

SHAREHOLDERS AGREEMENT

This Shareholders Agreement (the "Agreement") is made and effective [DATE],

BETWEEN: **[YOUR COMPANY NAME]** (the "Corporation"), a corporation organized and existing under the laws of the [State/Province] of [STATE/PROVINCE], with its head office located at:

[YOUR COMPLETE ADDRESS]

AND: **[FIRST SHAREHOLDER NAME]** (the "First Shareholder"), an individual with his main address located at OR a corporation organized and existing under the laws of the [State/Province] of [STATE/PROVINCE], with its head office located at:

[COMPLETE ADDRESS]

AND: **[SECOND SHAREHOLDER NAME]** (the "Second Shareholder"), an individual with his main address located at OR a corporation organized and existing under the laws of the [State/Province] of [STATE/PROVINCE], with its head office located at:

[COMPLETE ADDRESS]

AND: **[THIRD SHAREHOLDER NAME]** (the "Third Shareholder"), an individual with his main address located at OR a corporation organized and existing under the laws of the [State/Province] of [STATE/PROVINCE], with its head office located at:

[COMPLETE ADDRESS]

WITNESSETH:

WHEREAS, the present distribution of shares of the Corporation is as follows:

| Name | Number of Shares |
|-------|------------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

WHEREAS, in order to insure the harmonious and successful management and control of the Company, and to provide for an orderly and fair disposition of shares of common stock of the Company now or hereafter owned by any Shareholder;

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto, and intending to be legally bound, the parties hereby agree as follows:

1. DEFINITIONS

"Offering Shareholder" means any Shareholder, or his personal representatives, heirs, administrators, and executors, as the case may be, who pursuant to this Agreement must or does offer all or any of his Shares to the Company or the Continuing Shareholders.

"Continuing Shareholders" means all Shareholders other than an Offering Shareholder.

"Shares" means shares of Common Stock of the Company now or hereafter owned by any Shareholder.

"Buyer" means the Company or those Continuing Shareholders who purchase an Offering Shareholder's Shares pursuant to this Agreement.

"Management Shareholder" means First Shareholder, Second Shareholder and Third Shareholder.

2. PURCHASE FOR INVESTMENT

Each Shareholder represents and warrants that he is acquiring and has acquired his Shares for his own account for investment and not with a view to, or for resale in connection with, any distribution thereof or with any present intent of selling any portion thereof.

3. TRANSFERS OF SHARES

A Shareholder may not transfer, give, convey, sell, pledge, bequeath, donate, assign, encumber or otherwise dispose of any Shares except pursuant to this Agreement.

3.1. Transfers to the Company

Notwithstanding anything to the contrary contained in this Agreement, a Shareholder may give, sell, transfer or otherwise dispose of all or any of his Shares to the Company at such price and on such terms and conditions as such Shareholder and the Board of Directors of the Company may agree.

3.2. Transfer to Others

Except as provided for in Paragraph 3.1 above, a Shareholder desiring to dispose of some or all of his Shares may do so only pursuant to a bona fide offer to purchase (the "Offer") and after compliance with the following provisions. Such Shareholder shall first give written notice to the Company and the other Shareholders of his intention to dispose of his Shares, identifying the number of Shares he desires to dispose of, the proposed purchase price per Share and the name of the proposed purchaser and attaching an exact copy of the Offer received by such Shareholder.

3.3. The Company's Right to Purchase

The Company shall have the exclusive right to purchase all of the Shares which the Offering Shareholder proposes to sell at the proposed purchase price per Share. The Company shall exercise this right to purchase by giving written notice to the Offering Shareholder (with a copy thereof to each of the Continuing Shareholders) within [NUMBER] days after receipt of the notice from the Offering Shareholder (the "[NUMBER] Day Period") that the Company elects to purchase the Shares subject to the Offer and setting forth a date and time for closing which shall be not later than [NUMBER] days after the date of such notice from the Company. At the time of closing, the Offering Shareholder shall deliver to the Company certificates representing the Shares to be sold, together with stock powers duly endorsed in blank. The Shares shall be delivered by the Offering Shareholder free of any and all liens and encumbrances. All transfer taxes and documentary stamps shall be paid by the Offering Shareholder.

3.4. The Continuing Shareholders Right to Purchase

If the Company fails to exercise its right to purchase pursuant to subparagraph (i) above, the Continuing Shareholders shall have the right for an additional period of [NUMBER] days (the "Additional [NUMBER] Day Period") commencing at the expiration of the [NUMBER] Day Period to purchase the Shares which the Offering Shareholder proposes to sell at the proposed purchase price per Share. The Continuing Shareholders shall exercise this right to purchase by giving written notice to the Offering Shareholder prior to the expiration of the Additional [NUMBER] Day Period that they elect to purchase his Shares and setting forth a date and time for closing which shall be not later than [NUMBER] days after the expiration of the Additional [NUMBER] Day Period. Any purchase of Shares by all or some of the Continuing Shareholders shall be made in such proportion as they might agree among themselves or, in the absence of any such agreement, pro rata in proportion to their ownership of Shares of the Company (excluding the Offering Shareholder's Shares) at the time of such offer, but in any event one or more of the Continuing Shareholders must agree to purchase all the Shares which the Offering Shareholder proposes to sell. At the time of closing, the Offering Shareholder shall deliver to Buyer certificates representing the Shares to be sold, together with stock powers duly endorsed in blank. Said Shares shall be delivered by the offering Shareholder free and clear of any and all liens and encumbrances. All transfer taxes and documentary stamps shall be paid by the Offering Shareholder.

3.5. Performance of Acceptance

When exercising the rights granted in Paragraphs 3.2 hereof, Buyer must elect to purchase all Shares which the Offering Shareholder proposes to sell for the price and upon the same terms for payment of the price as are set forth in the Offer; provided, however, that if said offer received by the Offering Shareholder shall provide for any act or action to be done or performed by the party making such Offer at any time before or within [NUMBER] days after the last day for exercise of Buyer's right to purchase pursuant to Paragraphs 3.2 hereof, then the Buyer shall be deemed to have complied with the terms and conditions of such Offer if Buyer does or performs such act or action within [NUMBER] days after the last day for exercise of Buyer's right to purchase pursuant to Paragraphs 3.2 hereof.

3.6. Sale to Third Party

If either the Company or some or all of the Continuing Shareholders do not elect to purchase all of the Shares which the Offering Shareholder proposes to sell, the Offering Shareholder may accept the Offer which the Offering Shareholder mailed with his notice to the Company pursuant to Paragraph 3.2 hereof and transfer all (but not less than all) of the Shares which he proposes to sell pursuant thereto on the same terms and conditions set forth in such Offer, provided that any transferee of such Shares shall be bound by this Agreement, and further provided that if such sale is not completed within [NUMBER] days after the date notice is received by the Company under Paragraph 3.2 hereof, all such Shares shall again become subject to the restrictions and provisions of this Agreement.

3.7. Right of Co-Sale

Notwithstanding any other provision hereof, in the event the Offering Shareholder receives an Offer from an unaffiliated third party (the "Offeror") to purchase from such Shareholder not less than [%] of the Shares owned by such Shareholder and such Shareholder intends to accept such Offer, the Offering Shareholder shall, after complying with the provisions of Paragraph 3.2 above and before accepting such Offer, forward a copy of such Offer to the Company and each of the Continuing Shareholders. The Offering Shareholder shall not sell any such Shares to the Offeror unless the terms of the Offer are extended by the Offeror to the Continuing Shareholders pro rata in proportion to their ownership of Shares of the Company (excluding the Offering Shareholder's Shares) at the time of such Offer. The Continuing Shareholders shall have [NUMBER] days from the date of the foregoing Offer to accept such Offer.

First Shareholder, Second Shareholder and Third Shareholder may each during their lifetimes transfer all, hut not less than all, of their Shares to said Shareholder's spouse or a lineal descendant of such Shareholder, so long as prior to such transfer (i) such person, the Company, and all the Shareholders amend this Agreement to the reasonable satisfaction of such person, the Company and all the Shareholders to provide the parties to this Agreement with the rights, remedies and effect

provided in this Agreement as if no such transfer had occurred, and (ii) the proposed transferee agrees in a writing satisfactory to the Company and all Shareholders that such person shall vote for First Shareholder, Second Shareholder and Third Shareholder (or their nominees) as directors of the Company and shall be bound by all the terms and conditions of this Agreement.

4. RIGHT OF FIRST REFUSAL

- a. Except in the case of Excluded Securities (as defined below), the Company shall not issue, sell or exchange, agree to issue, sell or exchange, or reserve or set aside for issuance, sale or exchange, any (i) shares of Common Stock or any other equity security of the Company which is convertible into Common Stock or any other equity security of the Company, (ii) any debt security of the Company which is convertible into Common Stock or any other equity security of the Company, or (iii) any option, warrant or other right to subscribe for, purchase or otherwise acquire any equity security or any such debt security of the Company, unless in each case the Company shall have first offered to sell to each Shareholder, pro rata in proportion to such Shareholder's then ownership of Shares of the Company, such securities (the "Offered Securities") (and to sell thereto such Offered Securities not subscribed for by the other Shareholders as hereinafter provided), at a price and on such other terms as shall have been specified by the Company in writing delivered to such Shareholder (the "Stock Offer"), which Stock Offer by its terms shall remain open and irrevocable for a period of [NUMBER] days (subject to extension pursuant to the last sentence of subsection (b) below) from the date it is delivered by the Company to the Shareholder.
- b. Notice of each Shareholder's intention to accept, in whole or in part, a Stock Offer shall be evidenced by a writing signed by such Shareholder and delivered to the Company prior to the end of the [NUMBER]-day period of such Stock Offer, setting forth such portion of the Offered Securities as such Shareholder elects to purchase (the "Notice of Acceptance"). If any Shareholder shall subscribe for less than his pro rata share of the Offered Securities to be sold, the other subscribing Shareholders shall be entitled to purchase the balance of that Shareholder's pro rata share in the same proportion in which they were entitled to purchase the Offered Securities in the first instance (excluding for such purposes such Shareholder), provided any such other Shareholder elected by a Notice of Acceptance to purchase all of his pro rata share of the Offered Securities. The Company shall notify each Shareholder within [NUMBER] days following the expiration of the [NUMBER]-day period described above of the amount of Offered Securities which each Shareholder may purchase pursuant to the foregoing sentence, and each Shareholder shall then have [NUMBER] days from the delivery of such notice to indicate such additional amount, if any, that such Shareholder wishes to purchase.
- c. In the event that Notices of Acceptance are not given by the Shareholders in respect of all the Offered Securities, the Company shall have [NUMBER] days from the expiration of the foregoing [NUMBER]-day or [NUMBER]-day period, whichever is applicable, to sell all or any part of such Offered Securities as to which a Notice of Acceptance has not been given by the Shareholders (the "Refused Securities") to any other person or persons, but only upon terms and conditions in all respects, including, without limitation, unit price and interest rates, which are no more favorable, in the aggregate, to such other person or persons or less favorable to the Company than those set forth in the Stock Offer. Upon the closing, which shall include full payment to the Company, of the sale to such other person or persons of all the Refused Securities, the Shareholders shall purchase from the Company, and the Company shall sell to the Shareholders the Offered Securities in respect of which Notices of Acceptance were delivered to the Company by the Shareholders, at the terms specified in the Stock Offer.
- d. In each case, any Offered Securities not purchased by the Shareholders or other person or persons in accordance with Section 4(c) may not be sold or otherwise disposed of until they are again offered to the Shareholders under the procedures specified in Sections 4(a), (b) and (c).

- e. The rights of the Shareholders under this Section 4 shall not apply to the following securities (the "Excluded Securities"):
- i. Any (A) shares of Common Stock or any other equity security of the Company which is convertible into Common Stock or any other equity security of the Company, (B) debt security of the Company which is convertible into Common Stock or any other equity security of the Company, or (C) option, warrant or other right to subscribe for, purchase or otherwise acquire any equity security or any such debt security of the Company (collectively, an "Equity Security") if the issuance of such Equity Security does not alter the respective proportions of ownership (on a fully diluted basis) by First Shareholder, Second Shareholder and Third Shareholder, as among themselves, of Equity Securities immediately prior to the issuance of such Equity Security;
 - ii. Common Stock issued as a stock dividend or upon any stock split or other subdivision or combination of the outstanding shares of Common Stock;
 - iii. Securities issued pursuant to the acquisition by the Company of another corporation to the stockholders of such other corporation by merger or purchase of substantially all of the assets whereby the Company owns not less than [%] of the voting power of such other corporation; and

5. SALE OR REDEMPTION UPON TERMINATION OF EMPLOYMENT, DISABILITY OR DEATH

Upon the termination of a Management Shareholder's employment or other relationship with the Company (including without limitation, any position as an officer, director, consultant, joint venturer, independent contractor, or promoter to or of the Company) for whatever reason, the Disability (as defined below) of a Management Shareholder, or the death of a Management or Nonmanagement Shareholder (any such event hereinafter a "Triggering Event"), such Shareholder (or his heirs, executors, guardian or personal representative) within [NUMBER] days after the Triggering Event shall offer to sell all, but not less than all, of the Shares owned by the Shareholder. Each offer shall be made to the Company in writing and shall exist for a period of [NUMBER] days after such offer has been received by the Company. If the Company fails to purchase all of the Shares offered, the offer to sell shall be made in writing to all of the Continuing Shareholders in such proportion as the Continuing Shareholders may agree among themselves, or in the absence of agreement, pro rata in proportion to their then ownership of Shares of the Company (excluding the Offering Shareholder's (Shares), and shall exist for a period of [NUMBER] days after the offer has been received by all of the Continuing Shareholders. For purposes of this Agreement, "Disability" of a particular person means the inability, due to a physical or mental condition, of such person to maintain his employment or other relationship with the Company (including without limitation, fulfilling his duties in any position as an officer, director, consultant, joint venturer, independent contractor, or promoter to or of the Company) or to conduct his normal daily activities on behalf of the Corporation for any [NUMBER] consecutive month period.

6. PURCHASE PRICE

The purchase price for all Shares purchased pursuant to Paragraph 5 hereof shall be determined as follows:

- a. The Company or the Continuing Shareholders, as the case may be, within [NUMBER] days after receipt of any offer referred to in Paragraph 5 above, shall notify the Offering Shareholder of the price at which the Company or the Continuing Shareholders, are willing to purchase the Shares.
- b. In the event the Offering Shareholder objects to the purchase price established in accordance with Paragraph 6(a) above, the Offering Shareholder shall have the right to solicit offers to buy the Shares in accordance with the provisions of Paragraph 3.2. The right to solicit offers shall be

subject to the terms and conditions of Section 3.2 and 3.3 hereof, including without limitation, the rights of first refusal and co-sale and the period during which any right of first refusal must be exercised but shall not be subject to the [NUMBER] day period referred to in Paragraph 3.2 of this Agreement.

7. PAYMENT OF PURCHASE PRICE

The purchase price for all Shares purchased pursuant to Paragraph 5 hereof shall be paid at the closing of the sale.

8. PUT AND CALL OPTIONS

8.1. Put and Call Options

Each Shareholder shall have the right and option upon the written declaration (a "Declaration") by such Shareholder to the other Shareholders and the Company of the occurrence of an "impasse" (as defined below) to sell to the Continuing Shareholders all of his Shares, and the Continuing Shareholders shall have the obligation to either (i) purchase all of such Shares owned by the offering Shareholder in such proportion as the Continuing Shareholders may agree upon, and if they cannot so agree, pro rata in proportion to their then ownership of Shares of the Company (excluding the Offering Shareholder's Shares) or (ii) if the Continuing Shareholders are unable or unwilling to purchase all of the Shares owned by the Offering Shareholder, sell all of their Shares to the Offering Shareholder, and the Offering Shareholder shall have the obligation to buy such Shares.

8.2. Impasse

An "impasse" shall be conclusively evidenced by (i) either First Shareholder, Second Shareholder or Third Shareholder or their respective representative, voting opposite the others at a vote at a shareholders meeting or at a vote at a meeting of the Board of Directors of the Company (or failing to attend such meetings upon due notice if such failure results in the lack of a quorum making such vote impossible), which vote is on a material issue, not in the ordinary course of business, and affecting the business, assets or operations of the Company, including, but not limited to, a proposal to merge, liquidate, consolidate or dissolve the Company, or to sell, lease or dispose of all or substantially all of the assets of the Company or to amend the substantive provisions of the Company's bylaws or articles of incorporation, or to issue or redeem stock, or to declare dividends of any kind, and (ii) either First Shareholder, Second Shareholder or Third Shareholder notifying the others and the Company and any other Shareholders within [NUMBER] days after such meeting, proposed meeting or vote that an "impasse" has occurred. The put and call rights granted to each Shareholder under this Paragraph 8 are independent of the other rights granted to the Shareholders and the Company under the other terms of this Agreement and such rights are not mutually exclusive or inconsistent.

8.3. Exercise of Option

The Continuing Shareholders shall exercise any option provided for in this Paragraph 8 within [NUMBER] days after receipt of a declaration. Any closing of the sale of Shares pursuant to such exercise shall occur within [NUMBER] days after receipt of a Declaration.

8.4. Purchase Price

Any purchase or sale of Shares sold pursuant to this Paragraph 8 shall be at the price as set forth in the Declaration delivered by the Shareholder exercising his right to sell his shares and shall be paid at the closing of the sale of the Shares.

9. RIGHTS UPON REGISTRATION

In the event that the Company shall register or qualify any or all of the common stock of the Company under the [CODE OR LAW], as amended (or any similar statute then in force), on an appropriate

registration statement, the Company shall give the Shareholders written notice thereof, and upon written request of a Shareholder, received by the Company not later than [NUMBER] days after receipt by the Shareholder of such notice, the Company will include in the registration statement filed by the Company with the Securities and Exchange Commission all Shares held by such Shareholder with respect to which the Shareholder shall have so requested registration.

10. AGREEMENT BINDING ON ALL PERSONS INTERESTED IN SHARES

Each person who now or hereafter acquires any legal or equitable interest in any Shares shall be bound by the terms of this Agreement. No issuance or transfer of Shares shall be effective and the Company shall not enter any issue or transfer upon the stock books of the Company or issue a certificate in the name of any person unless the Company is satisfied that such person is, and in a manner satisfactory to the Company has acknowledged being, bound by this Agreement.

11. CLOSING

Except as otherwise agreed to or expressly provided for herein, closing pursuant to the exercise of a right to purchase or sell Shares pursuant to this Agreement shall be held at the principal executive offices of the Company.

12. ENTRY OF LEGEND UPON STOCK CERTIFICATES

The following legend shall be immediately entered on each stock certificate representing Shares owned by the Shareholders:

"The gift, sale, mortgage, pledge, hypothecation or other encumbering or transfer of the shares of the capital stock represented by this certificate is restricted in accordance with the terms and conditions of a Shareholders Agreement dated [DATE], a copy of which is on file at the principal executive offices of the Company. Said Shareholders Agreement restricts the ability of the Shareholder to sell, give, pledge, bequeath or otherwise transfer or dispose of this stock certificate and the shares of capital stock represented by it."

13. AFTER ACQUIRED SHARES - SUBSEQUENT SHAREHOLDERS

The terms and conditions of this Agreement shall specifically apply not only to Shares owned by Shareholders at the time of execution of this Agreement, but also to any Shares acquired by any Shareholder subsequent to such execution.

14. BOARD OF DIRECTORS

At each election of the Board of Directors of the Company, the Shareholders shall vote their Shares to elect three directors of the Company, one director being First Shareholder, or his nominee, one director being Second Shareholder, or his nominee, and one director being Third Shareholder, or his nominee.

15. COMMUNITY AND MARITAL PROPERTY LAWS

Notwithstanding anything to the contrary contained herein, the following terms shall control to the extent community property laws or other marital property laws apply to the Shares of any Shareholder:

15.1. Lifetime Transfers

The provisions of this Agreement regarding restrictions against the transfer of Shares shall apply to any interest of the spouse of any Shareholder in such Shares (said spouse is hereinafter referred to as a "Spouse").

15.2. Transfers Upon Death of Spouse

If the Spouse of a Shareholder predeceases such Shareholder and has failed to bequeath to such Shareholder the deceased Spouse's entire marital property interest, if any, in the Shares held by the Shareholder, or if the Spouse of a Shareholder is adjudicated to be bankrupt or insolvent, or makes an assignment for the benefit of his or her creditors (collectively referred to herein as an "Event"), then to the extent necessary to divest the Spouse of any interest in the Shares of such Stockholder, within three months after the date of the occurrence of the Event, the Shareholder shall have the option to and must purchase such marital property interest of his or her Spouse or the estate of the deceased Spouse, as the case may be, in the Shares held by the Shareholder at a price equal to the lesser of either the value of the spouse's marital property interest in such Shares or the book value of such Shares.

15.3. Marital Dissolution

Any decree of dissolution, separate maintenance agreement or other property settlement between a Shareholder and his or her Spouse shall provide that the entire marital property interest of the Spouse in the Shares of the Shareholder shall be granted to the Shareholder as part of the division of the property of the marriage and the Spouse shall release and the Shareholder shall accept any marital property interest of such Spouse in the Shares. If payment for such Shares is ordered by the Court or demanded by the Spouse, no consideration shall be required, but if the Shareholder volunteers consideration for said release of interest it shall be no greater than the lesser of either the value of the Spouse's marital property interest in such Shares or the book value of the Spouse's marital property interest in such Shares.

15.4. Inclusion of Marital Property

Any purchase of the Shares of a Shareholder pursuant to any provision of this Agreement shall include without limitation or condition the entire marital property interest of the Spouse of such Shareholder in the Shares being purchased.

15.5. Determination of Value

Book value and the value of a Spouse's interest in the Shares of a Shareholder for purposes of this Paragraph 15 shall be determined by the Shareholder. The Company and the other Shareholders shall not be responsible for the determination of the value of the marital property interest of any Spouse of a Shareholder, the determination of book value, or the purchase of or payment for such Spouse's marital property interest in the Shares of a Shareholder.

16. INSURANCE

The Company may, if it so desires, purchase insurance policies on the life of any Management Shareholder for the purpose of payment for stock purchases or as key man insurance. If any Shareholder on whose life the Company owns an insurance policy shall at any time during his lifetime sell all of his Shares, then that Shareholder shall have the right to purchase from the Company the insurance policy or policies on his life at the cash surrender value, if any. The Company shall deliver the policy or policies on the life of such Shareholder upon payment of the cash surrender value, if any, and shall execute any necessary instruments of transfer and change of beneficiary forms.

17. PRO RATA ALLOCATIONS

All items of income and loss of the Company shall be assigned pro rata to each day throughout the year. However, the Shareholders hereby consent to make an election pursuant to Section [NUMBER] of the

[CODE OR LAW] or Section [NUMBER] of the [CODE OR LAW] in the event that the Board of Directors determines such elections to be in the best interest of a majority of the Shareholders.

18. SUBCHAPTER S ELECTION

The Company may elect to be taxed as a small business corporation under Subchapter S of the Internal Revenue Code, as amended from time to time (the "code"), or such other provisions of law as may hereafter be applicable to such an election, and for state income tax purposes, if available (hereinafter, an "Election"). Each Shareholder and the Company agree to execute and file the necessary forms for making and maintaining an Election, and each Shareholder agrees to deliver to the Company the consent of the spouse of such Shareholder if such consent is required for the Election under any community or marital property laws or otherwise. The Shareholders and the Company agree that they will take such other actions as may be deemed necessary or advisable by counsel to the Company to exercise or maintain the Election. The Shareholders shall maintain the Election unless the Management Shareholders unanimously agree otherwise or in the event that the Board of Directors requests that the Shareholders revoke the Election, in which case the Shareholders shall promptly execute and deliver to the Company such documents as may be necessary to revoke the Election. None of the Shareholders, without the consent of all of the Management Shareholders, shall take any action or position, or make any transfer or other disposition of his shares of the Company which may result in the termination or revocation of the Election. In the event of an inadvertent termination of the Election as described in Section [NUMBER] of the [CODE OR LAW] or other applicable law, the Shareholders shall agree to make such adjustments as may be required to continue the Election, as provided in Section [NUMBER] of the [CODE OR LAW]

19. AUTHORIZATION

The Company is authorized to enter into this Agreement by virtue of a resolution of Board of Directors.

20. NOTICES

Notices and declarations under this Agreement shall be in writing and sent by registered or certified mail, return receipt requested, postage paid, to the Company at its principal executive offices and to Shareholders at their last address as shown on the records of the Company or at such other address with respect to any party hereto as such party shall notify the other Shareholders and the Company in writing in the manner specified herein.

21. TERMINATION

The rights and obligations of the Company and the Shareholders under this Agreement shall terminate upon written agreement of all then existing Shareholders or upon the registration or qualification of any or all of the Common stock of the Company pursuant to Paragraph 9 hereof.

22. SEVERABILITY

The various provisions of this Agreement are severable from each other and from the other provisions of the Agreement, and in the event that any provision in this Agreement shall be held to be invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be fully effective, operative and enforceable.

23. FREE END CLEAR OF ENCUMBRANCES

All Shares sold pursuant to the terms of this Agreement shall be free of any and all liens and encumbrances and accompanied by stock powers duly endorsed in blank.

24. BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, executors, administrators, successors and assigns.

25. GOVERNING LAW

This Agreement shall be construed and interpreted in accordance with the laws of the [State/Province] of [STATE/PROVINCE] without reference to conflict of laws principles except to the extent that the community or marital property laws of any state would otherwise be applicable to a particular situation, in which event, such community or marital property laws shall apply to the particular situation.

26. ENTIRE AGREEMENT

This instrument contains the entire agreement of the parties and may be changed only by an agreement in writing signed by the Company and all persons then owning Shares.

27. COUNTERPARTS

This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year set forth below.

COMPANY

FIRST SHAREHOLDER

Authorized Signature

Authorized Signature

Print Name and Title

Print Name and Title

SECOND SHAREHOLDER

THIRD SHAREHOLDER

Authorized Signature

Authorized Signature

Print Name and Title

Print Name and Title

CONSENT OF SPOUSE

The undersigned being the spouses of Shareholders named in the foregoing Shareholders Agreement (the "Agreement"), hereby acknowledges that:

1. I have read the foregoing Agreement in its entirety and understand that:
 - A. Upon the occurrence of certain events as specified in the Agreement, the Company, my spouse, and the other Shareholders will have the right to and may be obligated to purchase Shares owned by another Shareholder at a price and on terms and conditions set forth in the Agreement;
 - B. Any purchase of the Shares of any Shareholder will include his or her entire interest in such Shares and any community property interest and other marital property interest of the spouse of such Shareholder; and
 - C. The Agreement imposes certain restrictions on any attempts by me to transfer any interest I may have in the Company or any Shares of the Company by virtue of my marriage and confers on my spouse the right and obligation to purchase any interest I may have in the Company or any Shares of the Company upon the occurrence of certain events.
2. I hereby approve and agree to be bound to all of the terms of the Agreement and agree that any interest (community property or otherwise) that I may have in the Company or any Shares of the Company shall be subject to the terms of this spousal consent and the Agreement.
3. I agree that my spouse may join in any future amendments or modifications to the Agreement without any notice to me and without any signature, acknowledgment, agreement or consent on my part.
4. I agree that I will transfer or bequeath any interest I may have in the Company or any Shares of the Company by my will, outright and free of trust to my spouse.
5. I acknowledge that I have been advised and have been encouraged to seek independent counsel of my own choosing to represent me in matters regarding the Shareholders Agreement and my execution of this spousal consent.
6. I hereby consent to the Company and my spouse making and maintaining the Subchapter S Election (if applicable) under the Internal Revenue Code, as amended from time to time.

Signature

Signature

Name – Spouse of First Shareholder

Name – Spouse of Second Shareholder

Signature

Name – Spouse of Third Shareholder

Keep The Edge Studios

Keith Asack and Kim Pfluger

Keep The Edge Studios

Ricciuti Dr.

Quincy, MA

Business Plan

EXECUTIVE SUMMARY:

Keep the Edge Studios plans on providing musicians with multiple musician services on the South Shore, easily accessible from Boston. Services include lessons and workshops, pre-production, production, recording, mixing, post-production, mastering, graphic design and consultations.

Keep The Edge Studios seeks to build interpersonal and musical skills and professionalism among young musicians in our workshops and programs. We also seek to promote music enthusiasm in relation to the recording studio for all ages.

DESCRIPTION OF SERVICES AND IDENTITY:

Keep The Edge Studios

Product Identity:

The font: Incarnation:

Keep The Edge Studios

The board:



This is our presence for the moment in all web-based media. This appears on all of our web materials. Our long-term goal is to design a logo that depicts Atlas with our mixing board on his shoulders to symbolize our hope to change the way people view a professional recording studio.

Keith Asack, Partner Bio:

Keith Asack is a Berklee College Of Music Production and Engineering graduate who grew up listening to his Uncle John's music. With his Uncle's 1980's rock band as his guide, Keith learned several instruments and formed a band called 'Keep The Edge' which toured throughout New England. In high school, Keith had the opportunity to record a full length CD for his band so it's no surprise that in college, he found himself drawn to the Music Production and Engineering department. With his initial success in this department, he successfully created and operated a home-based recording studio in Allston, MA from 2008-2010 that he has since moved home in hopes of moving to a commercial space.

He achieved at Berklee a 3.68 GPA and graduated Magna Cum laude in addition to becoming a radio station DJ, Production and Engineering tutor, and guitar teacher. His "sound alike" project, the Production and Engineering major's defining project, is now used to set an example for future students. (The CD is enclosed – "Mr. Blue Sky" – Electric Light Orchestra)

He has studied with Rich Mendelson, Ted Paduck, Mark Wessel, Jeff Largent, Steven Webber, and Susan Rogers. Keith's mentors include:

Faculty Bio: Rich Mendelson:

- Alumnus, Harpur College
- Experienced recording engineer, arranger, producer, and songwriter who has worked with artists including Boston, the Cars, Full Circle, the New Kids on the Block, Andy Pratt, Kurt Russell, Tiffany, Frankie Valli, and Peter Wolf
- Co-owner of Synchro Sound Studios

Faculty Bio: Susan Rogers

- B.Sc., University of Minnesota
- Ph.D., McGill University, experimental psychology
- Recordings as a mixer/engineer with Prince, David Byrne, Barenaked Ladies, Tricky, Paul Westerberg, Geggy Tah, and Michael Penn
- Research interests include auditory memory, music perception and cognition, and psychoacoustics

Faculty Bio: Stephen Webber

- B.M., North Texas State University
- M.M., Western Kentucky University
- Twenty-five years experience as a record producer, engineer, session player, music director, studio designer, recording artist, and DJ
- Emmy Award-winning composer
- Author of *Turntable Technique: The Art of the DJ*, the first book to teach the turntable as a musical instrument
- Appearances on NBC's *Today Show*, *CBS Sunday Morning*, NPR's *All Things Considered*, CNN Live, and *The Mitch Albom Show*
- Writer for *Mix*, *Remix*, *Electronic Musician*, *Audio Media*, and *Pro Sound News*
- Designed and installed studios in L.A., Nashville, Boston, and Hawaii
- Recordings with Brad Delp, Eugene Friesen, Maeve Gilchrist, Jamie Haddad, Lindsay Mac, Manhattan Guitar Duo, Meshell Ndegeocello, Ivan Neville, Mark O'Conner, Tony Trischka, and the Turtle Island String Quartet
- Performances with John Blackwell, Casey Driessen, Rashad Eggeleston, Bela Fleck, Grandmixer DXT, Emmylou Harris, Mark O'Conner, Mike Phillips, Earl Scruggs, and Ricky Skaggs

Berklee
college of
music

1140 Boylston Street, Boston, MA 02215-3693
Tel 617 266-1400 www.berklee.edu

October 7th, 2010

To Whom It May Concern,

I relish this opportunity to write about one of the most outstanding people I have had the opportunity to work with in my seventeen years at Berklee College of Music, Keith Asack.

Keith distinguished himself at Berklee as an articulate, creative, intelligent and honest person, with a capacity for hard work at the highest levels of integrity. I have found that Keith is able to be the trustworthy caretaker of complex projects; while holding himself to the highest standards of professionalism. His project management is outstanding, and he's proved to be a gifted leader while putting together and managing a creative team.

Keith's organizational skills are excellent, his attention to detail is exemplary, and he has the ability to stay calm and focused under pressure.

I know Keith Asack to be an energetic, hard working, self-starting person, who possesses one of the most agreeable personalities that I have come across since arriving at Berklee. I look forward to following Keith's career; I know he will go far.

Sincerely,



Stephen Webber
Professor
Berklee College of Music

Kim Pfluger, Partner Bio:

Kim Pfluger is a Berklee College of Music graduate of the Music Business Department. She is the winner of the Music Business Departmental Award in 2010, a Music Business scholar and was also awarded the Berklee Grant for excellent academic performance. She was also congratulated by Jim D'Addario of D'Addario strings for her commitment to success in 2009. She has been a radio DJ, marketing team leader, FUSION magazine contributor, and a Berklee Entrepreneurial Action Team member. Kim was integral in the development and day to day business of Keep The Edge Studio for its location in Allston, MA and hopes to move the business into a commercial space by Q1 of 2011.

Kim has also worked in many industries including retail, landscaping, pool maintenance, and for the past four years has been the Marketing Director at Bergsten Music Inc in Hingham, MA. Bergsten Music is the largest backline, pro audio and lighting rental house in the Northeast, supplying to Boston's largest venues and numerous touring acts throughout the country. Her work at Bergsten Music has enabled her to hone skills such as marketing research and development, database design and management, website design and management, and accounting.

Kim Pfluger graduated Suma Cum Laude with a 3.89 GPA and has studied with many teachers including Stephanie Kellar, Martin Dennehy, and Pamela Kerensky.

Faculty Bio: Martin Dennehy

- B.S., Bentley College
- M.M., Cambridge College
- Performing artist with general business experience, cofounder of the Music Business Department
- Public accountant, sole practitioner
- Certified fraud examiner

Faculty Bio: Stephanie Kellar

- B.A., Communication, University of Southern Maine (minor in jazz vocal performance)
- M.S., Communication Management, Simmons College
- Graduate internship in market research at Rykodisc
- Over 20 years of professional integrated marketing communication and branding practice
- Past clients include Intel, Polaroid, CMGI, Comdata, Sabian, J. D'Addario, Gretsch, and Berklee Press
- Past employers include the McCourt Company, Boston Acoustics, and Catapult Thinking
- Patented inventor and entrepreneur with cosmetic-related products selling in mass channels through her company Key Beaute Inc.

Faculty Bio: Pam Kerensky

- B.M., Berklee College of Music, professional music, electric bass principal
- M.S., University of Maryland, ecommerce/technology management
- Additional studies at Northeastern University, Boston University, 4D Inc., and Oracle, Inc.
- Member of Caged Heat and the New Possibilities
- Former web and database developer for IDG, Inc., NetworkWorld, ITWorld, and Accela Communications
- Creator and editor of the Music Business/Management Department email newsletter
- Webmaster, Music Business/Management Department, Heavy Rotation Records, and Jazz Revelation Records websites
- Database, web development, and online marketing consultant for bands and small businesses
- Member, Epsilon Pi Tau, International Honor Society for Professions in Technology, Women in Technology International, American Association of University Women, and National Association of Professional Women

Form of Business Ownership (Partnership):

KEEP THE EDGE STUDIOS: PARTNERSHIP AGREEMENT

This PARTNERSHIP AGREEMENT is made on July 21, 2009 between Keith Gibran Asack of 272 Pine Street Stoughton, MA and Kimberly Anne Pfluger of 17 Abbott Street South Weymouth, MA.

1. **NAME AND BUSINESS.** The parties hereby form a partnership under the name of Keep The Edge Studios to conduct a Recording Studio on the premises of _____.
2. **TERM.** The partnership shall begin on September 1, 2008, and shall continue until terminated as herein provided.
3. **INVESTMENTS / CAPITAL.** The partners shall contribute the investments of the partnership in cash as follows: A separate capital account shall be maintained for each investor. Upon the demand of either partner, the investment accounts of the partners shall be maintained at all times in the proportions in which the partners share in the profits and losses of the partnership. Any investments made by non-partners are to be paid back within five years from the time of the investment. Loans made by financial institutions shall be determined at loan signing.
4. **PROFIT AND LOSS.** The net profits of the partnership shall be divided equally between the partners and the net losses shall be borne equally by them. With the following two exceptions: Asack will solely receive production related monies and Pfluger will solely receive design monies. A separate income account shall be maintained for each partner. Partners shall file separate tax returns.
5. **SALARIES AND DRAWINGS.** Each partner will receive percent of the base income from operations. Either partner may withdraw from his or her income account with the consent of the other partner. Salaries for each partner will not be taken until all original investments are recouped.
6. **INTEREST.** No interest shall be paid on the initial contributions to the capital of the partnership or on any subsequent contributions of capital.
7. **MANAGEMENT DUTIES AND RESTRICTIONS.** The partners shall have equal rights in the management of the partnership business. Without the consent of the other partner neither partner shall on behalf of the partnership borrow or lend money or equipment, or make, deliver, or accept any commercial paper, or execute any mortgage, security agreement, bond, or lease, or purchase or contract to purchase, or sell or contract to sell any property or equipment for or of the partnership other than the type of property bought and sold in the regular course of its business.

8. **BANKING.** All funds of the partnership shall be deposited in its name in such checking account or the partners shall designate specific accounts. These specific accounts shall be designated in writing and are to be approved by both parties. All withdrawals are to be made upon checks signed by either partner. As of this signing, Keep The Edge Studios holds a Business Checking Account at Citizens Bank.

9. **BOOKS.** The partnership books shall be maintained at the principal office of the partnership, and each partner shall at all times have access thereto. The books shall be kept on a fiscal year basis, commencing January 1st and ending December 31st, and shall be closed and balanced at the end of each fiscal year. Books will be kept both physically and electronically.

10. **VOLUNTARY TERMINATION.** The partnership may be dissolved at any time by agreement of the partners, in which event the partners shall proceed with reasonable promptness to liquidate the business of the partnership. Asack shall retain the rights to the business name "Keep The Edge" and rights to keeptheedgestudios.com. The assets of the partnership business shall be used and distributed in the following order: (a) to pay or provide for the payment of all partnership liabilities and liquidating expenses and obligations; (b) to equalize the income accounts of the partners.

11. **DEATH.** Upon the death of either partner, the surviving partner shall have the right either to purchase the interest of the decedent in the partnership or to terminate and liquidate the partnership business.

Executed this _____ day of _____, 20____ in
_____ [city], _____ [state].

Keith Asack

Kimberly Pfluger

Mission Statement:

Our Mission is to bring the recording industry back to the people by allowing all ages, abilities, and skill levels a exceptional place to comfortably and professionally record stress-free.

First 5 Years Services and Features and Rates:

Our Services will include the following but are not limited to:

- Recording (currently offered)
- Mixing (currently offered)
- Producing (currently offered)
- Mastering (future goal)
- Backtracks (currently offered)
- Lessons (currently offered)
- Studio Musicians (currently offered)
- Album Design (currently offered)
- Web based media design and implementation (currently offered)
- Business Needs: Press kits, Resumes, etc. (currently offered)
- Studio camp (currently offered)
- Bootcamp (currently offered)
- Lessons (currently offered)
- Music Therapy Classes (currently offered)
- Production and engineering classes (currently offered)
- Music Exploration for ages 0-5 (currently offered)
- Storefront (future goal)
- CD Duplication (future goal)

Pricing

Recording is a \$50 per hour base rate. Production and recording is \$95.00 for adults and \$75 for students and includes the use of all our equipment. Equipment use costs a one-time fee of \$100 per day for prep and head charges if the production option is not opted for. Songs for students are \$1000 per song with production with no time restrictions. Without production is negotiable at the time of sale. Adult rate per song is \$1250 with no time restrictions. All other configurations are negotiable with the client. Fees do not include mastering.

Mixes cost \$275 if production is not opted for. (If it is opted for, the mix is included in the song package price).

Mastering is \$75 per song.

All design related services are priced at \$100 flat rate up to three hours of work. After three hours, \$30 per hour is charged. After three hours and three revisions, revisions cost \$10. Photo shoots are \$175 for 2 hours. Photo shoots and design packages start at \$250 and are negotiable from there. (Web design, Press Kits and Professional Documents are billed at \$30 per hour.)

Studio musicians are also available to play on any track and are the musicians on backtracks for songs as well. Studio musicians are paid at the rate of \$15.00 per hour to the musician directly. If the client has opted for production, musicians are provided and KTES will pay the artist directly the same rate.

Studio Camp pricing is as follows:

Studio Camp four week session: \$750 (early sign up) / \$775 (late sign up)

Bootcamp one week session: \$750 (early sign up) / \$775 (late sign up)

Music Therapy One Hour Session: \$75 (early sign up) / \$100 (late sign up)

Lessons: \$30 for ½ hour / \$55 for one hour

Music Production four hour session workshops: \$300 (early) / \$325 (late)

Music Exploration one hour sessions: \$75 (early sign up) / \$100 (late sign up)

GOALS:

First Year Business Goals (items crossed out were accomplished in 2009-10):

~~We aim to establish a steady clientele and start recording local 'artists' for our introductory price of \$35.00/hour, \$65 for production.~~

~~We aim to make \$35/hr our Berklee and student price in 8/2010, while raising the price for clients older than college age.~~

~~We aim to have our facility state-of-the-art for optimal recording for our price range and maintain it as such.~~

~~We aim to move into a commercial facility by Q1 2012.~~

~~We aim to record at least 6 hours a day 4 to 5 days on a weekly basis.~~

We aim to establish ourselves in the parent/child community as a credible source of workshops and summer programs for music education.

Our recording camp did not run in 2010 based on capacity issues in a residential space.

Intermediate Long-Term Goals:

- We aim to open a second professional studio that offers higher end services to more accomplished clientele. (e.g. record labels, high profile artists)
- We aim to establish a network with industry professionals to broaden clientele.
- We aim to make studio camp a national success.
- We aim to be the first studio in the Boston area with shuttle service to and from the city.
- We aim to make enough money to pay back our invested amounts within five calendar years
- Establish us as a professional, credible, affordable, and reliable source for recording and music lessons in the greater Boston area.

SWOT ANALYSIS:

Our Strengths:

Our willingness to help people with their recording projects is incredibly important. Many professional studios do not involve themselves personally with a project and care only about the fiscal benefits of a project. We seek to remedy this by making personal relationships with each and every client. We always aim to negotiate pricing and make recording packages affordable for all those that want to record. We also have strong communication skills and are good at negotiating with clients. Our background as Berklee College of Music graduates gives weight to our credibility and makes our studio more appealing to those that may be put off by the idea of recording professionally. We have worked with numerous industry professionals and were both top of our class at Berklee. We have spent many hours with these mentors and possess a greater knowledge and aptitude than others in our age group.

Our design aesthetic is intriguing and coherent, driving many to the studio. Many now base decisions off of Internet information and our design presence is sound and effective. Our design aesthetic physically is also pleasing to customers. One of our clients described our studio as having a “great vibe” and another described it as “laid back and cool.” These are essential traits in a recording studio. Making customers feel comfortable and important is integral to the success of a recording studio.

Our lessons are taught from Berklee course material, a tried and proven method for teaching contemporary and practical music skills that are applicable in today’s music industry. We are the only studio in the area that offers recording lessons for kids and bases their lessons and classes on the studio experience. We are also the only recording studio that offers classes for younger children and special needs students.

Our Weaknesses:

Experience. Many other companies have been in business for decades. We are both recent Berklee graduates and we have not had the same experience as other professional studio engineers or business leaders in the “real world.” Our age puts some people off, as youth can often be seen as inexperience. Though we are both above proficient in our areas of study, it is apparent that we are younger and have been in the game for less time than many other industry professionals. The things we most need to work on are: engineering, web design/code, tax law, and marketing. Many of our competitors in Boston have been in business for at least ten years, many of them surpassing twenty years.

Our budget. Moving into a new space presents some fiscal challenges in Q4 of 2010. New construction and a new space will require more initial startup capital outlined later in this packet.

Our Opportunities :

We have a network of Berklee musicians and contacts, free online marketing, tech-savvy staff, and the current market for recording studios in the city of Quincy and its surrounding area.

Through Berklee, we have met many musicians, all of which have a need to record at some point, but also provide us with a huge selection of capable studio musicians. Among our opportunities at Berklee are: BAS scholarship recordings, audition recordings, project recordings, band recordings, ensemble recordings, etc.

Our marketing opportunities are those of a digital age. We are currently using many social networking sites and free marketing sites to list our business. Craigslist, Google, Kijili, Twitter, Facebook, Merchant Circle, and other musician listing sites are among our current roster. Many of our competitors don't know how to use these sites to their advantage and rely on more traditional means of marketing. The fact that we are young and technologically savvy keeps our marketing strategies fresh and our aesthetics pleasing. Multiple clients have picked our studio to record in because our website looked the most legitimate and our presence online was overwhelming. Web presence is an extremely important part of today's commerce and our studio has great web visibility that is regularly maintained.

We would like to be innovative in our approach to teaching and ultimately develop course outlines for work-study and conventional classroom study at local colleges such as Quincy College, Eastern Nazarene College, and Umass Boston. Someone who took the time to open our eyes to the world of recording helped steer our lives in that direction as a career path, and we aim to do the same to other students as well. We also aim to ignite this same passion in young children who are just starting out in the music world.

Our biggest opportunity is the fact that we are the sole provider in the Northeast of comprehensive studio based music instruction. Berklee students or graduates and our workshops teach all our lessons and camps are dedicated to teaching kids how to play in the studio with other members. We are the only studio providing the plethora of programs in the Northeast and the only professional recording studio in Quincy, MA and its surrounding towns. With school music programs being cut more and more everyday, our studio will be a place that music education and enthusiasm can thrive without the fear of budget cuts.

We will also be the only recording studio to provide shuttle service for its customers to and from Boston and to and from the MBTA.

Our Threats:

Our immediate threat is the ever-growing home recording market. Musicians who have dreamed of recording in a professional studio can now record at home. Because these musicians are not trained in recording arts, they do not think there is a difference between recording at home and recording at a professional studio. With free consults, lessons, and classes, we hope to increase this ignorance in the market and bring our studio to the forefront of the recording industry on the South Shore through lessons. Our other threat is visibility. From the road, we are not visible (though we plan on creating a sign for passers by). The road is small and largely untraveled even though it is off of 93 directly. We seek to remedy this with heavy marketing and a shuttle to and from Boston for our already established Boston-based clientele.

Our Competitors in the Boston-metro area:

Studios:

- Sanctum Sound – Boston
- *Big T Productions - Quincy*
- Flying Dutchman - Allston
- Q Division - Somerville
- The Bridge – Cambridge
- *Mix One – Boston*
- Boston Recording Studio – Boston
- *Bristol Recording Studios – Boston*
- *Zippah – Brighton*
- Mike Davidson Recording – Brighton
- Shane O'Connor Recording – Brighton
- Modulus Studios – Boston
- Blink Music – Cambridge
- JamSpot – Somerville
- Cybersound – Boston
- *The Moontower Studio – Boston*
- Soundmirror, Inc - Jamaica Plain
- Dirty Water Sound – Boston
- Tactical Sound – Boston
- Indecent Music – Medford
- Side Two Studio – Boston

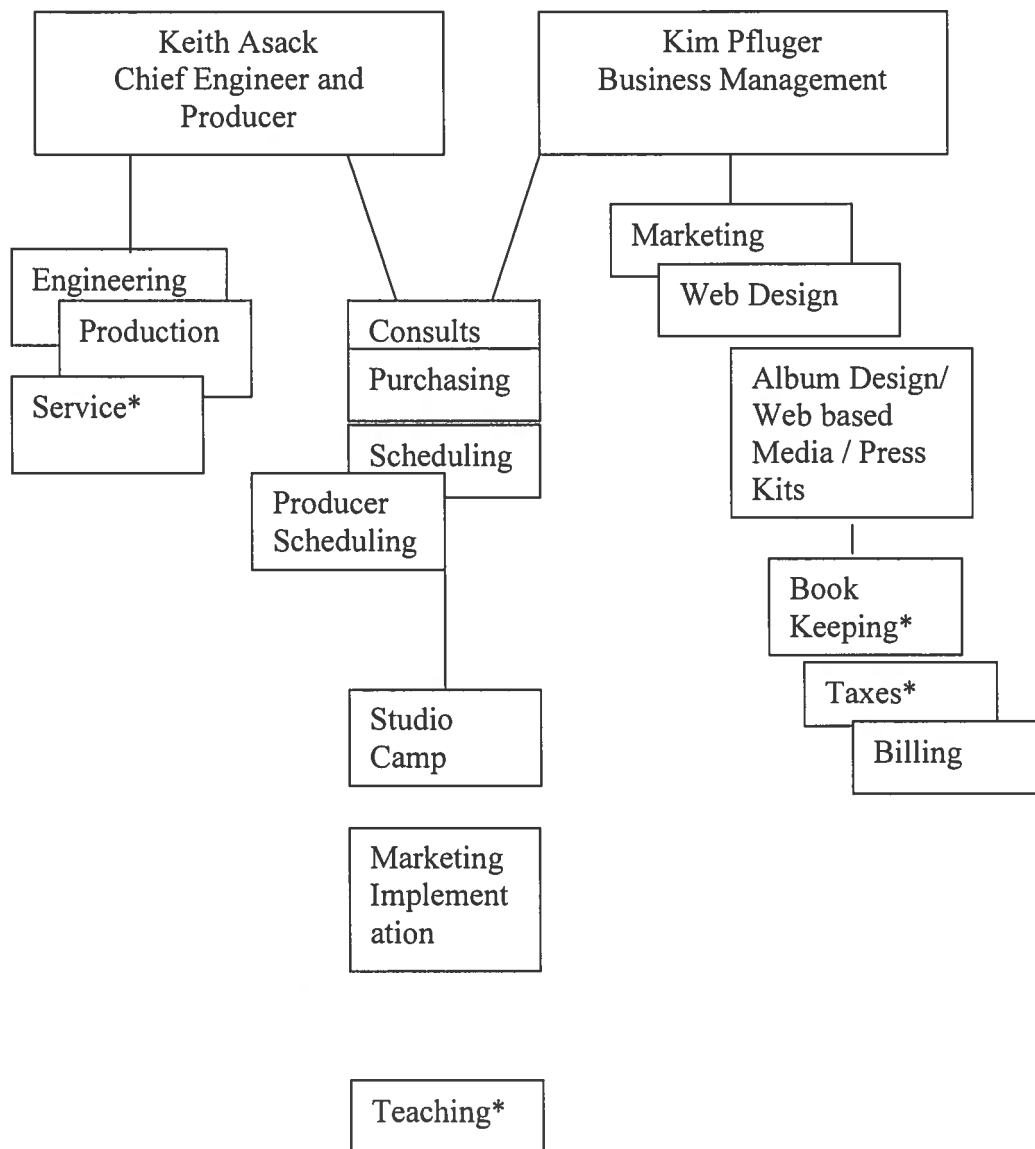
- Mad Oak Studios – Allston
- *Aberrant Sound - Cambridge*

- Our main competition is italicized. (Based on gear similarities and size similarities.) Other small studios exist, but many come and go. These have been in operation for more than a year.
- There are no major recording studios on the South Shore.
- There are no recording studios specializing in teaching and recording arts.
- There are no recording studios serving our ideal customer on the South Shore.

○ **Camp (Boston):**

- *Bristol Studios – Boston - Voice and Recording Classes*
- School of Rock – Watertown – Lessons, Live Performance - Rock
- DayJams – Wellesley, Medford – Lessons, Live Performance – Rock
- School Of Groove – Cambridge – Lessons, Live Performance, Rock
- South Shore Conservatory – Hingham - Lessons, Programs, Classical
- *Big T Productions – Quincy – Lessons only*

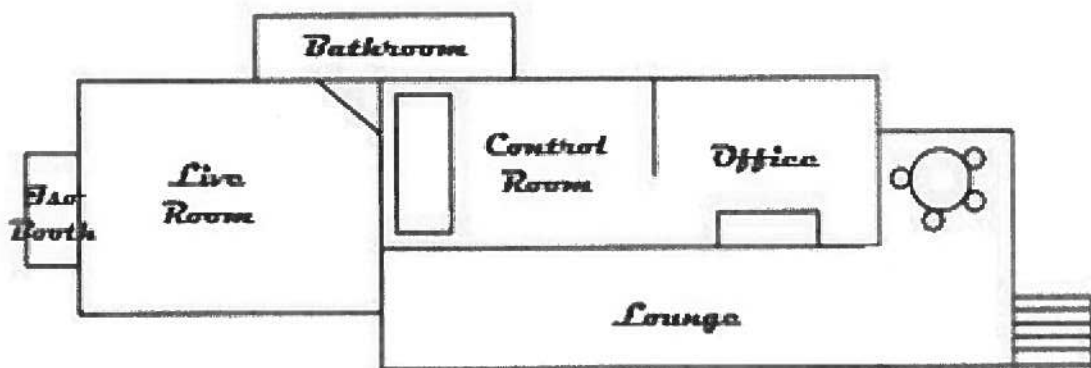
Organization of responsibilities:



*Responsibilities are not necessarily carried out by the partner listed, but rather an authorized third party hired by the partner.

Floor Plan:

As our studio was in Allston. 525 sq ft.



Size limitations were severe. The live room could hold up to five people comfortably. Vocals needed to be recorded in the hallway if others were recording at the same time. This location was not zoned for business, preventing any expansion or commercial business.

Blueprints for our Riccuiti Dr. location are attached.

Stephen Webber will be designing and supervising the studio's renovation. The plan includes three isolation booths that can double as instruction rooms and two separate control rooms

Initial Start Up Costs
(Allston):

KTES incurred the following expenses in Start Up* at 7 Reedsdale Street Allston, MA:

See Excel Files for Detailed Look at Expenses. Below is a summary of startup expenses from all investors:

INVESTMENTS

| FIRST | LAST | INVESTMENT TOTAL |
|-------|-----------|---------------------|
| Keith | Asack | \$7,160.85 |
| Kim | Pfluger | \$9,774.84 |
| David | Asack | \$5,299.95 |
| Eric | Berringer | \$146.12 |
| Emily | Asack | \$1,500.00 |
| Luke | Asack | \$900.00 |
| | | \$24,781.76 |

There are detailed expense reports in separate excel files for each investor and a master file for all expenses. We are currently in the process of putting together a Filemaker database to relate all information as to eliminate all redundancy of data. We are also keeping a hard copy of our studio expenses in ledger form.

As the studio grows, we aim to keep all books in Quickbooks and hire a professional accountant.

Over the course of two years, we invested about \$35,000 total into the business including the above initial investments and including money made that was put back into the business.

Quality Assurance:

No reasonable offer shall be refused and we will work with our clients to provide them with the services they need. Our policy is to be honest and to never take advantage of clients who have little knowledge of recording or music. This is the balance that we are trying to restore in the recording industry in which studios do not take advantage of their clientele or students. We want to create a family atmosphere and sense of home that keeps customers coming back. We've already had numerous clients stating that their recording experiences were of lesser quality elsewhere, citing the lack of interest in the engineer and the exorbitant costs of recording without a quality product to show for it.

Our last customer was a young college-age woman looking to record her first demo album. After her first basics session (guitar, bass, drums, scratch vocals) she felt comfortable sharing that the last studio she tried to record at took advantage of her kindness, charged her \$75 per hour for a lower-end recording system and even made inappropriate advances toward her. She expressed her gratitude for our accommodating environment and recorded her entire demo CD with us from February to July 2010.

It is these situations that we wish to eradicate from the recording industry by creating a youthful, nurturing and productive environment for all ages to record in.

Ideal Customer:

Our ideal customer is a novice to advanced artist looking to record one track or an entire album or simply just to pick up an instrument for the first time. We are a family oriented business with an edge, offering services for all walks of life, yet we focus on amateur level recording and teaching the art of recording. Our studio camp projects, however, are aimed specifically to kids under 18. Specific classes are geared towards different age groups even including a workshop for those with special needs and one for infants to toddler age kids.

Our main demographic is a teenager or a young adult seeking to further their interest in music.

Our ideal customer in Quincy and surrounding area (based on mass.gov data):

Quincy:

- Population of approximately 89,000
 - 17% under 18 years old
 - 5.1% under 5 years old
 - 85.2% High School graduates
 - 31.8% Bachelor's Degree or higher
 - Median household income: \$47k
 - 6370 businesses
- 3 colleges, 18 Public Schools,
- Our location is located two minutes from route 93 and five minutes from the Quincy Adams Red Line MBTA station, high speed commuter boat and the Old Colony Commuter Line

Weymouth:

- Population of approximately 53,998
 - 12,797 under 19
 - 13,928 families (6008 with children under 18)
 - Average household size 2.67
 - Median household income: \$66k
 - 90.5% High School degree or higher
 - 26% Bachelors or higher
- 12 Public Schools, 5 Private Schools, 1 Collaborative
- Located two exits from Ricciuti Drive and has bus service to and from Quincy. Commuter Rail service.

Hingham:

- Population of approximately 19,882
 - 5480 under 18
 - 5479 families
 - Median household income : \$114k

- 6 Public Schools, 4 Private Schools, 1 Collaborative
- Bus service, commuter rail, three exits from Ricciuti Drive.

Milton:

- Population of approximately 26,062
 - 7495 under 19
 - 6757 families
 - 3364 with children under 18
 - 2.9 people per household
 - Median household income: \$101k
 - 53% bachelor's degree or higher
 - 94% high school degree or higher
- 6 Public Schools, 6 Private Schools
- Red Line Service. One exit on 93 south. Bus service to Quincy.

Braintree:

- Population of approximately 33,828
 - 8247 under 19
 - 8912 families, 469 with children under 18
 - 2.79 people per family
 - Median Household income: \$74k
- 9 Public Schools, 5 Private Schools, 3 Special Ed
- Red Line Service and Commuter Rail Service. One exit from Ricciuti Drive. Bus service to Quincy.

Stoughton:

- Population of approximately 27,149
 - Median household income: \$58k
 - 6642 under 19
 - 7267 families
 - 2.60 per family
- 8 public schools, 1 private school, 1 collaborative
- Route 24, Commuter Rail
- Keith's home town.

Avon:

- Population of approximately 4443
 - 1220 families
 - 1090 under 18
 - 2.78 average per family
 - Median household income: \$50k
- 2 public schools
- Off of route 24, several exits away from Ricciuti drive.

Boston:

- Population of approximately 589,141
 - Median household income: \$52k
- Many colleges, numerous public schools, 12 special ed schools/programs, numerous charter and private schools.
- Extensive public transit available.

Randolph:

- Population of approximately 30,963
 - 7982 Families (Avg Family Size: 2.92)
 - 7861 under 19 years old
 - 87.3% have high school or better degree
 - 9% have graduate or professional degree
 - Median household income: \$71k
- 6 Public Schools K-12
- 2 Special Needs Institutions
- Bus lines to and from Quincy Adams in addition to commuter rail service. Also off of route 24.

Marketing:

IMC Outline for Studio Camp!

Ad Plan and Schedule:

Media List:

- Boston Parents Paper
- Metro
- Boston South Kids Directory
- Kidding Around
- Wicked Local (Tabs in all surrounding Boston towns)

Tag-lines:

- Headlines and Sub headlines
 - Reliable, Fresh, Affordable
 - Studio Camp! At Keep The Edge Studios
 - Starting in June
- Ad Campaign Ideas
 - Flyers
 - Welcome Packet
 - Calls and follow up
 - Brochures
- Visual Direction
 - Graffiti, Grunge Brush Sets
 - 1pt stroke and Incarnation Fonts
 - Edgy
 - Red, Black, Blue, Green

Sales Promotion:

- Giveaways at school events
- Sponsorship at select schools for battle of the bands or band showcases
- \$35 per hour student rate
- Battle of The Bands Sponsorship for local high schools

Direct Marketing:

- Emails to local schools, gyms, libraries, music stores
- Generate email list for marketing directly to parents.
- Social networking; ads on Facebook, Fan Pages, Events, etc.
- Website promotion on keeptheedgestudios.com
- Flyers targeted at Berklee students (for studio student rate only)
- Flyers targeted at schools, gyms, etc (studio camp only)

Personal Selling:

- Calls to local schools, gyms, libraries and music stores
- Free lessons at local libraries and after school programs
- Free lessons at the studio

Public Relations

- Press Release
- Media List:
 - Boston Parents Paper
 - Boston Kids Directory
 - The Patriot Ledger
 - Wicked Local
 - Boston Globe

APPENDIX (Attached documents):

Asset List
Current Year's Financial Records
Cash Flow Chart and Assumptions
Start Up Summary
Blueprints
Faculty Biographies.