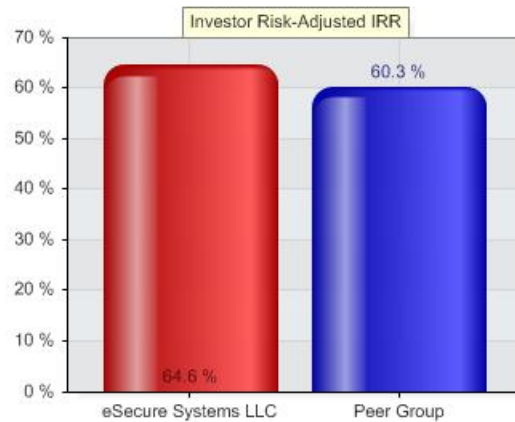
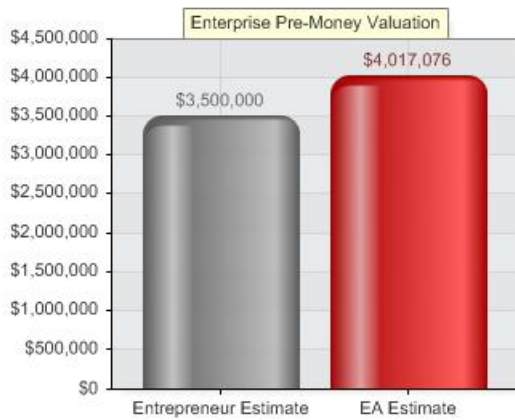


BENCHMARKING ANALYSIS

Alert Level	Alert	Location
High	Projected business operations may be undercapitalized	View
Moderate	Net Change in Working Capital is zero for all 5 projected years	View
Moderate	Weighted average annual projected revenue growth rate is greater than 50%	View

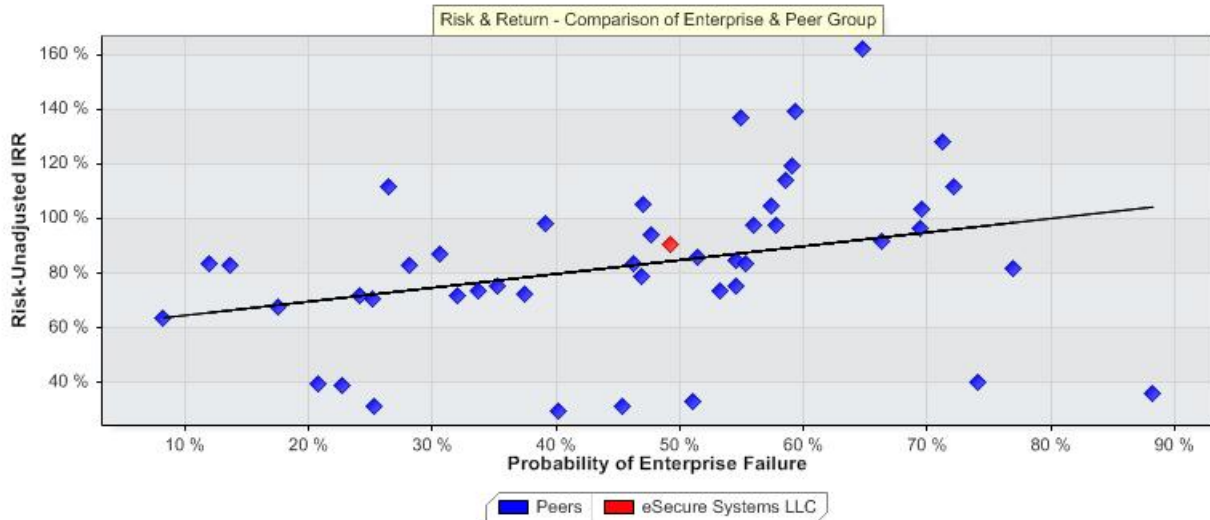
*Benchmarks derived from EquityNet's peer business database.

INVESTMENT ANALYSIS

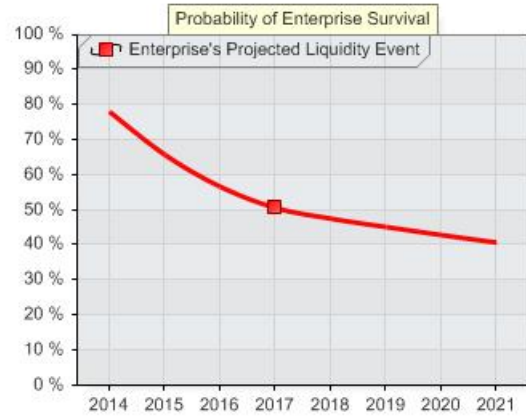
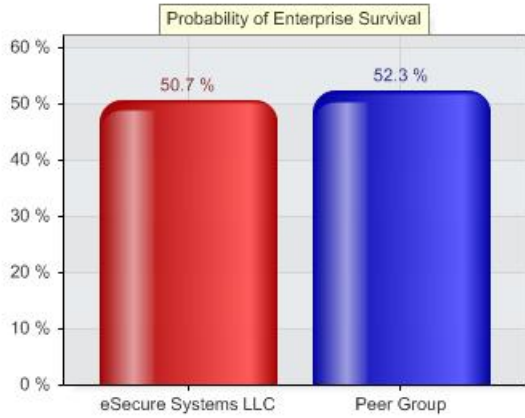


EA Valuation Estimate – EA estimated pre-money value of the enterprise based on competitive cash-flow discounting using the **Median IRR of Peer Group**.

Investor Risk-Adjusted IRR – EA estimated annual rate of return for investors after accounting for the **Probability of Enterprise Survival**.



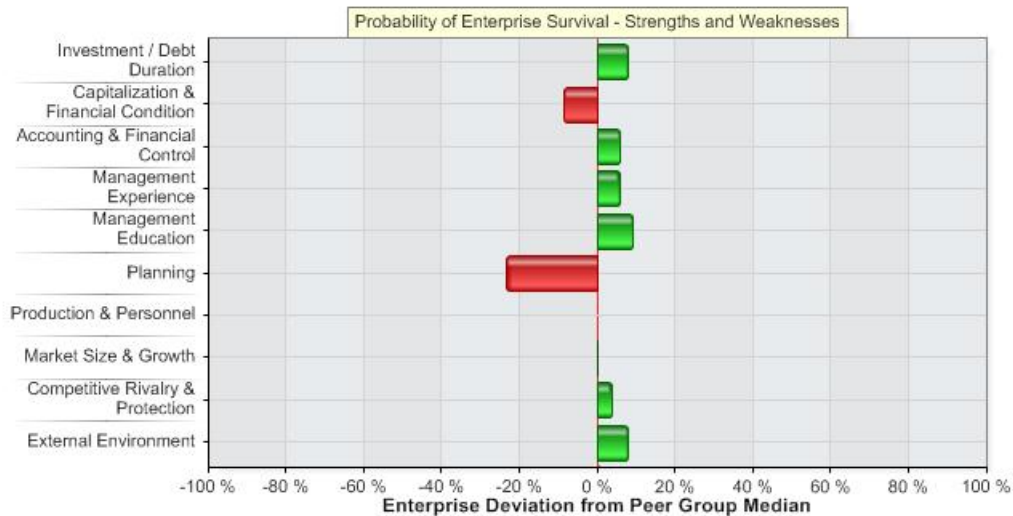
EA estimated **Probability of Enterprise Failure** is statistically determined for each enterprise by the **Risk Quantification System**.
Risk-Unadjusted IRR – EA estimated annual rate of return for investors without accounting for the **Probability of Enterprise Survival**.



EA estimated **Probability of Enterprise Survival** is statistically determined for each enterprise by the **Risk Quantification System**. It estimates the probability of enterprise survival to its projected fiscal year of liquidity event or debt maturation.



EA estimated **Probability of Enterprise Survival** is segmented into standardized **Risk Categories**. A direct comparison is provided between the enterprise and the peer group median.



EA estimated **Probability of Enterprise Survival** is segmented into standardized **Risk Categories**. A direct comparison is provided between the enterprise and the peer group median.

Summary

Company	Contact	Privacy & Confidentiality
eSecure Systems LLC 210 Congress Ave. Austin, TX 72113, United States www.esecure.com	Entrepreneur Demo 555-391-4567 555-391-1304 demo@email.com	Personal and business information is private and confidential in EquityNet. Such information can only be viewed by an EquityNet member if specifically shared with that EquityNet member.

BUSINESS SUMMARY

eSecure Systems, LLC provides affordable, trusted solutions that secure digital identities and information for consumers, enterprises and governments. The Company's software and associated services enable businesses and governments around the world to conduct high-value, highly sensitive transactions, over wired and wireless networks including the Internet, in compliance with today's regulatory guidelines. The Company's strategy consists of two primary pillars — to help secure information and identities and enable security-conscious enterprises and governments to implement efficient, cost-effective and interoperable solutions that stimulate revenue, mitigate risk, secure information and protect end-users.

Age of Enterprise (years)	4
Legal Structure	Limited Liability Company
Historical Financial Records	Complete
Financial Projections	Complete
Market Assessment	Incomplete
Competitive Assessment	Incomplete
Business Plan	Complete

MILESTONES

Month	Year	Milestone
Jan	2010	eSecure obtained its first patent. U.S. patent number 7,698,180 describes a method that utilizes a digital signature verification map containing a plurality of acceptable message header identifiers.
Mar	2011	eSecure obtained its second patent. U.S. patent number 7,698,180 describes a method and apparatus for establishing security credentials for a user to access and subsequently use in secure on-line transactions begins.
Jun	2012	eSecure will achieve \$1 million in total revenue. eSecure plans to accomplish this landmark with only 8 employees, with an average revenue of \$125,000 per employee.
Jan	2013	eSecure will double the size of its staff from 8 to 16 employees. This includes 4 new sales employees, an increase of over 200% in sales capacity from 2011.
Dec	2014	eSecure will reach over 30,000 transactions for IdentityShield™ at an average selling price of \$135, generating over \$4 million in revenue.
Dec	2016	eSecure is positioning itself to be acquired by or merge with an entity such as VeriSign, Microsoft, or Entrust.

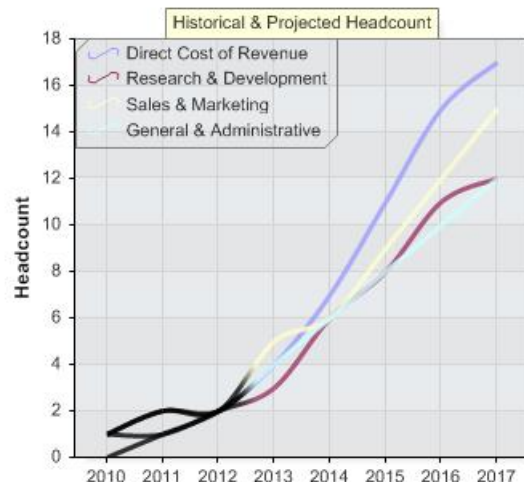
Model

BUSINESS MODEL

eSecure Systems' business model is to continue the momentum established in 2009 and grow the company profitably by promoting "trusted security for less" for consumer, enterprise and government environments. To achieve this goal, the Company has improved upon the overall strategy and implemented the appropriate internal changes to drive revenue growth by: expanding markets for its proven solutions; focusing on solutions that provide subscription-based revenue; executing on vertical and geographical opportunities; increasing channels to market; keeping a tight hold on costs; continuing to be the security for global governments; and remaining focused on customers.

STRUCTURE

Enterprise Industry Sector	Security Software
Peer Group Industry Sector	Web Service Software
Number of Board of Directors /Members	7
Number of Board of Advisors	5
Number of Supplier Relationships	0
Number of Buyer Relationships	19
Number of Strategic Relationships	18



Product / Service

GENERAL SUMMARY

Product / Service	Industry Sector	Availability	General Description	Key Features	Distribution Channel(s)	Number of Customers
IdentityShield™	Security Software	2009	Appropriate for enterprise, government or consumer environments, IdentityShield is an open versatile authentication platform that enables organizations to layer security—according to access requirements or the risk of a given transaction—across diverse users and applications. The platform's authentication options include strong username and password enforcement, IP-geolocation, machine/device authentication, questions and answers, out-of-band one-time passcode (delivered via voice, SMS or e-mail), grid cards and a range of one-time-passcode tokens.	IdentityShield: 1) Reduces cost by choosing from a mix of authenticators based on risk, user requirements and cost, 2) Creates stronger security for transactions that have greater risk, 3) Minimizes user impact by only requiring stronger authentication when needed, 4) Secure identities across desktops, networks and resources, 5) Offers strong authentication across different communication channels.	Direct Sales, Value Added Reseller, Partnership, Sales Representative, Reseller	55
TransactionShield™	Security Software	2010	TransactionShield monitors transactions and seeks fraudulent behavior and access patterns amid the massive volumes of data generated by transactional Web sites. The solution examines this data and identifies potentially suspicious behavior and high-risk activities without impacting the user experience or system performance. It serves as a resource to protect consumers and help organizations defend and manage the risk associated with online services.	TransactionShield Performance Attributes: 1) Zero-Touch, Rapid Deployment, 2) Comprehensive Monitoring, 3) Multiple Channels, 4) Real-Time Risk Score, 5) Alert Management Workflow, 6) Step-Up Authentication, 7) Comprehensive Management, 8) 360-Degree Assessment, 9) Powerful Analytics & Forensic Reporting, 10) Rapid Response, 11) Automated Statistical Learning, 12) Open Fraud Intelligence Network	Direct Sales, Value Added Reseller, Partnership, Distributor	35

Intellectual Property

PORTFOLIO

Status	U.S. Patents	International Patents	Trademarks	Copyrights
Pending	3	3	0	0
Granted	2	1	6	10

PATENTS

Patent	Product/Service Relation	Status	Remaining Life (Years)	Own or License	Independent Claims	Abstract Summary
Method and apparatus for providing information security to prevent digital signature forgery.	IdentityShield™	Granted in U.S.	15	Own	3	A method and apparatus utilizes a digital signature verification map containing a plurality of acceptable message header identifiers associated with a public key certificate identifier. In one embodiment, a method includes determining a digital signature verification error based on a received message header, such as transport header identifier associated with a public key certificate identifier, such as the subject field of the certificate. The method includes generating a signature verification map or updating a signature verification map containing a plurality of message header identifiers.
Method and apparatus for a service provider to provide secure services to a user.	TransactionShield™	Granted in U.S.	15	Own	2	A method and apparatus for establishing security credentials for a user to access and subsequently use in secure on-line transactions begins when a service provider generates a registration secret for a user in response to a registration request. The registration request identifies user information of a particular user. Before a registration request can be provided to the service provider, the user must establish a relationship with the service provider. Having generated the registration secret, the service provider stores a user

						identifying secret.
Method and apparatus for a service provider to provide secure services to a user.	IdentityShield™, TransactionShield™	Pending in U.S.	16	Own	16	A method and apparatus for establishing security credentials for a user to access and subsequently use in secure on-line transactions begins when a service provider generates a registration secret for a user in response to a registration request. The registration request identifies user information of a particular user. Before a registration request can be provided to the service provider, the user must establish a relationship with the service provider. The service provider stores a user identifying secret, which includes initialization data, user information, and/or a security name.
System and method for granting security privilege in a communication system.	IdentityShield™, TransactionShield™	Pending in U.S.	17	Own	2	A system and method grants security privilege in a communication system by providing privilege test criteria data for a subscriber unit so that the subscriber unit or some other entity can select among subscriber privilege data based on the privilege test criteria data, so that only the necessary privilege information is communicated between the relying party and the subscriber unit of interest. A data selector selects, for example, among a plurality of attribute certificates associated with a selected subscriber unit, the certificate that matches the privileged test criteria data.
System and method for initializing operation for an information security operation.	IdentityShield™	Pending in U.S.	18	Own	2	A method and apparatus for initializing operation for information security operation for an entity utilizes shared information, such as shared secret information, that may be shared between the entity and other applications or operations within a system to initialize an entity. Prestored shared information that can be used as entity identification data (RV) and authentication data (IAK) that is associated with the entity identification data is encrypted and sent in clear text fashion to an initialization authentication unit, such as a server or other processing unit.

Enterprise's Planned Protection of Future Intellectual Property: Patents, Copyrights, Trade Secrets, Trademarks

Markets

IdentityShield™

Market	Year Of Introduction	General Market Description	Drivers for Adoption	Barriers to Adoption
Large Enterprise Market	2010	This market is a result of demand from global enterprises that continue to respond to regulatory and governance compliance demands and extend their internal and external networks to more and more individuals inside and outside their domain. In this market, enterprises typically buy for their immediate need and then add to their purchases as projects begin roll out.	eSecure Systems helps businesses mitigate risk by securing information and securing identities. Secure solutions protect users and reduce loss from business fraud and protect sensitive data, regardless where it resides, while providing robust controls and audit on those who can access critical systems.	A breach of security at one of our customers, whether or not due to our products, could harm our reputation and reduce the demand for our products. A well-publicized actual or perceived breach of network or computer security at one of our customers, regardless of whether such breach is attributable to our products, third-party technology used within our products or any significant advance in techniques for decoding or "cracking" encrypted information, could adversely affect the market's perception of us and our products.
Small Market	2009	This market consists of medium sized enterprises that continue to respond to regulatory and governance compliance demands and extend their internal and external networks to more and more individuals inside and outside their domain. In this market, enterprises typically buy for their immediate need and then add to their purchases as projects begin roll out.	eSecure Systems helps businesses mitigate risk by securing information and securing identities. Secure solutions protect users and reduce loss from business fraud and protect sensitive data, regardless where it resides, while providing robust controls and audit on those who can access critical systems.	A breach of security at one of our customers, whether or not due to our products, could harm our reputation and reduce the demand for our products. A well-publicized actual or perceived breach of network or computer security at one of our customers, regardless of whether such breach is attributable to our products, third-party technology used within our products or any significant advance in techniques for decoding or "cracking" encrypted information, could adversely affect the market's perception of us and our products.



TransactionShield™

Market	Year Of Introduction	General Market Description	Drivers for Adoption	Barriers to Adoption
Medium Enterprise Market	2011	This market consists of large, global enterprises that continue to respond to regulatory and governance compliance demands and extend their internal and external networks to more and more individuals inside and outside their domain. In this market, enterprises typically buy for their immediate need and then add to their purchases as projects begin roll out.	eSecure Systems helps businesses mitigate risk by securing information and securing identities. Secure solutions protect users and reduce loss from business fraud and protect sensitive data, regardless where it resides, while providing robust controls and audit on those who can access critical systems.	A breach of security at one of our customers, whether or not due to our products, could harm our reputation and reduce the demand for our products. A well-publicized actual or perceived breach of network or computer security at one of our customers, regardless of whether such breach is attributable to our products, third-party technology used within our products or any significant advance in techniques for decoding or “cracking” encrypted information, could adversely affect the market’s perception of us and our products.



MARKET SIZE

(in thousands)

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017
IdentityShield™:								
Large Enterprise Market	\$1,413,894	\$1,456,311	\$1,500,000	\$1,545,000	\$1,591,350	\$1,639,091	\$1,688,263	\$1,738,911
Small Market	\$725,624	\$761,905	\$800,000	\$840,000	\$882,000	\$926,100	\$972,405	\$1,021,025
Total	\$2,139,517	\$2,218,215	\$2,300,000	\$2,385,000	\$2,473,350	\$2,565,191	\$2,660,668	\$2,759,936
TransactionShield™:								
Medium Enterprise Market	\$942,596	\$970,874	\$1,000,000	\$1,030,000	\$1,060,900	\$1,092,727	\$1,125,509	\$1,159,274
Total	\$942,596	\$970,874	\$1,000,000	\$1,030,000	\$1,060,900	\$1,092,727	\$1,125,509	\$1,159,274

Market	Source of Market Estimates
Large Enterprise Market	Internal Research
Medium Enterprise Market	Internal Research, External Industry Research, Paid Consultant Research
Small Market	Internal Research, External Industry Research, Paid Consultant Research

MARKET DEVELOPMENT STRATEGY

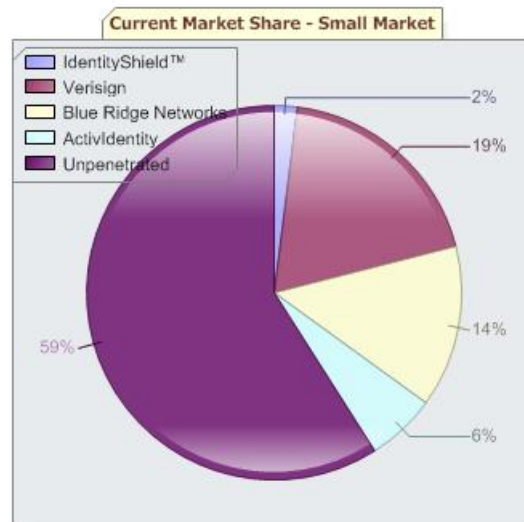
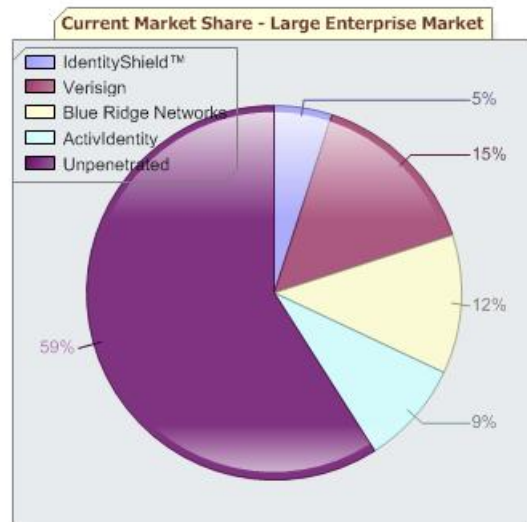
Marketing Plan: eSecure Systems offers its products, solutions and services through a multichannel sales approach, reflecting the characteristics and buying behavior of the target markets covered. eSecure Systems plans to continue to focus its marketing and sales efforts to capitalize upon the need for secure digital identities and information within the consumer, enterprise and government markets. eSecure Systems plans to utilize a prioritized combination of direct and indirect sales channels around the globe. eSecure Systems believes that its direct sales force, working in conjunction with indirect channels offering complementary products and services, provides eSecure Systems with a competitive advantage in responding to customer needs as they evolve.

Sales Plan: To support its direct sales force and the TrustedPartner network, eSecure Systems has a marketing team whose goals are to create a consistent, focused communication strategy that increases awareness of Entrust's digital identity and information security solutions and services, and leverages that awareness in the identification of new sales opportunities. The marketing team creates and conducts integrated programs that include advertising, direct mail, trade shows, seminars, Web marketing, public relations and ongoing customer communication. eSecure Systems intends to invest in targeted marketing programs for existing customers and prospects in key vertical and geographic markets.

Competition

IdentityShield™

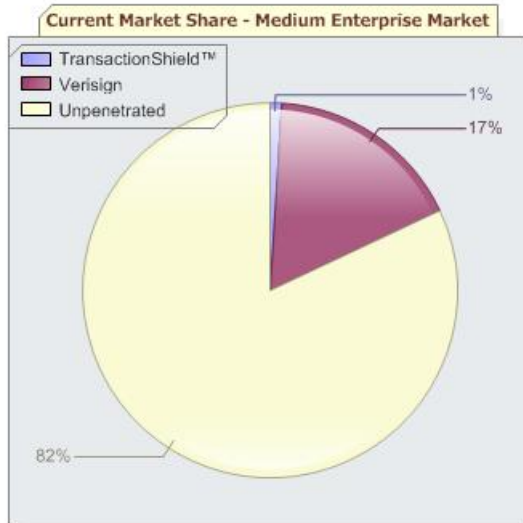
Competitor	Markets	Name of Product/Service	Competitor Description
Verisign	Large Enterprise Market	Verisign Identity 7.0	VeriSign Authentication Services provides solutions that allow companies & consumers to engage in communications & commerce online with confidence.
Blue Ridge Networks	Large Enterprise Market	ID Theft Preventer	Protection from Malware, Data leak, and Network Attack Risks.
Verisign	Small Market	Verisign Identity 7.0	VeriSign Authentication Services provides solutions that allow companies & consumers to engage in communications & commerce online with confidence.
ActivIdentity	Large Enterprise Market	Active Identity	ActivIdentity is a global leader in identity assurance and strong authentication solutions for enterprise, government and online banking security.
Blue Ridge Networks	Small Market	ID Theft Preventer	Protection from Malware, Data leak, and Network Attack Risks.
ActivIdentity	Small Market	Active Identity	ActivIdentity is a global leader in identity assurance and strong authentication solutions for enterprise, government and online banking security.



Unpenetrated - The portion of the total market revenue opportunity that is not penetrated (i.e., captured) by the enterprise or any other competitor.

TransactionShield™

Competitor	Markets	Name of Product/Service	Competitor Description
Verisign	Medium Enterprise Market	Verisign	VeriSign Authentication Services provides solutions that allow companies & consumers to engage in communications & commerce online with confidence.



Unpenetrated - The portion of the total market revenue opportunity that is not penetrated (i.e., captured) by the enterprise or any other competitor.

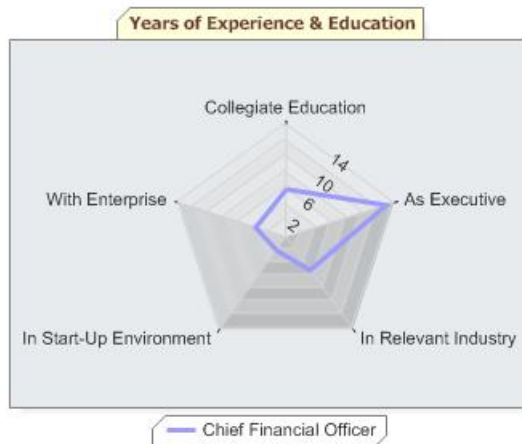
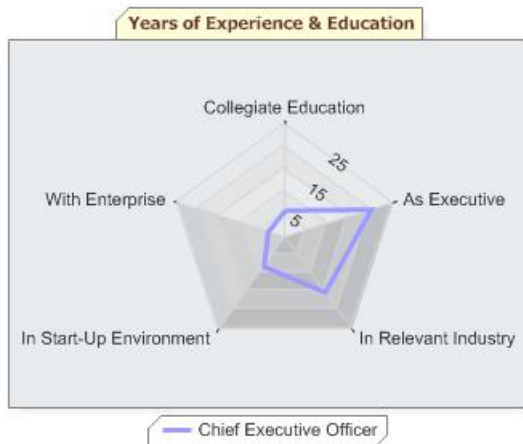
COMPETITIVE PROTECTION STRATEGY

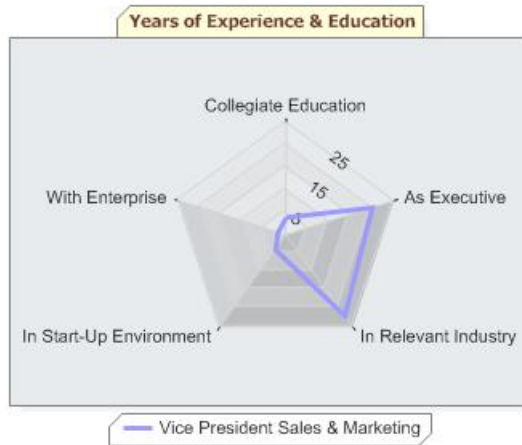
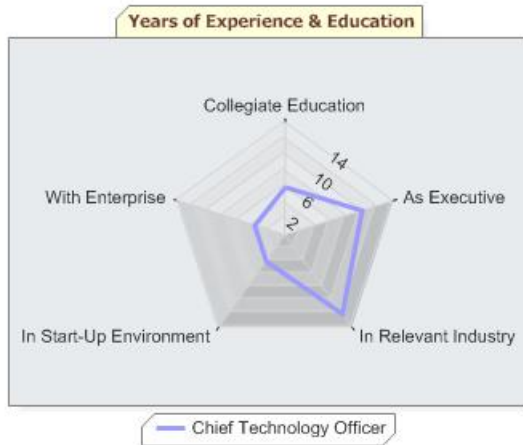
Strategy: eSecure Systems relies on a combination of patent, copyright, trademark and trade secret laws, nondisclosure agreements and other contractual provisions to establish, maintain and protect the Company's proprietary rights. eSecure Systems currently has a portfolio of over 10 patents and pending patent applications. Pursuant to patent cross-license agreements, eSecure Systems also licenses some of its patents to other corporations and, in return, receives rights from those corporations in respect to patents owned or licensable by such corporations.

Management

EXISTING MANAGEMENT

Position	Name	Employed	Age	Undergraduate Discipline	Graduate Discipline
Chief Executive Officer	Chris Flanigan	Full-Time	48	Engineering: Industrial/Mechanical	Business: Management/Information Systems
Chief Financial Officer	William Anderson	Full-Time	45	Business: Accounting/Finance	Business: Management/Information Systems
Chief Technology Officer	David Rhodes	Full-Time	39	Computing or Computer Science	Business: Management/Information Systems
Vice President Sales & Marketing	Michael Mallet	Full-Time	49	Engineering: Electrical	None





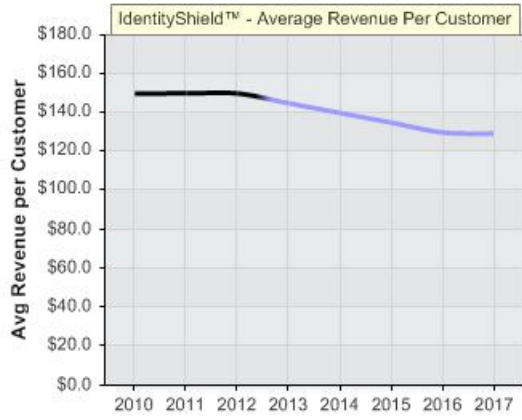
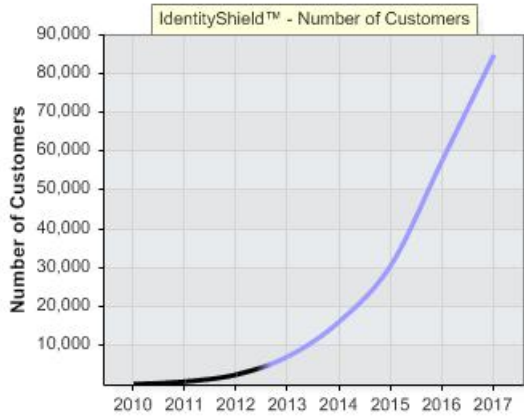
Position	Name	Biographical Information	Special Skills
Chief Executive Officer	Chris Flanigan	From November 1999 to April 2001, Mr. Flanigan served as President, Enterprise Networks and eBusiness Solutions of Nortel Networks, where he led the turnaround of the Enterprise business while redefining and delivering ebusiness applications. From September 1998 to October 1999, he served as the first Chief Marketing Officer of Nortel Networks, leading the effort to reposition the company as a global leader in building the high-performance Internet. From 1992 to September 1998, Mr. Conner held a number of key executive leadership positions at Nortel Networks. Mr. Flanigan graduated from Princeton University with a bachelor's degree in mechanical engineering. He also earned a master's degree in business administration from the Wharton School of the University of Pennsylvania.	Mr. Flanigan has been a leader in the effort to elevate information security to a corporate governance issue and fashion a public-private partnership to protect America's critical infrastructure. He launched and co-chaired the Business Software Alliance Information Security Governance Task Force, which released a security management framework in April 2003. He also co-chaired the National Cyber Security Partnership's Corporate Governance Task Force, which released its information security governance framework in April 2004.
Chief Financial Officer	William Anderson	Mr. Anderson's broad experience at eSecure Systems includes significant involvement in cross-functional responsibilities both in finance and operations. Prior to joining eSecure Systems, he held various finance and accounting positions at Nortel Networks from 1991 through 1995 and at Raytheon Systems from 1982 to 1991. Mr. Anderson is a graduate of The Pennsylvania State University where he received an undergraduate degree in accounting and a masters of business administration.	
Chief Technology Officer	David Rhodes	Mr. Rhodes has more than 12 years of experience in high technology, has held a variety of roles in the industry and is currently responsible for all aspects of research and development, product management, technical support, and training. He is also responsible for the Certificate Services SSL and Managed Services PKI businesses. Prior to joining eSecure Systems, Mr. Rhodes was the vice president of research and development at VeriSign, Inc. Mr. Rhodes completed his undergraduate studies in computer engineering at the University of Ottawa and St. Lawrence College. In addition, Mr. Rhodes earned a master's degree in business administration from Queen's University in Kingston, Ontario, Canada.	Mr. Simzer's professional life has been distinguished by a number of industry firsts, as well as innovative research and development. His career began at Bell Northern Research, Nortel's research and development arm, working on product development for large-scale switching and data systems. Key projects included the world's first telephone switching system supporting Integrated Services Digital Network and a highly scalable distributed system built using Advanced Intelligent Networking technology.
Vice President Sales & Marketing	Michael Mallet	Mr. Mallet has the role of leading the North American and U.S. Federal sales team. He was President of CygnaCom Solutions from March of 2000 until November of 2005. CygnaCom Solutions has been providing professional information security services and cryptographic solutions to government and business clients since 1994. This business includes US Federal government accredited security test laboratories. Prior to joining eSecure Systems, Mr. Mallet held various positions of increased responsibility at Nortel Networks from 1985-1998 in the areas of engineering, technical support, marketing, and order management. He graduated from Rensselaer Polytechnic Institute with BS in Electrical Engineering.	Mr. Mallet has 22 years in the industry, and is noted for his strong combination of technical and business acumen. Mr. Mallet joined Nortel as Director of North American Professional Services in February of 1985 to help build the professional services practice and organization. He successfully grew the North American Professional Services from a start up to a \$6 million business over a 4 year period.

ANTICIPATED MANAGEMENT

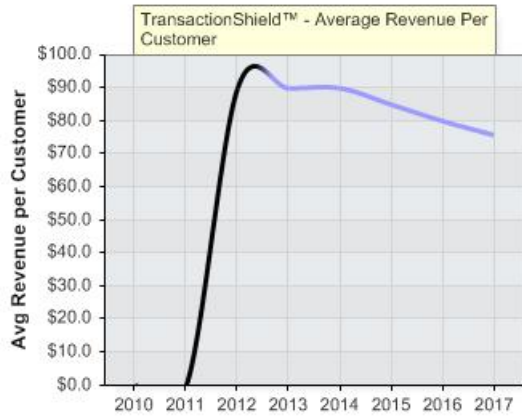
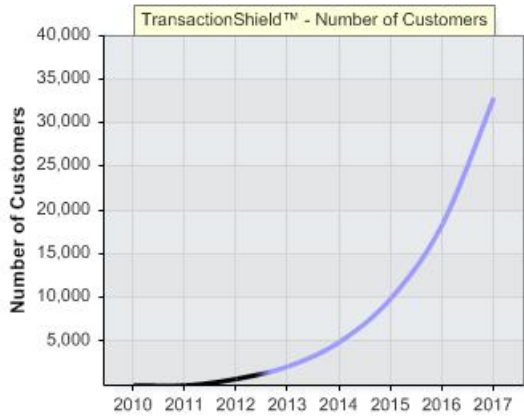
Position	Undergraduate Discipline	Graduate Discipline	Duration Until Needed
Chief Operating Officer	Computing or Computer Science	Business: Management/Information Systems	6 Months
Vice President Sales	Business: Accounting/Finance	Business: Management/Information Systems	10 Months
Vice President Business Development	Business: Accounting/Finance	None	10 Months

Financial

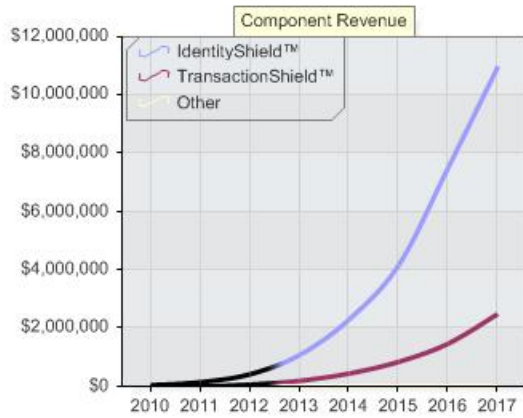
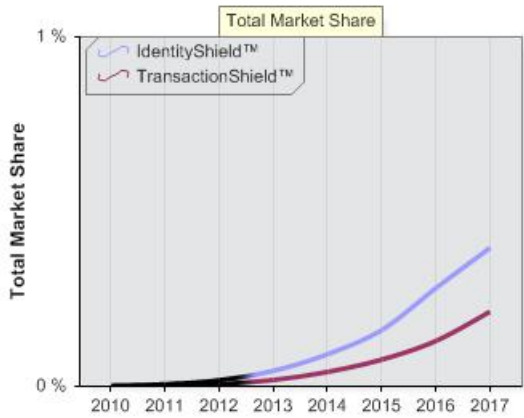
FINANCIAL CHARTS



Black lines represent historical values provided by the enterprise. Blue lines represent values projected by the enterprise.



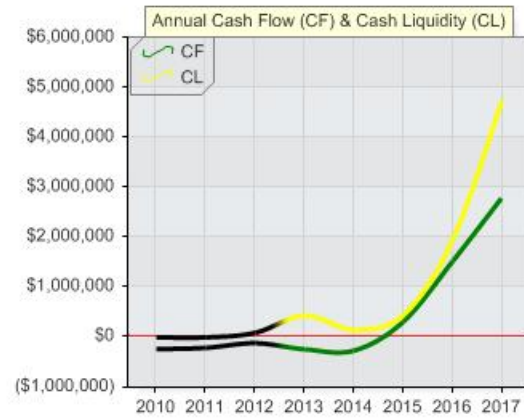
Black lines represent historical values provided by the enterprise. Blue lines represent values projected by the enterprise.



Black lines represent historical values provided by the enterprise. Blue or other colored lines represent values projected provided by the enterprise.



Black lines represent historical values provided by the enterprise. Blue or other colored lines represent values projected provided by the enterprise.



Black lines represent historical values provided by the enterprise. Blue or other colored lines represent projected values provided by the enterprise.

INCOME & CASH FLOW (nominal)

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017
Revenue:								
IdentityShield™	\$45,890	\$150,560	\$423,890	\$1,087,500	\$2,310,000	\$4,185,000	\$7,540,000	\$11,000,000
TransactionShield™	\$0	\$0	\$68,900	\$198,000	\$450,000	\$850,000	\$1,480,000	\$2,500,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$45,890	\$150,560	\$492,790	\$1,285,500	\$2,760,000	\$5,035,000	\$9,020,000	\$13,500,000
Number of Customers:								
IdentityShield™	306	1003	2825	7500	16500	31000	58000	85000
TransactionShield™	0	0	765	2200	5000	10000	18500	33000
Average Revenue per Customer:								
IdentityShield™	\$150	\$150	\$150	\$145	\$140	\$135	\$130	\$129
TransactionShield™	\$0	\$0	\$90	\$90	\$90	\$85	\$80	\$76
Cost of Revenue:								
IdentityShield™	\$8,260	\$22,560	\$59,872	\$150,000	\$300,000	\$500,000	\$830,000	\$1,200,000
TransactionShield™	\$0	\$0	\$7,651	\$20,000	\$40,000	\$70,000	\$120,000	\$250,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$8,260	\$22,560	\$67,523	\$170,000	\$340,000	\$570,000	\$950,000	\$1,450,000
Gross Profit:								
IdentityShield™	\$37,630	\$128,000	\$364,018	\$937,500	\$2,010,000	\$3,685,000	\$6,710,000	\$9,800,000
TransactionShield™	\$0	\$0	\$61,249	\$178,000	\$410,000	\$780,000	\$1,360,000	\$2,250,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$37,630	\$128,000	\$425,267	\$1,115,500	\$2,420,000	\$4,465,000	\$8,070,000	\$12,050,000
Operating Expenses:								
Sales & Marketing	\$45,080	\$85,330	\$204,570	\$500,000	\$1,000,000	\$1,500,000	\$2,250,000	\$2,500,000
General & Administrative	\$52,090	\$73,896	\$135,567	\$380,000	\$770,000	\$1,250,000	\$1,600,000	\$2,400,000
Research & Development	\$160,670	\$153,560	\$164,380	\$400,000	\$800,000	\$1,250,000	\$1,800,000	\$2,500,000
Depreciation & Amortization	\$8,562	\$8,688	\$15,564	\$15,268	\$21,258	\$33,854	\$45,684	\$56,782
Total	\$266,402	\$321,474	\$520,081	\$1,295,268	\$2,591,258	\$4,033,854	\$5,695,684	\$7,456,782
Operating Income	(\$228,772)	(\$193,474)	(\$94,814)	(\$179,768)	(\$171,258)	\$431,146	\$2,374,316	\$4,593,218
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$0	\$0	\$0	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Income Tax / Member Tax Payout	\$0	\$0	\$0	\$0	\$0	\$0	\$705,100	\$1,620,000
Net Income	(\$228,772)	(\$193,474)	(\$94,814)	(\$187,768)	(\$179,258)	\$423,146	\$1,661,216	\$2,965,218
Cash Flows:								
Net Change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Flow	(\$220,210)	(\$184,786)	(\$79,250)	(\$172,500)	(\$158,000)	\$457,000	\$1,706,900	\$3,022,000
Capital Expenditures	\$15,078	\$23,010	\$34,672	\$64,000	\$105,000	\$140,000	\$180,000	\$220,000
Free Cash Flow	(\$235,288)	(\$207,796)	(\$113,922)	(\$236,500)	(\$263,000)	\$317,000	\$1,526,900	\$2,802,000

Capitalization:								
New Equity Investment	\$500,000	\$0	\$0	\$600,000	\$0	\$0	\$0	\$0
Grant Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Debt Borrowing	\$0	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0
Debt Principal Repayments	\$0	\$0	\$0	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Total Net Capitalization	\$500,000	\$0	\$100,000	\$580,000	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)
Cash Liquidity Balance			\$92,994	\$436,494	\$153,494	\$450,494	\$1,957,394	\$4,739,394

INCOME & CASH FLOW (relative)

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017
Market Share:								
IdentityShield™	0.00 %	0.01 %	0.02 %	0.05 %	0.09 %	0.16 %	0.28 %	0.40 %
TransactionShield™	0.00 %	0.00 %	0.01 %	0.02 %	0.04 %	0.08 %	0.13 %	0.22 %
Annual Growth Rate in Revenue:								
IdentityShield™	0.0 %	228.1 %	181.5 %	156.6 %	112.4 %	81.2 %	80.2 %	45.9 %
TransactionShield™	0.0 %	0.0 %	0.0 %	187.4 %	127.3 %	88.9 %	74.1 %	68.9 %
Other	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total	0.0 %	228.1 %	227.3 %	160.9 %	114.7 %	82.4 %	79.1 %	49.7 %
Gross Profit Margin:								
IdentityShield™	82.0 %	85.0 %	85.9 %	86.2 %	87.0 %	88.1 %	89.0 %	89.1 %
TransactionShield™	0.0 %	0.0 %	88.9 %	89.9 %	91.1 %	91.8 %	91.9 %	90.0 %
Other	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total	82.0 %	85.0 %	86.3 %	86.8 %	87.7 %	88.7 %	89.5 %	89.3 %
Operating Expenses as a % of Revenue:								
Sales & Marketing	98.2 %	56.7 %	41.5 %	38.9 %	36.2 %	29.8 %	24.9 %	18.5 %
General & Administrative	113.5 %	49.1 %	27.5 %	29.6 %	27.9 %	24.8 %	17.7 %	17.8 %
Research & Development	350.1 %	102.0 %	33.4 %	31.1 %	29.0 %	24.8 %	20.0 %	18.5 %
Total Profit Margins:								
Operating Profit Margin	-498.5 %	-128.5 %	-19.2 %	-14.0 %	-6.2 %	8.6 %	26.3 %	34.0 %
Net Profit Margin	-498.5 %	-128.5 %	-19.2 %	-14.6 %	-6.5 %	8.4 %	18.4 %	22.0 %

BALANCE SHEET

Fiscal Year	12/31/2012
Current Assets:	
Cash & Short-Term Investments	\$92,994
Accounts Receivable	\$23,090
Inventory	\$0
Other Current Assets	\$562
Total Current Assets	\$116,646
Long-Term Assets:	
Tangible Capital Assets	\$115,232
Intangible Capital Assets	\$123,500
Accumulated Depreciation	\$0
Total Long-Term Assets	\$238,732
Total Assets	\$355,378
Current Liabilities:	
Accounts Payable	\$31,698
Short-Term Debt	\$20,000
Other Current Liabilities	\$0
Total Current Liabilities	\$51,698
Long-Term Liabilities	\$80,000
Total Liabilities	\$131,698
Equity & Capital:	
Paid-In Capital	\$500,000
Retained Earnings	(\$484,246)
Interest in Non-Consolidated Enterprise(s)	\$0
Total Equity & Capital (Net Worth)	\$15,754

Total Equity, Capital, & Liabilities	\$147,452
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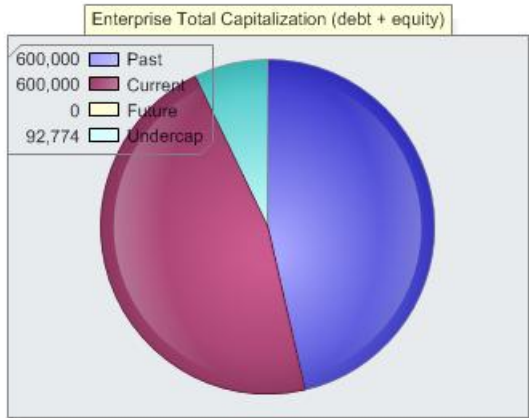
PROJECTION METHODS

Revenue Projection Method	Operational Cost Projection Method	Underlying Projection Assumptions
Based on Assumed Market Shares	Based on an Assumed Portion of Revenue	Some of the assumptions that underlie these financial projections include: 1) a revenue growth rate of around 100% in the next two fiscal years, 2) the execution of a key marketing relationship with 2 strategic partners by the end of the year, 3) 5% operating cost as a percentage of revenue devoted to google adwords advertisements, and 4) a 300% increase in yearly organic search traffic by the end of 2013.

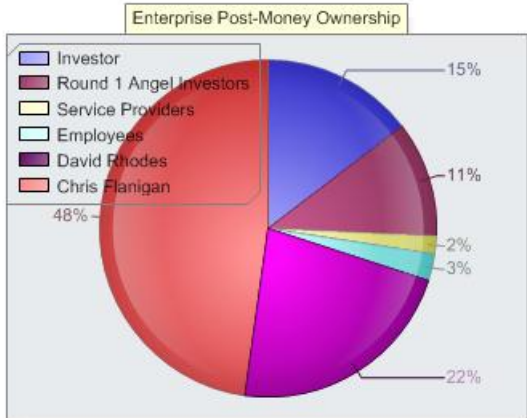
Capitalization

CURRENT CAPITALIZATION

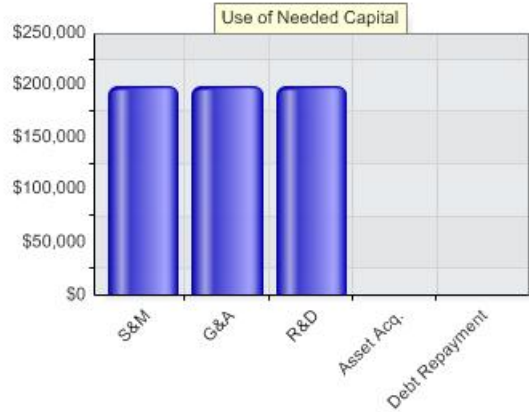
Capital Needed: \$600,000
Capital Type: Equity



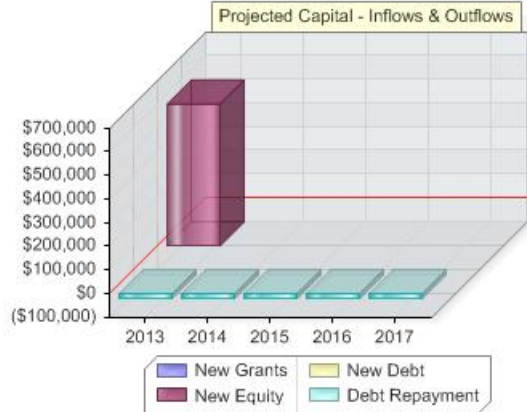
Future Capital – Enterprise’s estimate of future capital needs post investment.
Undercapitalization – EA estimated risk capital that is unaccounted for by enterprise.



Post-Money Ownership – Equity share of the enterprise after accounting for the dilution of the current capital being sought. (based on the enterprise’s estimated valuation)



S&M – Sales & Marketing | G&A – General & Administrative | R&D – Research & Development | Asset Acq. – Asset Acquisition



Area of Use	Specific Use	Amount
Sales & Marketing	New Sales Employees	\$200,000
Research & Development	System Upgrades, Patent Costs	\$200,000
General & Administrative	New Employees, Larger Office	\$200,000

PAST CAPITALIZATION

Name	Relationship	Capital Type	Contributed Capital
Round 1 Angel Investors	Individual	Preferred Equity	\$500,000
Bank Loan	Commercial Bank	Long-Term Debt	\$100,000

EQUITY EXIT STRATEGIES / DEBT TYPE & DURATION

Ranking	Equity Exit Strategy / Debt Type Desired	Year	Name of Potential Acquirers or Merger Partners
Most Likely	Acquisition	2017	VeriSign, Entrust, SAP, Oracle
Likely	Merger	2017	
Least Likely	Secondary Private Offering	2018	