendy</td>
<td>Team Wendy, LLC</td>
<td>United States</td>
<td>$690,000</td>
<td>Helmets</td>
</tr>
<tr>
<td>Acerbis</td>
<td>Acerbis Plastica USA</td>
<td>United States</td>
<td>$2.2 million</td>
<td>Helmets</td>
</tr>
</tbody>
</table>
### David Dobkin

#### Relevant Experience:

<table>
<thead>
<tr>
<th>Period</th>
<th>Company</th>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
</table>
| July 2001 – September 2002    | Wasserstein Perella & Co. (now Dresdner Kleinwort Wasserstein) | Analyst, Mergers and Acquisition - Healthcare | Perform valuations and build financial models with projections for companies in the healthcare industry, specifically in the medical device, pharmaceuticals, services and biotechnology sectors. Research, analyze and prepare comprehensive strategic analyses, including discounted cash flow, comparable company, comparable acquisition and relative contribution analysis, for clients and senior management. Conducted strategic valuation and analysis assignments for foreign medical device companies which entailed valuing an entire market and forming the company’s internal development, market entry and distribution strategies. Advised on multiple buy and sell side cross-border transactions with significant client, buyer and seller contact. Participated in high yield and secondary equity offerings. Deal Experience:  
  - January 2002 - Advised Biocompatibles plc on the sale of its Eye Care Division to The Cooper Companies for $100MM  
  - February 2002 – Advised Draegerwerk AG on its attempted purchase of Spacelabs Medical  
  - March 2002 – Performed a strategic market analysis for Paul Hartmann AG  
  - May 2002 – Advised Biocompatibles plc on the sale of its cardiovascular stent business to Abbott Laboratories for $235MM  
  - June 2002 – Advised Nexan plc on its sale to Welch Allyn, Inc. for an undisclosed amount |
| April 2000 – May 2001         | DealProvider.com                             | Co-founder, Chief Financial Officer, and Director | Created a new Internet technology that allows for personalized real-time eCommerce deal finding. Prepared business and marketing plans, cash flow analysis, and 52-week user profiles for years one through five. Acquired first round of venture capital in August 2000. Implemented national viral marketing campaign. Managed company accounts. |
| August 1999 – December 1999  | Versity.com                                  | Campus Operations Manager    | Launched the education supplement-based web site at Columbia University and managed the regional effort. Hired and managed a staff of 60 people. Managed a $24,000 budget. Produced campus and regional marketing campaign. Increased operations by 600% to become the number two operation in the Nation. |
| November 2002 – April 2003   | Breckenridge Ski and Ride School             | Certified Adult Ski Instructor | Instructed and coached adults in skiing technique at all skill levels. Participated in the Bombers, children’s winter ski camp instructing a level 5 group. |
| May 1999 – February 2000     | Koenigsberg Engineering                      | Structural Engineering Consultant | Performed physical safety inspections of buildings in New York City. Prepared fifteen to twenty page comprehensive safety reports on a building’s status to be filed with the city. |

#### Additional Experience:

<table>
<thead>
<tr>
<th>Period</th>
<th>Education:</th>
<th>Degree</th>
<th>Major</th>
<th>Campus Operations Manager</th>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>University of Southern California</td>
<td>Ph.D. candidate in Biomedical Engineering - Tissue Engineering</td>
<td>Research in Heart Valve Tissue Engineering at Children’s Hospital of Los Angeles</td>
<td></td>
<td>Structural Engineering Consultant</td>
<td>Performed physical safety inspections of buildings in New York City. Prepared fifteen to twenty page comprehensive safety reports on a building’s status to be filed with the city.</td>
</tr>
<tr>
<td>2000 – 2001</td>
<td>Columbia University</td>
<td>School of Engineering and Applied Science</td>
<td>B.S. in Biomedical Engineering, GPA: 3.7/4.0</td>
<td></td>
<td></td>
<td>Dean’s List (eight semesters); Howard Cagel Leadership Scholar National Merit Scholar (1997) University of California, Santa Barbara, Creative Sciences Biology Award Recipient (1997)</td>
</tr>
<tr>
<td>1997-2001</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>

#### Leadership Activities:

<table>
<thead>
<tr>
<th>Period</th>
<th>Education:</th>
<th>Degree</th>
<th>Major</th>
<th>Campus Operations Manager</th>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 – 2001</td>
<td>Captain, Columbia University Ski Team</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000 – 2001</td>
<td>Secretary, Biomedical Engineering Society, Columbia University</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000 – 2001</td>
<td>Congressional Intern, United States House of Representatives</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Annemarie Dillard

EDUCATION

University of Southern California – Los Angeles, CA
• Marshall School of Business, Entrepreneur emphasis
  Business Scholar
• BA in Business
  3.51 GPA
• Expected Date of Graduation 5/2005
Pulaski Academy – Little Rock, AR
• Cum Laude Graduate
• Headmaster’s List 1998-2001

EXPERIENCE

Left Coast Style – Market Researcher, January 2004 – April 2004, September 2004 - present
• Division of Dillard's Department Stores Inc.
• Researched and compiled reports on shopping centers throughout the greater Los Angeles area

BCBGMazazria – Assistant Visual Merchandising Manager, April 2004 – July 2004
• Published visual merchandising standards information for all BCBGMazazria stores
• Worked in retail stores to show employees how to properly follow merchandising materials
• Compiled presentations for annual meetings for visual managers
• Assisted buyers in New York market week

Got It Right, LLC. – Administrator Lucky Brand Jeans Philanthropic Sale, January 2004
• Developed selling team
• Ensured associates understood productivity and job performance standards
• Administered on the job training
• Managed sale

BCBGMazazria – Intern, April 2003 – July 2003
• Prepared periodic inventories of showroom for account executives
• Maintained visual merchandising and selling floor standards
• Strategized and managed sale setup for sales representatives
• Sold to various accounts at Los Angeles market

Left Coast Style – Intern, Jan. 2003 - April 2003
• Division of Dillard’s Department Stores Inc.
• Researched and comprised buying/selling reorder recaps for Dillard’s buyers
• Assisted executives in general office duties
• Met with vendors and presented new lines to Dillard’s buyers and executives
• Shopped retail stores for new trends and compiled reports based on findings

Dillard’s Department Stores – Intern, On and Off Fall 1998 - Present
• Assisted in setting up BCBG shop-in-shops in Dillard’s stores
• Participated in product development for Dillard’s private labels Copper Key, Antonio Melani, Gianni Bini, Michelle D, Sole Choice
• Met markets in Dallas, Los Angeles, and New York

J.E.P – Joint Educational Project - Student Tutor, January 2003 – May 2003
• Non-Profit Organization aimed to assist youth in Inner City Los Angeles
• Tutored students on the fundamentals of Geology

Centers for Youth and Family Clothing Drive – Founder and Administrator, 2001
• Administered Clothing Drive for abandoned and abused children in Little Rock, Arkansas

SKILLS AND INTERESTS

• Pi Beta Phi Sorority – President and Vice President
• Horseback Riding – 7th in the Nation: American Horse Shows Association
• President of Interact/Rotary and Spanish Clubs 2000-2001
• Vice President of YWCA Y-Teens 2000-2001
• Proficient in Word, Excel and PowerPoint
Board Member Profiles

Rusty Gregory
Rusty Gregory brings considerable ski industry experience and expertise to Aegis. Mr. Gregory currently serves as CEO of Mammoth Mountain Resort. During his tenure, he has transformed the resort from a Southern California commuter destination into a world-class ski resort, competing with Vail and Breckenridge as the most visited resort in the United States. Mr. Gregory is on the board of directors for the National Ski Areas Association. Mr. Gregory holds a Bachelor of Science degree in Business Administration from UCLA.

Alex Dillard
Alex Dillard brings a skill set to Aegis that is rare. Having been exposed to the industry since birth, Alex has been an employee of the fashion retail industry for over thirty years. Alex was the top graduate of the University of Arkansas with a degree in accounting, as well as the valedictorian award at the University of Texas School of Law. Currently, he serves at the president of Dillard's, Inc., and as a member of the board. As the largest single-name upscale department store chain in the United States, Alex has in-depth experience in all aspects of the retail, wholesale, and manufacturing industries. Alex has been an avid skier for over thirty years and has skied throughout the world.

Matthew Levenson
Matthew Levenson brings years of teen marketing experience and operations expertise to the Aegis team. Currently, Mr. Levenson is the CEO and president of 9star, Inc., an Action Sports Center and "category-killer" multichannel retailer for the currently fragmented Action Sports industry. Most recently, Mr. Levenson ran the day-to-day operations serving as chief operating officer for Liquidseats Inc., now known as Stubhub.com, a secondary ticketing solutions provider to the professional sports and entertainment industries. Before that, Mr. Levenson served as the head of field operations for Versity.com, a collegiate note-taking business, where he built the business from 7 branch locations in 1999 to 165 branch locations and 10,000 field employees in 2000. Prior to that Mr. Levenson served as executive vice president at General Meters, servicing over 500 colleges and universities with proprietary card key systems. Before joining General Meters, Mr. Levenson was CEO of a marketing company, Campus Card, providing a debit card to college students whereby their parents could budget spending. Mr. Levenson graduated from the Wharton School of Business with a Bachelor of Science degree, with dual concentrations in Finance and Entrepreneurial Management.
Production and Distribution Cycle

Marketing
- Public Relations
- Marketing Firm

Production
- Materials Sourcing
- Manufacturer
- Trading Company

Design
- Designer
- Pattern Maker

Distribution
- Parcel Service
- Retailers

Sales

Aegis
Product Designs

Aegis product designs with integrative protective wear. Knee braces and pads are hidden underneath the jacket and pants.
Designer Profile

Shannon Figgins
Fashion Institute of Design and Merchandising, class of 2005
Advanced Associate of the Arts degree in Fashion Design
Top graduate in class of 2,000 students

Scholarship Winner of:
• Robert Nelson (full year's tuition)
• TALA of Los Angeles
• Ebell fo Los Angeles
• Steven Dodd shoewear Design scholarship
• DreamWorks Home Entertainment
• Instituto Di Koefia Full-year scholarship to study couture in Rome, Italy October 2005

Experience:
Designed, produced patterns for, and constructed a 32-piece women's sportswear collection and had a runway show "Debut Show 2005" in Santa Monica, California, in February of 2005.

Designed, produced patterns for, and constructed a 22-piece women's sportswear collection for runway show at Mercedes-Benz LA fashion week show on March 19, 2005.

Press Accolades:
LA Times - January 16, 2005
California Apparel News - February 2005 & March 2005
WWD - Twice in March 2005
Zinc Magazine - Article to come out May 2005
Elle Magazine - Article to come out May 2005

Freelance work:
• Susan Sarandon Celebrity Charity Corset auction with R.A.I.N.
• DreamWorks SKG/Home Entertainment
• LA Chamber of Commerce
• Frederick's of Hollywood
• FIDM
• Yaras, Inc.
• McKinney Studios
The forces generated in the knee are considerably larger than just the effect of a person’s weight. During activity, the combination of mass and velocity can increase the forces generated by over one hundred times a person’s weight. In order to decrease the chance of injury, both support and increasing flex duration can mitigate the occurrence.

Despite the increased force placed on the body, it is not the force, but rather rapid acceleration or deceleration, that causes injury. By increasing the deceleration time, the resultant force \( F = \Delta mv/\Delta t \) can be reduced. In snowsports, participant speeds typically are greater than 50 km/hr and can increase to over 200 km/hr. The use of protection devices can increase the stopping time, thus lowering force and preventing injury.
### Timeline

<table>
<thead>
<tr>
<th>Project</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obtain legal documents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incorporate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>File patent papers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hire designer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Locate office space</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negotiate with manufacturers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006 apparel development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006 apparel samples</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing emphasis - retailer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hire sales team</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attend trade shows</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Take 2006 orders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007 apparel development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Locate warehouse space</td>
<td></td>
<td></td>
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<tr>
<td>2007 apparel samples</td>
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<tr>
<td>Warehouse preparation</td>
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<tr>
<td>2006 manufacturer production</td>
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<tr>
<td>Ship 2006 orders</td>
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<td></td>
</tr>
<tr>
<td>Marketing - end consumers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
References

Interviews:
Boshart, Mike. Interview. VP of Purchasing, REI. February 7, 2005.

Trade Events:

Sources Referred To That Are Not Otherwise Cited: